

NON-CONFIDENTIAL

1 **Request IR-1:**

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3 **Please provide a copy of the following documents for Emera and/or Nova Scotia Power:**

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5 (a) **2010 Annual Report to Shareholders,**

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7 (b) **Most recent prospectus for sale of common stock, and**

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9 (c) **Most recent prospectus for sale of long-term debt.**

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11 Response IR-1:

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13 (a) Please refer to the Application, OP-01, Attachments 1-4.

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15 (b) Please refer to Attachment 1.

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17 (c) Please refer to Attachments 2 and 3.

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19 All documents referenced above are publically available at www.sedar.com.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6096) and are also available electronically at www.sedar.com.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to or for the account or benefit of U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See "Plan of Distribution".

SHORT FORM PROSPECTUS

New Issue

March 9, 2011



EMERA INCORPORATED

\$175,301,000

5,530,000 Common Shares

This short form prospectus (the "Prospectus") qualifies for distribution (the "Offering") 5,530,000 common shares (the "Offered Shares") of Emera Incorporated ("Emera" or the "Corporation") which are being offered and sold pursuant to the provisions of an underwriting agreement (the "Underwriting Agreement") dated March 2, 2011 between Emera and CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and National Bank Financial Inc. (collectively, the "Underwriters"). The Offered Shares will be issued and sold by Emera to the Underwriters at the price of \$31.70 (the "Offering Price") per Offered Share. The Offering Price was determined by negotiation between the Corporation and the Underwriters.

Under certain circumstances, the Underwriters may offer the Offered Shares at a lower price than the Offering Price. See "Plan of Distribution".

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Offered Shares distributed under this Prospectus. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before May 26, 2011. On March 8, 2011, the closing price of the common shares of Emera on the TSX was \$31.53.

Investing in the Offered Shares involves certain risks that should be considered by a prospective purchaser. See "Risk Factors".

Price: \$31.70 per Common Share

	<u>Price to the Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to Emera⁽¹⁾⁽²⁾</u>
Per Common Share	\$ 31.70	\$ 1.268	\$ 30.432
Total.	\$175,301,000	\$7,012,040	\$168,288,960

(1) Before deducting expenses of the Offering estimated at \$450,000 which, together with the Underwriters' Fee, will be paid out of the general funds of Emera. See "Plan of Distribution".

(2) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the date of closing of the Offering, to purchase at the Offering Price up to 829,500 additional Offered Shares (the "Additional Shares") to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriters' Fee and Net Proceeds to Emera will be \$201,596,150, \$8,063,846 and \$193,532,304, respectively. See "Plan of Distribution". This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Shares issuable on the exercise of the Over-Allotment Option. References to Offered Shares include any Additional Shares unless otherwise noted or unless the context precludes such inclusion.

A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

<u>Underwriters' Position</u>	<u>Number of Shares Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	829,500	Within 30 days following the closing of the Offering	\$31.70 per Additional Share

The Underwriters are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Underwriter for purposes of applicable securities laws. See "Plan of Distribution" and "Use of Proceeds."

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by Emera and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Stephen D. Aftanas, its Corporate Secretary, and Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters by Stewart McKelvey. Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which may prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering (the "Closing") will take place on or about March 16, 2011 (the "Closing Date"), or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than April 20, 2011. Certificates evidencing the Offered Shares will be available for delivery at the Closing or shortly thereafter.

The head and registered office of Emera is located at 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the various securities commissions or similar authorities in each of the Provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the audited comparative consolidated financial statements of Emera as at and for the years ended December 31, 2010 and December 31, 2009, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2010;
- (b) the renewal Annual Information Form of Emera dated March 31, 2010 for the year ended December 31, 2009; and
- (c) the Management Information Circular of Emera containing information as of March 15, 2010.

Any documents of the type referred to above, and any unaudited interim consolidated financial statements and accompanying management's discussion and analysis, material change reports (other than confidential material change reports), and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by Emera with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information and statements which reflect Emera management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Emera, and may not be appropriate for other purposes. All such information and statements are made pursuant to safe harbour provisions contained in applicable securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects Emera management's current beliefs and is based on information currently available to Emera's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the United States and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impact on Emera of challenges in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against Emera; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to Emera's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING INFORMATION AND STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE 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.

CURRENCY

All dollar amounts in this Prospectus are expressed in Canadian dollars unless otherwise indicated.

EMERA INCORPORATED

Emera is an energy and services company incorporated under the *Companies Act* (Nova Scotia) (the “Companies Act”) on July 23, 1998 and headquartered in Halifax, Nova Scotia, Canada. The Company has \$6.3 billion in assets and invests in electricity generation, transmission and distribution as well as gas transmission and utility energy services. Emera’s strategy is focused on the transformation of the electricity industry to cleaner generation and the delivery of that clean energy to market. Emera has interests in northeastern North America, in three Caribbean countries and in California. Approximately 90% of Emera’s consolidated revenues are earned by Nova Scotia Power Incorporated (“NSPI”), Bangor Hydro Electric Company (“Bangor Hydro”) and Emera Brunswick Pipeline Company Ltd. (“EBPC”).

NSPI is a wholly-owned fully integrated regulated utility with \$4.0 billion of assets which provides electricity generation, transmission and distribution service to approximately 489,000 customers in the province of Nova Scotia, Canada. NSPI is a cost-of-service utility, and as such, regulated electricity rates are set to enable NSPI to recover all prudently incurred costs, and provide an appropriate return to investors based on a regulated return on equity. NSPI is regulated by the Nova Scotia Utility and Review Board (the “UARB”) and operates as a monopoly in its service area.

Bangor Hydro is an electric transmission and distribution company with \$730.4 million of assets serving approximately 118,000 customers in eastern Maine. Bangor Hydro’s transmission operations are regulated by the Federal Energy Regulatory Commission, and its distribution operations are regulated by the Maine Public Utilities Commission. Bangor Hydro is a cost-of-service utility. Bangor Hydro operates as a monopoly in its service area.

EBPC is a natural gas pipeline company that owns the Brunswick Pipeline, a 145-kilometre pipeline carrying re-gasified liquefied natural gas from the Canaport™ Terminal near Saint John, New Brunswick, Canada to markets in the northeastern United States. This federally regulated pipeline received National Energy Board (“NEB”) approval for shipping gas in January 2009 and commenced service on July 16, 2009, transporting re-gasified liquid natural gas for Repsol Energy Canada under a 25 year firm service agreement.

The success of Emera’s primary businesses is integral to the creation of shareholder value, providing strong, predictable earnings and cash flows to fund dividends and reinvestment. Although markets in Nova Scotia and Maine are otherwise mature, the transformation of energy supply to lower emission sources has created the opportunity for organic growth within NSPI and Bangor Hydro. Both companies expect earnings growth of 3% to 5% annually over the next five years as new investments are made in renewable generation and transmission.

Through EBPC and other strategic investments, Emera looks beyond its existing regulated electricity business to supplement organic growth. Emera’s goal is to deliver annual consolidated earnings growth of 4% to 6%, and build and diversify its earnings base with a focus on cleaner energy in its markets. Emera will continue to seek growth from its existing businesses and will leverage its core strength in the electricity business as it pursues both acquisitions and greenfield development opportunities in regulated electricity transmission and distribution and low risk generation.

Emera has grown its business through strategic investments and activities that include:

- a 100% interest in Emera Energy Incorporated, a physical energy business which purchases and sells natural gas and electricity on behalf of third parties and provides related energy and management services in Canada;
- a 100% indirect interest in Emera Energy Services, Inc., a physical energy business which purchases and sells natural gas and electricity and provides related energy asset management services in the United States;
- a 100% indirect interest in Bayside Power Limited Partnership, a 260 megawatt (“MW”) gas-fired merchant electricity generating facility located in Saint John, New Brunswick;
- a 100% interest in Emera Utility Services Inc., a New Brunswick utility services contractor serving primarily power and telecommunications customers;
- a 100% indirect interest in Maine & Maritimes Corporation (“MAM”), the parent company of Maine Public Service Company, a regulated electric transmission and distribution utility serving approximately 36,000 electricity customers in northern Maine. See “Recent Developments – Maine & Maritimes Corporation” below;

- an 80.4% interest, held directly and indirectly, in Grand Bahama Power Company Limited (“GBPC”), a vertically-integrated electric utility on Grand Bahama Island in The Bahamas. See “Recent Developments – Grand Bahama Power Company Limited” below;
- a 79.5% indirect interest in The Barbados Light & Power Company Limited (“BLPC”), the sole electric utility operator on the Caribbean island of Barbados. See “Recent Developments – Barbados Light & Power Company Limited below;
- a 49.99% interest in California Pacific Utility Ventures LLC (“CPUV”), the parent of California Pacific Electric Company LLC (“California Pacific”), a California based electricity distribution and generation utility. See “Recent Developments – Strategic Partnership with Algonquin Power and Utilities Corp.” below;
- a 50% joint venture interest in Bear Swamp Power Company, LLC, a 600 MW pumped storage hydro-electric facility in northern Massachusetts;
- a 19% interest in St. Lucia Electricity Services Ltd., a vertically integrated electric utility on the Caribbean island of St. Lucia;
- a 12.9% interest in the 1,400 kilometre Maritimes & Northeast Pipeline that transports natural gas to markets in Maritime Canada and the northeastern United States; and
- an 8.2% interest in Algonquin Power and Utilities Corporation (“APUC”), an Ontario, Canada-based company that owns and operates a diversified portfolio of renewable energy and utility businesses through its subsidiaries. See “Recent Developments – Strategic Partnership with Algonquin Power and Utilities Corp.” below.

Emera has also recently entered into a strategic partnership with Nalcor Energy (“Nalcor”). See “Recent Developments – Strategic Partnership with Nalcor Energy” below.

Nova Scotia Power Incorporated

NSPI is a wholly-owned subsidiary of Emera and was incorporated on July 13, 1984 pursuant to the Companies Act. The principal and head office of NSPI is located at 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

NSPI is the primary electricity supplier in Nova Scotia, providing electricity generation, transmission and distribution services to approximately 489,000 customers in the province. NSPI owns 2,368 MW of generating capacity. Approximately 53% of the capacity is coal-fired; oil and/or natural gas comprise another 27% of capacity; and hydro and wind production provide approximately 20%. In addition, NSPI has contracts to purchase renewable energy from independent power producers (“IPP”). These IPPs own 186 MW of wind and biomass fuelled generation capacity, increasing to 226 MW in 2011. A further 85 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, and is expected to be in service by the end of 2012. NSPI also owns approximately 5,000 kilometres of transmission facilities, and approximately 29,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the “Public Utilities Act”) and is subject to regulation under the Public Utilities Act by the UARB. The Public Utilities Act gives the UARB oversight authority with respect to NSPI’s operations and expenditures. Electricity rates for NSPI’s customers are also subject to UARB approval. NSPI is not subject to a general annual rate review process, but rather participates in hearings from time to time, which may be at NSPI’s or the UARB’s request. Since January 2009, NSPI has been operating with a Fuel Adjustment Mechanism for fuel expense recovery, which is subject to UARB review and approval.

Bangor Hydro Electric Company

Bangor Hydro is a wholly-owned subsidiary of Emera and was incorporated on June 9, 1924 pursuant to the laws of the State of Maine, United States of America. Bangor Hydro’s principal and head office is located at 970 Illinois Avenue, P.O. Box 932, Bangor, Maine, 04402-0932.

Bangor Hydro's core business is the transmission and distribution of electricity. Bangor Hydro is the second largest electric utility in Maine. Electricity generation is deregulated in Maine, and several suppliers compete to provide customers with the commodity that is delivered through the Bangor Hydro's transmission and distribution network. Bangor Hydro owns and operates approximately 1,000 kilometres of transmission facilities, and 7,200 kilometres of distribution facilities. Bangor Hydro currently has approximately USD \$150 million of additional transmission development in progress. Bangor Hydro has a workforce of approximately 290 people.

Pipelines

Emera's pipeline business consists of its interests in the Brunswick Pipeline and the Maritimes & Northeast Pipeline ("M&NP").

EBPC, a wholly owned subsidiary of Emera, owns the Brunswick Pipeline which delivers natural gas from the Canaport™ LNG import terminal near Saint John, New Brunswick, Canada to markets in the northeastern United States. The Brunswick Pipeline is classified as a Group 2 pipeline by the NEB. The pipeline went into service in July 2009.

Emera has a 12.9% interest in the M&NP, a 1,400 kilometre pipeline which transports natural gas from offshore Nova Scotia to markets in the Maritime provinces of Canada and the northeastern United States.

RECENT DEVELOPMENTS

Strategic Partnership with Algonquin Power and Utilities Corp.

On January 1, 2011, Emera and APUC closed their acquisition of the California-based electricity distribution and related generation assets of NV Energy, Inc. for total consideration of USD \$131.8 million (CAD\$134.2 million), subject to final adjustments. Emera and APUC own and operate these assets through California Pacific, a newly formed utility company. APUC and Emera own respectively a 50.001% and 49.999% interest of CPUV, which wholly-owns California Pacific. The amount paid by Emera for its 49.999% equity investment in the common shares of CPUV is USD \$30.9 million (CAD\$31.5 million).

In April 2009, Emera entered into a subscription agreement with APUC, giving Emera the right to acquire 8.523 million APUC common shares, which represented a 9.9% interest in APUC at that time, upon the closing of the California Pacific transaction. Upon the January 1, 2011 closing of the California Pacific transaction, Emera exchanged the subscription receipts it acquired under the April 2009 subscription agreement into 8.523 million common shares of APUC, issued at \$3.25 per share. As a result of this transaction, Emera owns an approximate 8.2% equity interest in APUC. Under the April 2009 subscription agreement, Emera is entitled to purchase additional common equity in APUC to bring its interest to 15% with anti-dilution rights.

On December 9, 2010, Emera announced its intention to purchase 12 million subscription receipts from APUC at an issue price of \$5.00 each for a total purchase price of \$60 million. Emera will issue a promissory note to APUC in the principal amount of \$60 million in exchange for the subscription receipts. The subscription receipts will be convertible into 12 million common shares of APUC upon the acquisition by APUC's regulated subsidiary, Liberty Energy Utilities Co., of all issued and outstanding shares of Granite State Electric Company and Energy North Natural Gas Inc., two regulated electric utilities, currently owned by National Grid USA. On closing of the National Grid transaction and following the exercise of Emera's anti-dilution rights, Emera's ownership interest in APUC will be approximately 15%. Proceeds from the subscription receipts will be used by APUC to finance a portion of this acquisition, which is expected to close in late 2011 and which is subject to state and regulatory approvals. The purchase of the subscription receipts has received conditional TSX approval.

Grand Bahama Power Company Limited

On December 22, 2010, Emera purchased an additional 55.4% direct and indirect interest in GBPC for USD \$88.1 million (CAD \$87.7 million). The acquisition brings Emera's direct and indirect interest in GBPC to 80.4%.

Emera acquired an initial indirect 25% interest in GBPC in September 2008 for USD \$42 million through the acquisition of 50% of the shares of ICD Utilities Limited (“ICDU”). ICDU owns a 50% interest in GBPC.

GBPC is an integrated utility serving 19,000 customers on Grand Bahama Island in The Bahamas, and is the only electric utility operator on Grand Bahama Island. It has 137 MW of installed oil-fired capacity. The Grand Bahama Port Authority regulates GBPC and has granted the utility a licensed, regulated and exclusive franchise to produce, transmit and distribute electricity on Grand Bahama Island until 2054. There is a fuel pass-through mechanism, and flexible tariff adjustment policies ensure that GBPC’s costs are recovered and a reasonable return is earned. The purchase was funded with existing credit facilities.

Maine & Maritimes Corporation

On December 21, 2010, Emera purchased all of the outstanding shares of MAM for USD \$80.4 million (CAD \$81.9 million). The purchase was funded with existing credit facilities.

Barbados Light & Power Company Limited

On December 20, 2010, Emera offered to purchase all of the issued and outstanding common shares of Light & Power Holdings Ltd. (“LPH”), the parent company of BLPC, at a cash price per share of BB\$25.70 (Barbadian dollars) from LPH shareholders. The offer closed on January 24, 2011. On January 25, 2011, Emera purchased 7.2 million shares of LPH at a cash price per share of BB\$25.70 (Barbadian dollars) representing an additional interest of 41.6%. With this additional investment of CAD \$91.9 million, Emera became the majority shareholder of LPH, with a total interest of 79.5%.

Previously, on May 11, 2010, Emera acquired a 38% interest in LPH for USD \$85 million. BLPC is the sole utility operator on the island of Barbados, serving 120,000 customers. BLPC has three power generation stations with 239 MW of installed capacity. A fuel pass-through mechanism ensures costs are recovered and a cost-of-service regulation provides for an approved 12.75% return on equity. This transaction was immediately accretive and was financed with existing credit facilities.

Strategic Partnership with Nalcor Energy

On November 18, 2010, Emera and Nalcor, with the endorsement of the governments of Nova Scotia and Newfoundland and Labrador, signed a term sheet which includes the obligation to negotiate and conclude final agreements for an estimated \$6.2 billion hydro-electric development that would bring energy from a new hydro-electric generating facility at Muskrat Falls on the Lower Churchill River in Labrador to consumers in Newfoundland and Labrador, Nova Scotia, other Maritime provinces and New England. This development is expected to result in a strong regional system that enhances the ability to move energy among provinces, improve reliability of the system and is consistent with Emera’s focus on cleaner, affordable electricity. The proposed agreement between Emera and Nalcor would see:

- Nalcor construct and own an estimated \$2.9 billion, 824 MW hydro-electric generating facility at Muskrat Falls on the Lower Churchill River in Labrador with a planned in-service date of 2017;
- Emera and Nalcor together develop an estimated \$2.1 billion electricity transmission project in Newfoundland and Labrador to enable the movement of the Muskrat Falls energy between Labrador and the island of Newfoundland (the “Island Link”), and Emera invest approximately \$600 million in the Island Link; and
- Emera build and own an estimated \$1.2 billion transmission project between the island of Newfoundland and Nova Scotia, including a 180 kilometre subsea cable, in return for 20% of the energy output from Muskrat Falls for 35 years (the “Maritime Link”).

Agreements resulting from this term sheet will be subject to a number of conditions, including final approval of the Boards of Directors of Emera and Nalcor, approval of regulators in the provinces of Nova Scotia and Newfoundland and Labrador, and all environmental approvals.

Nova Scotia Renewable Electricity Plan

On October 15, 2010, the Nova Scotia government enacted regulations under the *Electricity Act* (Nova Scotia) related to the province of Nova Scotia's Renewable Electricity Plan. These regulations established the requirement that 25% of electricity be supplied from renewable sources by 2015. These regulations build on the previously legislated Renewable Energy Standards ("RES") requirements for 2011 and 2013. Recent amendments to the *Electricity Act* (Nova Scotia), and the new regulations, provide for the appointment, by spring 2011, of a new, independent renewable electricity administrator to conduct the procurement of at least 300 gigawatt hours ("GWh") of energy from IPPs to meet the 2015 standard. NSPI is also provided the opportunity to develop 300 GWh of renewable energy.

Digby Wind Project

On February 2, 2010, Emera announced its purchase of 100% of a proposed 30 MW wind power project to be located in Digby County, Nova Scotia. Project assets acquired included development rights, a 20-year power purchase agreement with NSPI and rights to purchase 20 wind turbines. On May 28, 2010, NSPI purchased wind generation assets under development from a subsidiary of Emera for \$30.1 million.

Nova Scotia Renewable Energy Standard Regulation

On October 9, 2009, the RES regulation, which was established by the Nova Scotia government in January 2007 for the purpose of increasing the percentage of renewable energy in the Nova Scotia generation mix, was amended. Pursuant to the amendment, the target date for 5% of electricity to be supplied from post-2001 sources of renewable energy, owned by IPPs, was extended from 2010 to 2011. The target for 2013, which requires an additional 5% of renewable energy, is unchanged.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, Emera has agreed to issue and sell, and the Underwriters have agreed to purchase, as principals, on the Closing Date, the Offered Shares offered hereby at the Offering Price, payable in cash to Emera against delivery, subject to compliance with all of the necessary legal requirements and to the conditions contained in the Underwriting Agreement. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint and several) and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Underwriters.

The Corporation has agreed to pay fees to the Underwriters in the amount of \$1.268 per Offered Share, in consideration of services rendered by the Underwriters in connection with the Offering (the "Underwriters' Fee"). Assuming that the Over-Allotment Option is not exercised, the total price to the public will be \$175,301,000, the Underwriters' Fee will be \$7,012,040 and the net proceeds to Emera will be approximately \$167.8 million, after deducting the expenses of the Offering estimated at \$450,000 which, together with the Underwriters' Fee, will be paid out of the general funds of the Corporation.

The Corporation has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time until 30 days following the Closing Date, to purchase up to 829,500 Additional Shares at the Offering Price. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering over-allotments, if any, and for market stabilization purposes. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Shares issuable upon exercise of the Over-Allotment Option.

A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. It is expected that the Closing will take place

on the Closing Date, or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than April 20, 2011. Certificates evidencing the Offered Shares will be available for delivery at the Closing or shortly thereafter.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Offered Shares ends and all stabilization arrangements relating to the Offered Shares are terminated, bid for or purchase Offered Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Offered Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Offered Shares is for the purpose of maintaining a fair and orderly market in the Offered Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Corporation against certain liabilities, including liabilities for misrepresentation in the Prospectus.

The Underwriters propose to offer the Offered Shares initially at the Offering Price set forth on the cover page of this Prospectus. After the Underwriters have made reasonable efforts to sell all the Offered Shares at such price, the Offering Price may be decreased, and further changed from time to time to an amount not greater than the Offering Price specified herein. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Corporation.

The Underwriters are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Underwriter for purposes of applicable securities laws. The decision to distribute the Offered Shares hereunder and the terms of this Offering were negotiated at arm's length between the Corporation and the Underwriters. None of the Underwriters will receive any benefit in connection with this Offering other than a portion of the Underwriters' Fee. All or a portion of the net proceeds from the Offering will be used to repay indebtedness to such banks. "Use of Proceeds."

The TSX has conditionally approved the listing of the Offered Shares distributed under this Prospectus. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before May 26, 2011.

The Offered Shares offered hereby have not been registered under the U.S. Securities Act or any state securities laws. Accordingly, the Offered Shares may not be offered or sold in the United States of America or to or for the account or benefit of U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

There are constraints on the ownership of Emera's common shares, including the Offered Shares. See "Description of Common Shares – Constraints on Share Ownership."

USE OF PROCEEDS

The net proceeds of the Offering will be approximately \$167.8 million, determined after deducting the Underwriters' Fee and the expenses of the Offering, which are estimated to be \$450,000. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, determined after deducting the Underwriters' Fee and estimated expenses of the Offering, are expected to be approximately \$193.1 million. The net proceeds from the Offering will be used for general corporate purposes, including repayment of indebtedness under the Corporation's credit facility. The indebtedness under the Corporation's credit facility that will be repaid was originally incurred to fund the acquisitions during 2010 and 2011 of Emera's direct and indirect interests in GBPC, MAM and BLPC and for general corporate purposes. See "Recent Developments".

The Underwriters are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Underwriter for purposes of applicable securities laws. The credit facility extended by the banks (the "Credit Facility") currently provides Emera with a revolving operating and acquisition facility in an amount of up to \$600 million. The Credit Facility matures on June 25, 2013 and can be extended with the banks' approvals. The Credit Facility is unsecured. As of March 8, 2011, Emera had approximately \$553.2 million drawn on the Credit Facility. Emera has always been and remains in compliance with the terms of the Credit Facility and no breaches under the Credit Facility have been waived by any of the parties thereto. Other than as has been disclosed in Emera's public filings, there has been no material change in the financial position of Emera since the entering into of the Credit Facility. All or a portion of the net proceeds from the Offering will be used to repay indebtedness under the Credit Facility. See "Plan of Distribution."

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Corporation, and in the opinion of Stewart McKelvey, counsel to the Underwriters, the Offered Shares, if issued on the date of this Prospectus, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan, registered disability savings plan or tax-free savings account (a "TFSA"). Provided that for the purposes of the Tax Act the holder of a TFSA deals at arm's length with the Corporation and does not have a significant interest in the Corporation or in a corporation, partnership or trust that does not deal at arm's length with the Corporation, the Offered Shares will not be a prohibited investment under the Tax Act for such TFSA on the date of this Prospectus.

SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of common shares ("Common Shares"), an unlimited number of first preferred shares issuable in series ("First Preferred Shares") and an unlimited number of second preferred shares issuable in series ("Second Preferred Shares"). As at March 8, 2011, 114,942,786 Common Shares and 6,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A ("First Preferred Shares, Series A") were issued and outstanding. The Common Shares and First Preferred Shares, Series A are listed on the TSX under the symbols "EMA" and "EMA.PR.A", respectively.

DESCRIPTION OF COMMON SHARES

Dividends

Holders of Common Shares are entitled to dividends on a pro rata basis, as and when declared by the Corporation's board of directors (the "Board of Directors"). Subject to the rights of the holders of the First Preferred Shares and Second Preferred Shares who are entitled to receive dividends in priority to the holders of the Common Shares, the Board of Directors may declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

Liquidation, Dissolution or Winding-Up

On the liquidation, dissolution or winding-up of Emera, holders of Common Shares are entitled to participate ratably in any distribution of assets of Emera, subject to the rights of holders of First Preferred Shares and Second Preferred Shares who are entitled to receive the assets of the Corporation on such a distribution in priority to the holders of the Common Shares.

Voting Rights

Holders of the Common Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of Emera, other than separate meetings of holders of any other class or series of shares, and to one vote in respect of each Common Share held at such meetings.

Constraints on Share Ownership

As required by the *Nova Scotia Power Reorganization (1998) Act* (Nova Scotia) and pursuant to the *Nova Scotia Power Privatization Act* (Nova Scotia), the Articles of Association of Emera (the "Emera Articles") provide that no person, together with associates thereof, may subscribe for, have transferred to that person, hold, beneficially own or control, directly or indirectly, otherwise than by way of security only, or vote, in the aggregate, voting shares of Emera to which are attached more than 15% of the votes attached to all outstanding voting shares of Emera. Non-residents of Canada may not subscribe for, have transferred to them, hold, beneficially own or control, directly or indirectly, otherwise than by way of security only, or vote, in the aggregate, voting shares of Emera to which are attached more than 25% of the votes attached to all outstanding voting shares of Emera. Votes cast by non-residents on any resolution at a meeting of common shareholders of Emera will be pro-rated so that such votes will not constitute more than 25% of the total number of votes cast.

The Common Shares and First Preferred Shares, Series A are considered to be voting shares for purposes of the constraints on share ownership.

The Emera Articles contain provisions for the enforcement of these constraints on share ownership including provisions for suspension of voting rights, forfeiture of dividends, prohibitions of share transfer and issuance, compulsory sale of shares and redemption, and suspension of other shareholder rights. The Board of Directors may require shareholders to furnish statutory declarations as to matters relevant to enforcement of the restrictions.

DIVIDEND POLICY

Dividends on the Common Shares are declared at the discretion of the Board of Directors. The Corporation paid per share cash dividends on its Common Shares of \$1.1625 in 2010, \$1.03 in 2009 and \$0.9650 in 2008. On January 7, 2011 a quarterly dividend of \$0.3250 per Common Share was declared payable on February 15, 2011 to the holders of record at the close of business on February 1, 2011.

Regular quarterly dividends at the prescribed rate have been paid on all of the First Preferred Shares, Series A.

TRADING PRICES AND VOLUMES

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Corporation's Common Shares and First Preferred Shares, Series A on the TSX. The First Preferred Shares, Series A commenced trading on June 2, 2010.

	Trading of Common Shares			Trading of First Preferred Shares, Series A		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2010						
March	24.79	23.73	5,184,866	—	—	—
April	24.89	23.65	5,006,923	—	—	—
May	24.88	23.29	4,607,873	—	—	—
June	25.46	24.17	3,955,237	25.10	24.40	879,006
July	26.97	24.51	4,725,923	25.40	25.00	321,051
August	27.00	25.41	4,215,116	25.87	25.30	298,106
September	29.60	26.21	5,117,000	26.55	25.65	180,116
October	31.07	29.26	4,120,464	26.46	25.77	210,858
November	32.66	29.45	8,103,283	26.48	25.83	1,107,690
December	32.78	31.25	10,574,895	26.65	25.35	184,453
2011						
January	32.83	31.37	4,966,879	27.16	25.62	163,007
February	32.60	30.20	4,764,494	25.97	25.35	121,138
March 1-8	31.67	31.20	1,459,824	25.69	25.38	18,766

PRIOR SALES

Other than (i) the issuance of 333,700 Common Shares upon exercise of options to acquire Common Shares granted pursuant to the Corporation's Senior Management Stock Option Plan (the "Stock Option Plan") at exercise prices ranging from \$15.73 to \$22.59 and having a weighted average exercise price of \$18.72 per Common Share, (ii) the issuance of 176,915 Common Shares pursuant to the Corporation's Employee Common Share Purchase Plan (the "Share Purchase Plan") at prices ranging from \$24.60 to \$31.63 and having a weighted average price of \$27.54 per Common Share, and (iii) the issuance of 1,105,386 Common Shares pursuant to the Corporation's Common Shareholders Dividend Reinvestment and Share Purchase Plan (the "Dividend Reinvestment Plan") at prices ranging from \$23.30 to \$31.29 and having a weighted average price of \$27.33 per Common Share, Emera has not issued any Common Shares during the twelve months prior to the date of this Prospectus.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

The following describes the changes in the share and loan capital structure of Emera since December 31, 2010:

- During the period from January 1, 2011 up to and including March 8, 2011, Emera issued an aggregate of 319,515 Common Shares pursuant to the Dividend Reinvestment Plan, Share Purchase Plan and upon the exercise of options granted pursuant to the Stock Option Plan for aggregate consideration of approximately \$9.9 million.
- During the period from January 1, 2011 up to and including March 8, 2011, drawings of approximately \$147.6 million were made by Emera under its credit facility to fund the acquisition of Emera's indirect interest in BLPC and for general corporate purposes. See "Recent Developments – Barbados Light & Power Company Limited".
- As a result of the proposed issuance of 5,530,000 Offered Shares (assuming no exercise of the Over-Allotment Option), shareholders' equity in the Corporation will increase by approximately \$167.8 million.

RISK FACTORS

An investment in the Offered Shares is subject to certain risks. Before investing, investors should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information included or incorporated by reference in this Prospectus, and in particular the risks described in the sections entitled “Forward-Looking Information” and “Risk Factors” in the Company’s Annual Information Form dated March 31, 2010 and “Risk Management and Financial Instruments” and “Business Risks” in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2010.

Market Price of Common Shares

The trading prices of equity securities of exchange-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of Emera’s Common Shares is also likely to be significantly affected by changes from time to time in Emera’s operating results, financial condition, liquidity and other internal factors.

Unallocated Proceeds of the Offering

As discussed in “Use of Proceeds”, the net proceeds from the Offering will be used for general corporate purposes, including the repayment of indebtedness under the Corporation’s Credit Facility. Accordingly, Emera’s management will have broad discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated.

Dilution of Net Income on a per Common Share Basis

While the net proceeds of the Offering are expected to enhance Emera’s liquidity, to the extent that a portion of the net proceeds of the Offering remain as cash, or are used to pay down indebtedness with a low interest rate, the Offering may result in dilution, on a per Common Share basis, to Emera’s net income and other financial measures used by Emera.

Dilution from Future Offerings

Emera may raise funds in the future through the sale of additional Common Shares or securities convertible into Common Shares. Any such issuances may dilute the interests of holders of Common Shares and may have a negative impact on the market price of the Common Shares, including the Offered Shares.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon on behalf of Emera by Stephen D. Aftanas, its Corporate Secretary and by Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters by Stewart McKelvey. As of March 8, 2011, Mr. Aftanas and the partners and associates of each of Osler, Hoskin & Harcourt LLP and Stewart McKelvey, collectively, beneficially owned, directly or indirectly, less than one percent of any class of outstanding securities of Emera.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada (“Computershare”) is the Corporation’s transfer agent and registrar. Registers for the registration and transfer of securities in registered form of Emera are kept at Computershare’s office in Halifax, Nova Scotia.

The Corporation’s auditors are Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia. In connection with the audit of the Corporation’s annual financial statements for the year ended December 31, 2010, Ernst & Young LLP confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the Provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Emera Incorporated (the "Corporation") dated March 9, 2011 relating to the issue and sale of 5,530,000 common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2010 and 2009 and the consolidated statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2010. Our report is dated February 11, 2011.

Halifax, Canada
March 9, 2011

(Signed) *Ernst & Young LLP*
Chartered Accountants

CERTIFICATE OF EMERA INCORPORATED

Dated: March 9, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada.

(Signed) "*Christopher G. Huskison*"
President
and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Andrea S. Rosen*"
Director

(Signed) "*George A. Caines*"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 9, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada.

**CIBC WORLD
MARKETS INC.**

SCOTIA CAPITAL INC.

TD SECURITIES INC.

**RBC DOMINION
SECURITIES INC.**

By: (signed) "David H. Williams"

By: (signed) "Stuart Lochray"

By: (signed) "Harold R. Holloway"

By: (signed) "David Dal Bello"

BMO NESBITT BURNS INC.

By: (signed) "James A. Tower"

NATIONAL BANK FINANCIAL INC.

By: (signed) "Iain Watson"

SHORT FORM BASE SHELF PROSPECTUS

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Nova Scotia Power Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See “Plan of Distribution”.

New Issue

May 21, 2010



NOVA SCOTIA POWER INCORPORATED
\$500,000,000
Debt Securities (unsecured)

Nova Scotia Power Incorporated (“**NSPI**” or the “**Company**”) may from time to time offer debt securities, up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this base shelf prospectus (the “**Prospectus**”), including any amendments hereto, remains valid. The debt securities offered hereby may be offered separately or together, in separate series, in amounts, at prices, with maturities,

and on terms to be set forth in one or more shelf prospectus supplements (each, a “**Prospectus Supplement**”). See “Description of Securities Being Distributed”. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of any offering of debt securities will be set forth in a Prospectus Supplement including, where applicable, the specific designation, currency of issue (if other than Canadian dollars), authorized denominations, aggregate principal amount and any limit thereon, issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount), date of issue, maturity date, any provisions to extend the maturity date, rate of interest (either fixed or floating and, if floating, the manner of calculation thereof), interest payment dates, redemption or repayment provisions, sinking fund, refunding, conversion, additional covenants (including the provision of security), the method of distribution, the actual proceeds to NSPI and any other applicable provisions. NSPI reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the debt securities to which the Prospectus Supplement pertains.

NSPI may sell the debt securities to or through underwriters purchasing as principal and may also sell the debt securities to one or more other purchasers directly or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of debt securities will identify each underwriter or agent, as the case may be, engaged by NSPI in connection with the offering and sale of the debt securities and will set forth the terms of the offering of such debt securities, including the method of distribution of such debt securities, proceeds to NSPI and any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the offering of such debt securities. There is no market through which any debt securities offered hereunder may be sold. **Accordingly, purchasers may not be able to resell the debt securities purchased under this Prospectus. This may affect the pricing of the debt securities in the secondary market, the transparency and availability of trading prices, the liquidity of the debt securities, and the extent of issuer regulation. See “Risk Factors”.**

The offering of debt securities is subject to the approval of certain legal matters on behalf of NSPI by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer.

The head and registered office of NSPI is located at Barrington Tower, 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the renewal Annual Information Form of NSPI dated March 31, 2010 for the year ended December 31, 2009;
- (b) the audited comparative financial statements of NSPI as at and for the years ended December 31, 2009 and December 31, 2008, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2009; and
- (c) the unaudited interim financial statements of NSPI as at and for the three months ended March 31, 2010 and March 31, 2009, together with Management's Discussion and Analysis for the three months ended March 31, 2010.

Any documents of the type referred to above, and any material change reports (other than confidential material change reports) and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by NSPI with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of debt securities, shall be deemed to be incorporated by reference into this Prospectus.

Upon a new annual information form, new annual comparative financial statements and accompanying management's discussion and analysis being filed by NSPI with (and where required, accepted by) the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual comparative financial statements and accompanying management's discussion and analysis, all interim financial statements and accompanying management's discussion and analysis, and all material change reports filed prior to the commencement of the financial

year of NSPI in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for the purposes of future offers and sales of debt securities hereunder. Upon any interim financial statements and accompanying management's discussion and analysis being filed by NSPI with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and accompanying management's discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of debt securities hereunder.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been filed under securities legislation in each of the Provinces of Canada that permits certain information about these debt securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. One or more Prospectus Supplement(s) containing the specific terms in respect of any offering of debt securities and any additional or updated information omitted from this Prospectus that NSPI elects or is required to include in such Prospectus Supplement(s) will be delivered to purchasers of such debt securities together with this Prospectus. Each such Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of each such Prospectus Supplement and only for purposes of the distribution of debt securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information which reflects management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of NSPI, and may not be appropriate for other purposes. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects NSPI management's current beliefs and is based on information currently available to NSPI's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: NSPI's earnings and cash flow; the growth and diversification of NSPI's business and earnings base; NSPI's expected compliance with the regulation of its operations; NSPI's environmental initiatives and expected compliance with provincial standards; the completion of announced acquisitions; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on NSPI of the downturn in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that NSPI will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of NSPI; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against NSPI; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to NSPI's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE IS QUALIFIED IN ITS ENTIRETY BY THE ABOVE CAUTIONARY STATEMENTS AND, EXCEPT AS REQUIRED BY LAW, NSPI UNDERTAKES NO OBLIGATION TO REVISE OR UPDATE ANY FORWARD-LOOKING INFORMATION AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

SUMMARY DESCRIPTION OF BUSINESS

NSPI is the primary electricity supplier in Nova Scotia, providing over 95% of the electricity generation, transmission and distribution in the province. NSPI is the largest operating subsidiary of Emera Incorporated (“**Emera**”), a company incorporated under the laws of Nova Scotia. NSPI and its predecessor companies have been producing and supplying electricity in Nova Scotia for more than 80 years.

NSPI owns 2,293 megawatts (“**MW**”) of generating capacity. Approximately 53% of the capacity is fired by solid fuel; oil and natural gas together comprise another 29% of capacity; and hydro, wind and biomass production provide approximately 18%. In addition, NSPI has contracts to purchase renewable energy from independent power producers (“**IPPs**”). These IPPs own 137 MW of wind and biomass fuelled generation capacity. A further 212 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, of which 163 MW are expected to be in service by the end of 2010. NSPI also owns approximately 5,000 kilometres of transmission facilities, and approximately 27,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the “**Public Utilities Act**”) and is subject to regulation under the Public Utilities Act by the Nova Scotia Utility and Review Board (the “**UARB**”). The Public Utilities Act gives the UARB oversight authority with respect to NSPI's operations and expenditures. Electricity rates for NSPI's customers are also subject to UARB approval. NSPI is not subject to a mandatory annual rate review process, but rather participates in hearings from time to time, which may be at NSPI's or the regulator's request. Since January 2009, NSPI has been operating with a fuel adjustment mechanism for fuel expense recovery, which is subject to UARB review and approval.

USE OF PROCEEDS

NSPI may offer the debt securities from time to time up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this Prospectus, including any amendments thereto, remains valid. Except as otherwise provided in any Prospectus Supplement, the net proceeds from the sale of the debt securities, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of NSPI and applied primarily to refinance existing indebtedness, including bank indebtedness, to finance capital expenditures and for other general corporate purposes. The amount of net proceeds to be used for any such

purpose will be set forth in a Prospectus Supplement. NSPI may from time to time issue securities other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

NSPI may sell debt securities to or through underwriters purchasing as principal and may also sell debt securities to one or more purchasers directly or through agents. Debt securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the debt securities may be offered at prevailing market prices at the time of sales or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If the debt securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the debt securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to NSPI. If, in connection with the offering of debt securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the debt securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in the Prospectus Supplement in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the debt securities is less than the gross proceeds paid by the underwriters to NSPI.

Any underwriter or agent engaged in connection with the offering and sale of a particular series or issue of debt securities will be identified in a Prospectus Supplement along with the terms of the offering, including the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to NSPI and any fees, discounts or other compensation payable to the underwriters or agents.

Under agreements which may be entered into by NSPI, underwriters and agents who participate in the distribution of debt securities may be entitled to indemnification by NSPI against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentation made by underwriters or agents who participate in the offering of debt securities.

There is no market through which any debt securities offered hereunder may be sold. Accordingly, purchasers may not be able to resell the debt securities purchased under this Prospectus. This may affect the pricing of the debt securities in the secondary market, the transparency and availability of trading prices, the liquidity of the debt securities, and the extent of issuer regulation. In connection with any offering of debt securities, the underwriters or agents may, subject to the foregoing, over-allot or effect transactions which stabilize or maintain the market price of the debt securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom debt securities are sold by NSPI for public offering and sale may make a market in the debt securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice.

The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of an offering of securities offered hereby, an offer or sale of such securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated as at December 31, 2009 and March 31, 2010 for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities pursuant to this Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods. The December 31, 2009 ratio is based on the audited financial statements as at December 31, 2009 and the March 31, 2010 ratio is based on the unaudited financial statements as at March 31, 2010.

	Twelve months ended <u>December 31, 2009</u>	Twelve months ended <u>March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.39	2.31

- (1) Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends.

NSPI's interest requirements for the 12 months ended December 31, 2009 amounted to \$109.3 million. NSPI's earnings before interest and income tax for the 12 months ended December 31, 2009 were \$261.0 million, which is 2.39 times NSPI's aggregate dividend and interest requirements for this period. NSPI's interest requirements for the 12 months ended March 31, 2010 amounted to \$109.2 million. NSPI's earnings before interest and income tax for the 12 months ended March 31, 2010 were \$251.8 million, which is 2.31 times NSPI's aggregate dividend and interest requirements for this period.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of NSPI since March 31, 2010.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The debt securities will be issued under a trust indenture dated as of October 15, 1993, as supplemented from time to time (the "**Trust Indenture**") or under a trust indenture

dated as of October 8, 1993, as supplemented from time to time (the "MTN Indenture"), in each case between NSPI and Computershare Trust Company (the assignee of Montreal Trust Company of Canada). The Trust Indenture and the MTN Indenture are sometimes referred to herein as the "Indenture" or the "Indentures". Computershare Trust Company of Canada is referred to herein as the "Trustee".

The following description sets forth certain general terms and provisions of the debt securities. For full particulars reference should be made to the Indentures, copies of which are available electronically at www.sedar.com.

General

The debt securities may be issued in one or more series. Debt securities offered hereby will be offered to the public by NSPI at such times and upon such terms as are determined by NSPI based on a number of factors, including market conditions at the time of issue. Debt securities issued under the Trust Indenture will be issued in denominations of \$1,000 and integral multiples thereof. Debt securities issued under the MTN Indenture will be issued in minimum denominations of \$5,000 and integral multiples of \$1,000 thereafter and will have maturities of not less than one year.

The terms of a particular issue of debt securities will be described in the Prospectus Supplement relating to each offering of debt securities. Prospectus Supplements will set out the following terms of, and information relating to, the debt securities being offered thereby:

- (a) the specific designation of such debt securities;
- (b) the date or dates of issue of the debt securities;
- (c) aggregate principal amount and any limit thereon, authorized denominations and maturity date or dates (together with any provisions to extend a maturity date) of the debt securities;
- (d) the issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount) of the debt securities;
- (e) the name of the agents or underwriters, if any, involved in the issue, the fee or other remuneration payable to such agents or underwriters and the net proceeds to NSPI from the sale of the debt securities;
- (f) the rate or rates of interest, which may be a fixed rate or a floating rate, and, if floating, the method of calculation thereof and interest payment dates for the debt securities;
- (g) the period or periods within which, the price or prices at which, and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at NSPI's option;
- (h) the obligation, if any, of NSPI to redeem or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a

holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which the debt securities shall or may be redeemed or purchased, in whole or in part, pursuant to such obligation or option;

- (i) the currency or currencies (if other than Canadian dollars) in which the debt securities will be denominated and in which the principal of and premium, if any, and interest on such debt securities will be payable;
- (j) whether the debt securities may be exchanged or converted into other securities of NSPI;
- (k) whether the debt securities will be eligible for investment;
- (l) any additional covenants applicable to a particular issue of debt securities; and
- (m) any other applicable provisions, including any modifications or additions to the general terms of the debt securities as described herein.

NSPI reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus. If debt securities are issued in a currency other than Canadian dollars, purchasers of such debt securities should be aware that foreign exchange fluctuations will occur from time to time. NSPI makes no representations as to currency values.

Book Entry Securities

Debt securities may be issued under the Indenture in registered form or in the form of global debt securities ("**Global Securities**") held by a depository designated by NSPI for the depositories' participants (the "**Depository**"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Securities. The interests of participants of the Depository in Global Securities, and transfers of interests in Global Securities between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Securities will be represented by entries made in the records maintained by the participants. Purchasers of debt securities in respect of which Global Securities are issued will not be entitled to receive debt securities in definitive form. The issuance of debt securities as Global Securities will, if applicable, be referred to in the relevant Prospectus Supplement delivered with this Prospectus.

The following summary of certain provisions of the Indentures and the debt securities does not purport to be complete and is subject to the detailed provisions of the Indentures to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the debt securities. Additional details relating to debt securities of a particular series will be set forth in a Prospectus Supplement issued in respect of that series and, if applicable, in a further supplement to an Indenture.

Unsecured

The debt securities will be direct unsecured obligations of NSPI and will rank pari passu, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of NSPI issued pursuant to the Indentures.

Unlimited Amount

The aggregate principal amount of debt securities authorized under the Indentures is unlimited. The debt securities may be issued thereunder in one or more series.

Purchase for Cancellation

NSPI, when not in default under the Indentures, may purchase part or all of the debt securities at any time at any price in the open market or otherwise. Debt securities so purchased will be cancelled and shall not be re-issued.

Payment of Principal and Interest

NSPI will pay the principal and interest on debt securities at the dates and places, in the currencies and in the manner mentioned in the debt securities and in the Indentures. As interest becomes due on debt securities, NSPI, either directly or through the Trustee, shall, by electronic transfer of funds or by cheque sent by prepaid ordinary mail, or by such other means as agreed to by the Trustee, pay such interest (less any tax required to be withheld therefrom) to the registered holder of such debt security appearing on the register maintained by the Trustee, at the close of business on the fifteenth day prior to the applicable interest payment date, and addressed to such holder at such holder's last address appearing on the register, unless otherwise directed by such holder. In the event of non-receipt of any cheque for interest by the person to whom it is sent in accordance with an Indenture, NSPI will issue to such person a replacement cheque for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon it being indemnified to its satisfaction.

Payments of principal on debt securities will be made against presentation and surrender thereof for cancellation at such places as are designated in the debt securities and in the Indentures.

The payment of principal and premiums, if any, and interest on the debt securities in accordance with the applicable Indenture shall absolutely satisfy and discharge the liability of NSPI with respect to such payment under the applicable debt securities unless, in the case of payment by cheque, such cheque is not paid upon presentation.

Events of Default

Except as otherwise noted below, each Indenture provides that the following constitute events of default (each an "**Event of Default**") thereunder:

- (a) default in payment of principal on any debt securities when due, and such default shall have continued for 15 days;

- (b) default in payment of any interest due on any debt securities, and such default shall have continued for 90 days;
- (c) failure by NSPI to carry out or observe any covenant or condition contained in the Indentures within a period of 90 days, after notice has been given by the Trustee to NSPI specifying the default and requiring NSPI to remedy same;
- (d) certain events of bankruptcy, insolvency or analogous proceedings; and
- (e) upon an order being made or an effective resolution passed for the winding-up or liquidation of NSPI (other than pursuant to and in compliance with provisions in the Indentures relating to successor companies).

Acceleration on and Waiver of Default

If an Event of Default has occurred under an Indenture, the Trustee may in its discretion and shall upon the requisition in writing of the holders of at least 25% of the principal amount of the debt securities issued and outstanding under that Indenture, subject to any waiver of default under the Indenture, by notice in writing to NSPI declare the principal and interest on all debt securities then outstanding under the Indenture and other money payable thereunder to be due and payable.

If an Event of Default has occurred under an Indenture, (otherwise than by default in payment of principal monies at maturity) the holders of not less than 50% of the principal amount of the debt securities issued and outstanding under that Indenture, acting by extraordinary resolution, shall have the power to instruct the Trustee to waive the default (provided that if the Event of Default relates to a covenant applicable to a particular series of debt securities only, then the holders of 50% of the principal amount of outstanding debt securities of that series only, acting by extraordinary resolution, shall be entitled to waive the default). In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

If NSPI fails to pay promptly any principal and interest declared by the Trustee to be due and payable following an Event of Default, the Trustee may in its discretion or shall upon receiving notice of and being directed by a request, signed by the holder or holders of not less than 25% in principal amount of the outstanding debt securities, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under an Indenture by such proceedings as are authorized under the Indenture or by law or equity as the Trustee shall have been directed to take or if a holder of debt securities' request does not contain any direction, then by such proceedings authorized by the Indenture or by suit at law or at equity as the Trustee deems expedient. Holders of debt securities issued under either of the Indentures may not enforce the Indenture or the debt securities except as provided in the particular Indenture.

Modification of Rights

The rights of holders of debt securities under the Indentures may be modified. For that purpose, among others, the Indentures contain provisions to render binding on holders of debt securities (a) instruments in writing signed by the holders of 66 2/3% of the aggregate principal amount of debt securities issued and outstanding; and (b) extraordinary resolutions passed by the votes of holders representing 66 2/3% of the principal amount of debt securities present and voting on a basis of one vote per \$1,000 of debt securities at meetings of holders of debt securities for which, in the first instance, the quorum shall be holders representing more than 50% of the aggregate principal amount of debt securities outstanding and, failing such quorum, at an adjourned meeting the quorum shall be the holders of debt securities present, all upon compliance with the procedures specified in an Indenture. If the business to be transacted at any meeting especially affects the rights of holders of any series of debt securities, the approval of a like proportion of such holders is also required.

Definitions

The Indentures contain, among others, definitions substantially to the following effect:

"Debt" means all indebtedness issued, assumed or guaranteed for borrowed money or for the deferred purchase price of property;

"Funded Debt" means all Debt maturing by the terms thereof on, or extendible or renewable at the option of the obligor to, a date more than 24 months after the date of original issue, assumption or guarantee thereof;

"Purchase Money Obligation" means Debt of NSPI incurred or assumed to finance the purchase price, in whole or in part, of any property or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any property; provided that such Debt is incurred or assumed substantially concurrently with the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Debt so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased; and

"Total Capitalization of NSPI" means the sum of NSPI's (i) shareholders' equity (including, for greater certainty, retained earnings and preferred shares) not including appraisal credits or surpluses; (ii) Debt; and (iii) the accumulated provision for future (deferred) income taxes.

Covenants

The Indentures contain various covenants of a general nature including covenants relating to the payment of principal and interest. In addition, the Indentures include covenants substantially to the following effect, that so long as any of the debt securities remain outstanding:

- (1) NSPI will not encumber any of its assets to secure any obligations unless at the same time all the debt securities then outstanding shall be secured equally and rateably with such obligations; provided that this covenant will not apply to nor operate to prevent, among other things, the giving or assumption of (i) any security in the ordinary course of business to any bank or banks to secure any Debt payable on demand or maturing (including any right of extension or renewal) within 24 months of the date such Debt is incurred or of the date of any renewal or extension thereof, (ii) any Purchase Money Obligations, (iii) encumbrances on property of a corporation existing at the time it is merged or consolidated with NSPI or existing upon NSPI's acquisition, by sale or lease of property, or (iv) certain permitted liens specified in the Indentures.
- (2) NSPI will not create, assume or otherwise incur any Funded Debt, other than Funded Debt represented by Purchase Money Obligations, Funded Debt to any bank or banks or lending institutions which is payable on demand or matures (including any right of extension or renewal) within 24 months of the issue date of or the date of any renewal or extension and any such renewal or extension of such Funded Debt, if immediately thereafter the Funded Debt of NSPI would be in excess of 75% of the Total Capitalization of NSPI.

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement, legal matters in connection with the issuance of the debt securities will be passed upon on behalf of NSPI by Stephen D. Aftanas, Corporate Secretary, and by Cox & Palmer. As of May 21, 2010, Mr. Aftanas and partners and associates of Cox & Palmer, as a group, beneficially owned, directly or indirectly less than one percent of each series of outstanding securities of NSPI.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Grant Thornton LLP, Chartered Accountants, Halifax, Nova Scotia, are the auditors of NSPI. Grant Thornton LLP report that they are independent of NSPI in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

The Trustee is the registrar and transfer agent. Registers for the registration and transfer of the debt securities in registered form are kept at the principal offices of the Trustee in the City of Toronto, Ontario.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this Prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in debt securities offered under this Prospectus. The debt securities will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the debt securities or financial matters in general. A purchaser should not purchase debt securities unless the purchaser understands, and can bear, all of the investment risks involving the debt securities. For a

discussion of the risks to which NSPI, its operations and its financial results and conditions are subject, see the sections entitled “Risk Factors” and “Forward-Looking Information” in the Company’s Annual Information Form and “Risk Management and Financial Instruments” and “Business Risks” in NSPI’s Management’s Discussion and Analysis, each of which is incorporated by reference in this Prospectus. In addition to such risks, an investment in the debt securities is subject to any other risks identified in a Prospectus Supplement or in any document incorporated by reference subsequent to the date of this Prospectus during the currency of this Prospectus.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be revised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the Short Form Base Shelf Prospectus of Nova Scotia Power Incorporated (the "Company") dated May 21, 2010 relating to the issue and sale of up to \$500,000,000 of Debt Securities (Unsecured). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the balance sheets of the Company as at December 31, 2009 and 2008, and the statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2009. Our report is dated February 4, 2010.

Halifax, Canada
May 21, 2010

(Signed) "*Grant Thornton LLP*"
Chartered Accountants

CERTIFICATE OF NOVA SCOTIA POWER INCORPORATED

Dated: May 21, 2010

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Robert R. Bennett*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Senior Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*George A. Caines*"
Director

(Signed) "*Christopher G. Huskison*"
Director

This prospectus supplement, together with the accompanying short form base shelf prospectus dated May 21, 2010 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement and the short form base shelf prospectus dated May 21, 2010 to which it relates constitutes a public offering of these securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, these securities may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus dated May 21, 2010 to which it relates from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Nova Scotia Power Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT TO THE SHORT FORM BASE SHELF PROSPECTUS
DATED MAY 21, 2010**

New Issue

June 9, 2010



**NOVA SCOTIA POWER INCORPORATED
\$500,000,000
Medium Term Notes
(Unsecured)**

Medium term notes offered hereby (the "Notes" or "Medium Term Notes") will have maturities of not less than one year, and will be issued from time to time as and when funds are required by Nova Scotia Power Incorporated ("NSPI") in an aggregate principal amount not to exceed \$500,000,000 (or the equivalent in foreign currencies or currency units) during the period ending June 21, 2012. Such amount is subject to reduction as a result of the sale by NSPI of other securities, including debt securities, pursuant to other prospectus supplements to the short form base shelf prospectus dated May 21, 2010 (the "Prospectus").

The Notes will be issued from time to time upon terms determined by NSPI based on a number of factors, including market conditions at the time of issue and advice from the Agents (defined below). The Notes will be unsecured, will be issued under a trust indenture in minimum denominations of \$5,000 and integral multiples of \$1,000 thereafter and will rank pari passu, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of NSPI. See "Description of Notes".

The offering of the Notes hereunder will be made pursuant to the medium-term note program of NSPI, as contemplated by National Instrument 44-102 – Shelf Distributions of the Canadian Securities Administrators. Such instrument permits the omission from the Prospectus Supplement of certain terms of the Notes, which will be established at the time of the offering and sale of the Notes and will be included in Pricing Supplements incorporated by reference herein, as more particularly described under the heading "Documents Incorporated by Reference". Accordingly, the specific terms of any offering of Notes will be set forth in a pricing supplement (a "**Pricing Supplement**") which will be delivered to purchasers with this Prospectus Supplement. Where applicable, such terms may include the specific designation, currency of issue (if non-Canadian dollar), aggregate principal amount, any limit thereon, issue price (or the manner of determination of the issue price if offered on a non-fixed price basis), whether the issue price is at par, a premium or a discount, whether interest bearing or discounted, date of issue, maturity date, any provisions to extend the maturity date, interest rate particulars, including whether fixed or floating and the manner of determination if floating, the name(s) of the Agent or Agents, if any, the Agents' fees, method of distribution and any other applicable provisions. Each Note may be subject to redemption at the option of NSPI, in whole or in part, prior to its stated maturity date, as set forth in the applicable Pricing Supplement. NSPI reserves the right to set forth in a Pricing Supplement specific terms of Notes that are not within the options and parameters set forth in this Prospectus Supplement.

In the opinion of counsel, the Notes offered hereby, if issued on the date hereof, would be eligible for investment as set forth under the heading "Eligibility for Investment".

RATES ON APPLICATION

The Notes will be offered severally by one or more of BMO Nesbitt Burns Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (collectively the "**Agents**" and each an "**Agent**"), subject to confirmation by NSPI pursuant to the selling agreement referred to under the heading "Plan of Distribution". The rate of commission payable in connection with sales by the Agents of Notes shall be as determined from time to time by mutual agreement but shall not exceed 0.50% of the principal amount of any Note unless otherwise agreed and disclosed in a supplement. The Notes may be purchased from time to time by any of the Agents, as principal, at such prices and with such commissions (subject to the above limitation) as may be agreed between NSPI and any such Agents for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. The Agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the gross proceeds paid by the Agent, acting as principal, to NSPI. The Notes may also be offered directly by NSPI at market rates prevailing from time to time to purchasers pursuant to applicable statutory exemptions. See "Plan of Distribution". NSPI and, if applicable, the Agents may reject any order in whole or in part.

There is no market through which the Notes may be sold and purchasers may not be able to resell the Notes purchased under this Prospectus. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See "Risk Factors".

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to NSPI. Consequently, NSPI may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. All or a portion of the net proceeds from the sale of a particular series or issue of Notes in which such Agents are acting as principals or agents may be used to repay indebtedness to such banks. Other than payment of their portion of the commissions, if applicable, none of the proceeds of such offerings of Notes will be applied, directly or indirectly, for the benefit of the Agents. See "Plan of Distribution" and "Use of Proceeds."

In connection with an offering of Notes, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level, above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Notes to be issued pursuant to this Prospectus Supplement and applicable Pricing Supplement have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, the Notes may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes offered hereby within the United States or to U.S. persons. In addition, until 40 days after the commencement of an offering of Notes to which this Prospectus Supplement relates, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

Each Note will be issued in fully registered book-entry form (a "**Book-Entry Note**") or in certificated form (a "**Certificated Note**"), in each case as set forth in the applicable Pricing Supplement. Each Book-Entry Note will be represented by one or more fully registered global securities (the "**Global Notes**") deposited with, or on behalf of CDS Clearing and Depository Services Inc. ("**CDS**") (or such other depository as is identified in the applicable Pricing Supplement) and registered in the name of CDS or its nominee. Interests in the Global Notes will be shown on, and transfers thereof will be affected only through, records maintained by CDS (with respect to its participants) and CDS's participants (the "**CDS Participants**") (with respect to beneficial owners).

The offering is subject to approval of certain legal matters on behalf of NSPI by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer, and on behalf of the Agents by Stewart McKelvey.

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the offering of the Notes. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

A Pricing Supplement containing the specific terms of an offering of Notes will be delivered to purchasers of such Notes together with this Prospectus Supplement and the Prospectus and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus as of the date of such Pricing Supplement only for purposes of the offer of Notes covered by that Pricing Supplement.

Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as Prospectus Supplements or as exhibits to NSPI's unaudited interim and audited annual financial statements, and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of the issue of Notes thereafter.

Any statement contained in this Prospectus Supplement, a Pricing Supplement or in a document incorporated or deemed to be incorporated by reference in the Prospectus for the purposes of the offering of Notes shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding

statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement, except as so modified or superseded.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated as at December 31, 2009 and March 31, 2010 for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities pursuant to this Prospectus Supplement or any other supplement to the Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods.

	Twelve months ended <u>December 31, 2009</u>	Twelve months ended <u>March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.39	2.31

- ⁽¹⁾ Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends. For purposes of calculating the financial ratios, long-term debt does not include any amounts with respect to debt securities offered under this Prospectus Supplement or any other supplement to the Prospectus.

NSPI's interest requirements for the 12 months ended December 31, 2009 amounted to \$109.3 million. NSPI's earnings before interest and income tax for the 12 months ended December 31, 2009 was \$261.0 million, which is 2.39 times NSPI's aggregate dividend and interest requirements for this period. NSPI's interest requirements for the 12 months ended March 31, 2010 amounted to \$109.2 million. NSPI's earnings before interest and income tax for the 12 months ended March 31, 2010 was \$251.8 million, which is 2.31 times NSPI's aggregate dividend and interest requirements for this period.

CREDIT RATINGS

The Notes to be offered hereby have been rated A (low) by Dominion Bond Rating Service Limited ("DBRS"), and BBB+ by Standard & Poor's, a division of the McGraw-Hill Companies ("S&P") (collectively the "Rating Agencies" and each a "Rating Agency"). Ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities.

DBRS' credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. The "A" rating is the third highest rating category out of a total of ten categories employed by DBRS. Debt instruments that are rated in the A category by DBRS are considered by DBRS to be of a

satisfactory credit quality, with substantial protection of interest and principal, but entities in this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than entities that have higher-rated securities. The assignment of a “(high)” or “(low)” designation indicates relative standing of such category.

S&P’s credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. A rating of BBB by S&P is the fourth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity of the obligor to meet its financial commitments. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

Each Rating Agency has several categories of long term debt ratings that may be assigned to a particular issue. Prospective purchasers of the Notes should consult the Rating Agencies with respect to the interpretation and implication of the foregoing ratings and outlooks.

The credit ratings assigned to the Notes by the Rating Agencies are not recommendations to buy, sell or hold the Notes inasmuch as such ratings do not comment as to relevant price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cox & Palmer, counsel to NSPI, and Stewart McKelvey, counsel to the Agents, the Notes offered hereby, if issued on the date of this Prospectus Supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan (other than trusts governed by deferred profit sharing plans for which any of the employers are NSPI or a corporation with whom NSPI does not deal at arm’s length), registered disability savings plan or a tax-free savings account (a “**TFSA**”). Provided that for the purposes of the Tax Act, the holder of a TFSA deals at arm’s length with NSPI and does not have a significant interest in NSPI or in a corporation, partnership or trust that does not deal at arm’s length with NSPI, the Notes will not be a prohibited investment under the Tax Act for such TFSA on the date of this Prospectus Supplement.

PLAN OF DISTRIBUTION

Pursuant to a selling agency agreement dated June 9, 2010 (the “**Agreement**”) among NSPI and the Agents, the Agents are authorized, as agents of NSPI for this purpose only, to solicit offers to purchase Notes, directly and through other investment dealers. NSPI will pay a commission to the Agent through whom any Note is sold in accordance with the

Agreement. The Commission, which will not exceed in aggregate 0.50% of the principal amount of any Note unless otherwise agreed to and disclosed in a supplement will be allocated among the Agents in accordance with the Agreement. The Agreement also provides that Notes may be purchased by any of the Agents from time to time, as principals, at such prices as may be agreed upon between NSPI and such Agents for resale to the public. Such resale prices may vary during the distribution period and as between purchasers. Commissions may be paid in connection with such purchases. The Agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the gross proceeds paid by the Agent, acting as principal, to NSPI.

The Notes may also be offered directly to purchasers by NSPI at market rates (including at a discount or premium) prevailing from time to time pursuant to applicable statutory exemptions, in which case no commission will be paid. Additional details with respect to the distribution of a particular offering of Notes will be set forth in the applicable Pricing Supplement.

In connection with any offering of Notes, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Agents may from time to time purchase and sell Notes in the secondary market but are not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by such Agents involved.

NSPI and, if applicable, the Agents, reserve the right to reject any offer to purchase Notes in whole or in part. NSPI also reserves the right to withdraw, cancel or modify the offering of Notes under this Prospectus Supplement without notice.

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to NSPI. Consequently, NSPI may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. All or a portion of the net proceeds from the sale of a particular series or issue of Notes in which such Agents re acting as principals or agents may be used to repay indebtedness to such banks. Other than payment of their portion of the commissions, if applicable, none of the proceeds of such offerings of Notes will be applied, directly or indirectly, for the benefit of the Agents. See "Use of Proceeds."

The Notes to be issued pursuant to this Prospectus Supplement and applicable Pricing Supplement have not been registered under the U.S. Securities Act, or any state securities laws. Accordingly, the Notes may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy

any of the Notes offered hereby within the United States or to U.S. persons. In addition, until 40 days after the commencement of an offering of Notes to which this Prospectus Supplement relates, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

USE OF PROCEEDS

NSPI may offer and issue Notes from time to time in one or more series of up to an aggregate principal amount of \$500,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) or, if any Notes are offered at an original issue discount, such greater amount as shall result in an aggregate offering price of up to \$500,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) during the period ending June 21, 2012. Such amount is subject to reduction as a result of the sale by NSPI of other securities, including debt securities, pursuant to another Prospectus Supplement to the Prospectus. The net proceeds from the sale of the Notes, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of NSPI and applied primarily to refinance existing indebtedness including bank indebtedness, to finance capital expenditures and for other general corporate purposes.

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to NSPI. Consequently, NSPI may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. The credit facility extended by the banks (the "**Facility**") currently provides NSPI with a revolving operating facility in an amount of up to \$500,000,000. The Facility matures on June 26, 2010 and can be extended annually with the bank's approvals. NSPI has the option at each maturity date to convert all amounts drawn down under the Facility to a one year non-revolving term credit facility. NSPI anticipates that the Facility will be extended with the bank's approvals in the ordinary course. The Facility is unsecured. As of June 7, 2010, NSPI had approximately \$391,000,000 drawn on the Facility. NSPI has always been and remains in compliance with the terms of the Facility and no breaches under the Facility have been waived by any of the parties thereto. Other than as has been disclosed in NSPI's public filings, there has been no material change in the financial position of NSPI or in the value of any security granted to the banks since the entering into of the Facility. All or a portion of the net proceeds from the sale of a particular series or issue of Notes may be used to repay indebtedness, if any, under the Facility. See "Plan of Distribution".

DESCRIPTION OF NOTES

The following description of the particular terms of the Notes supplements, and to the extent it is inconsistent with, replaces the description of the general terms and provisions of debt securities set forth in the Prospectus, to which description reference is also made. The terms and conditions set forth in this section "Description of Notes" will apply to each Note unless otherwise specified in the applicable Pricing Supplement. For full

particulars of the terms of the Notes and for the definition of certain terms used below reference should be made to the Trust Indenture (as defined below).

General

NSPI may offer to the public from time to time Notes having maturities of not less than one year in aggregate principal amount not to exceed \$500,000,000 (or the equivalent thereof in one or more other currencies at the time of issue) under this Prospectus Supplement. Such amount is subject to reduction as a result of the sale by NSPI of other debt securities pursuant to other Prospectus supplements. The Notes may be offered to the public at prices and at terms determined by NSPI based on a number of factors, including market conditions at the time of issue and advice from the Agents. The Notes will be issued in minimum denominations of \$5,000 and integral multiples of \$1,000 thereafter.

The Notes will be issued under a trust indenture (the “**Trust Indenture**”) dated as of October 8, 1993, as supplemented from time to time, between NSPI and Computershare Trust Company of Canada (the assignee of Montreal Trust Company of Canada), as trustee (the “**Trustee**”).

No amount is payable on application for Notes, the purchase price being payable on delivery of the Notes. The Notes will be offered and sold at prices negotiated with purchasers and the prices at which the Notes will be offered and sold may vary as between purchasers and during the distribution period.

The specific terms of an offering of Notes will be described in a Pricing Supplement, to which reference is made for such terms including, without limitation, the following:

- (a) the date of issue, specific designation, aggregate principal amount, maturity date or dates (and any provisions to extend the maturity date) of the Notes;
- (b) the issue price of the Notes (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount);
- (c) the method of distribution, the name(s) of the Agent or Agents, if any, the Agents’ fees and the net proceeds to NSPI from the sale of the Notes;
- (d) the rate or rates of interest (either fixed or floating and, if floating, the manner of calculation thereof), if any, any discount, and the interest payment dates for the issue of Notes;
- (e) the obligation, if any or option, if any, of NSPI to redeem or purchase the Notes;
- (f) the currency or currencies of issue (if other than Canadian dollars);
- (g) any additional covenants applicable to a particular series of Notes (including the provision of security) if any; and

- (h) the total amount of Notes authorized for issue of a particular series of Notes and, if applicable the amount previously issued.

NSPI reserves the right to set forth in a Pricing Supplement specific terms of Notes that are not within the options and parameters set forth in this Prospectus Supplement or in the Prospectus.

Notes may be issued under the Trust Indenture in registered form or in the form of global notes ("**Global Notes**") held by a depository designated by NSPI for the depositories' participants (the "**Depository**"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Notes. The interests of participants of the Depository in Global Notes, and transfers of interests in Global Notes between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Notes will be represented by entries made in the records maintained by the participants. Purchasers of Notes in respect of which Global Notes are issued will not be entitled to receive Notes in definitive form. The issuance of Notes as Global Notes will, if applicable, be referred to in the relevant Pricing Supplement delivered to the purchasers of Notes with this Prospectus Supplement.

The following summary of certain provisions of the Trust Indenture and the Notes does not purport to be complete and is subject to the detailed provisions of the Trust Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the Notes. A copy of the Trust Indenture is available electronically at www.sedar.com.

Unsecured

The Notes will be direct unsecured obligations of NSPI and will rank pari passu, except as to sinking funds, if any, applicable to different series of debt securities with all other unsecured and unsubordinated indebtedness of NSPI issued pursuant to the Trust Indenture.

Redemption; Purchase for Cancellation

Each Note may be subject to redemption at the option of NSPI, in whole or in part, prior to its stated maturity date, as set forth therein and specified in the applicable Pricing Supplement.

NSPI, when not in default under the Trust Indenture, may purchase part or all of the Notes at any time at any price in the open market or otherwise. Notes so purchased will be cancelled and shall not be reissued.

Unlimited Amount

The aggregate principal amount of Notes authorized under the Trust Indenture is unlimited. Notes may be issued thereunder in one or more series.

Risk Factors

An investment in the Notes is subject to certain risks, including those set out and incorporated by reference in the Prospectus and the following:

Optional Redemption

An optional redemption feature of Notes is likely to limit their market value. During any period when NSPI may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If Notes are redeemable at the option of NSPI, NSPI may redeem all or some of the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, a holder of a Note generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential purchasers should consider reinvestment risk in light of other investments available at that time.

Change of Law

The terms and conditions of the Notes are based on the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Nova Scotia or the federal laws of Canada applicable therein or administrative practice after the date of issue of the relevant Notes.

Modifications and Waivers

The terms and conditions of the Notes contain a provision for calling meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Unsecured

The Notes are unsecured obligations of NSPI. In the event of the insolvency or winding-up of NSPI, NSPI may not have enough assets remaining after payments to secured creditors to pay amounts due under the Notes.

No Established Trading Market

Upon issuance, the Notes will not have an established trading market. The notes will not be listed on any securities exchange. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any market-making activity at any time. Accordingly, purchasers of Notes may not be able to resell Notes purchased under this Prospectus Supplement and the applicable Pricing Supplement. This may affect the pricing of such Notes in the secondary market, the transparency and availability of trading prices, the liquidity of such Notes and the extent of issuer regulation.

Credit Rating

There is no assurance that any credit rating assigned to the Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Notes.

Foreign Currency

The Notes may be denominated or payable in foreign currencies which may entail significant risks, and the extent and nature of such risks change continuously. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency market, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending on the currency or currencies involved. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed in an investment in the Notes denominated in currencies other than Canadian dollars. The Notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

LEGAL MATTERS

Unless otherwise indicated in a Pricing Supplement, legal matters in connection with the issuance of the Notes will be passed upon on behalf of NSPI by Stephen D. Aftanas, Corporate Secretary, and by Cox & Palmer, and on behalf of any underwriters or agents by Stewart McKelvey. As of June 9, 2010, Mr. Aftanas and partners and associates of Cox & Palmer and Stewart McKelvey, as a group, beneficially owned, directly or indirectly less than one percent of each series of outstanding securities of NSPI.

George A. Caines, a director of NSPI since April 1995, is a partner of Stewart McKelvey.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be revised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE AGENTS

Dated: June 9, 2010

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each province of Canada.

BMO Nesbitt Burns Inc.

By: (Signed) "*Andrew Hainsworth*"
Director

CIBC World Markets Inc.

By: (Signed) "*Sean Gilbert*"
Managing Director

Merrill Lynch Canada Inc.

By: (Signed) "*Eric P. Giroux*"
Managing Director

National Bank Financial Inc.

By: (Signed) "*Paul Prendergast*"
Managing Director

RBC Dominion Securities Inc.

By: (Signed) "*Robert M. Brown*"
Director

Scotia Capital Inc.

By: (Signed) "*D. Gregory Lawrence*"
Managing Director

TD Securities Inc.

By: (Signed) "*Harold R. Holloway*"
Managing Director

**PRICING SUPPLEMENT NO. 1 DATED JUNE 15, 2010
TO A SHORT FORM PROSPECTUS DATED MAY 21, 2010 AND PROSPECTUS SUPPLEMENT
DATED JUNE 9, 2010**

This pricing supplement, together with the short form base shelf prospectus dated May 21, 2010 (the “Prospectus”) and a Prospectus Supplement dated June 9, 2010 (the “Prospectus Supplement”), and each document incorporated by reference into the Prospectus constitutes a public offering of these securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory or similar authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, these securities may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This pricing supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons.

New Issue

June 15, 2010

CUSIP 66988Z AZ 2

ISIN Number CA 66988Z AZ 23



**Cdn\$300,000,000
NOVA SCOTIA POWER INCORPORATED
5.61% Series X Medium Term Notes
(Unsecured)**

To be issued and delivered June 15, 2010

To Mature June 15, 2040

The 5.61% Series X Notes due June 15, 2040 (the “Notes”) will bear interest at a rate of 5.61% per annum from June 15, 2010 payable semi-annually in arrears on December 15 and June 15 of each year with the first regular payment to be made on December 15, 2010.

The Notes will be issued in the form of a global Note, in book entry form, registered in the name of CDS & Co.

BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., and Merrill Lynch Canada Inc., as agents, offer the Notes subject to confirmation by Nova Scotia Power Incorporated

(“NSPI”) pursuant to the Selling Agency Agreement referred to under “Plan of Distribution” in the Prospectus Supplement.

	Issue Price ⁽¹⁾	Agents’ Fees	Net Proceeds to NSPI ⁽²⁾
Per \$1,000 of Notes	\$999.13	\$5.00	\$994.13
Total	\$299,739,000	\$1,500,000	\$298,239,000

Redemption Terms

The Notes shall be redeemable on not more than 60 days and not less than 30 days prior notice at NSPI’s option, in whole at any time and in part from time to time, at an amount equal to the greater of the Canada Yield Price (as defined below) and par, together with accrued and unpaid interest to the date fixed for redemption. “**Canada Yield Price**” shall mean a price calculated to provide yield to maturity equal to the Government of Canada Yield plus 0.445% on the business day immediately preceding the date on which the redemption is authorized. “**Government of Canada Yield**” on any date shall mean the yield to maturity on such date, compounded semi-annually, which an assumed new issue of non-callable Government of Canada Bonds denominated in Canadian Dollars would carry if issued in Canada, at 100% of its principal amount on such date, with a term to maturity equal to the remaining term to maturity of the Notes.

Documents Incorporated by Reference

There are no additional documents incorporated by reference into the Prospectus as of the date of this Pricing Supplement.

Background

This is the first issue of Medium Term Notes (Unsecured) by NSPI under the Prospectus.

¹ Calculated using a weighted average discount of \$0.87 per \$1,000 of Notes.

² Before deducting expenses of the issue not to exceed \$25,000.00 which, together with the Agents’ fees, will be paid from the general funds of NSPI.

AMENDED AND RESTATED SHORT FORM BASE SHELF PROSPECTUS
(amending and restating the short form base shelf prospectus dated May 21, 2010)

This amended and restated short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this amended and restated prospectus has become final and that permits the omission from this amended and restated prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this amended and restated prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Nova Scotia Power Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

This short form amended and restated prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

New Issue

July 15, 2010



NOVA SCOTIA POWER INCORPORATED

\$500,000,000

Debt Securities (unsecured)

Nova Scotia Power Incorporated ("NSPI" or the "Company") may from time to time offer debt securities, up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 21, 2012 that this amended and restated base shelf prospectus (the "Prospectus"), including any amendments hereto, remains valid. The debt securities offered hereby may be offered separately or together, in separate series, in amounts, at prices, with maturities, and on terms to be set forth in one or more shelf prospectus supplements (each, a "Prospectus Supplement"). See "Description of Securities Being

Distributed". All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

This offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this Prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements included or incorporated herein have been prepared in accordance with Canadian generally accepted accounting principles, and may be subject to foreign auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the debt securities may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in or citizens of, the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be affected adversely by the fact that the Company is incorporated under the laws of the Province of Nova Scotia, that all of its officers and directors are Canadian residents, that all of the experts named in the registration statement are Canadian residents and that all of the assets of the Company and said persons are located in Canada.

The debt securities have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") nor has the SEC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The specific terms of any offering of debt securities will be set forth in a Prospectus Supplement including, where applicable, the specific designation, currency of issue (if other than Canadian dollars), authorized denominations, aggregate principal amount and any limit thereon, issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount), date of issue, maturity date, any provisions to extend the maturity date, rate of interest (either fixed or floating and, if floating, the manner of calculation thereof), interest payment dates, redemption or repayment provisions, sinking fund, refunding, conversion, additional covenants (including the provision of security), the method of distribution, the actual proceeds to NSPI and any other applicable provisions. NSPI reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the

Prospectus Supplement and only for the purposes of the debt securities to which the Prospectus Supplement pertains.

NSPI may sell the debt securities to or through underwriters purchasing as principal and may also sell the debt securities to one or more other purchasers directly or through agents. See "Plan of Distribution". The Prospectus Supplement relating to a particular offering of debt securities will identify each underwriter or agent, as the case may be, engaged by NSPI in connection with the offering and sale of the debt securities and will set forth the terms of the offering of such debt securities, including the method of distribution of such debt securities, proceeds to NSPI and any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the offering of such debt securities. There is no market through which any debt securities offered hereunder may be sold. **Accordingly, purchasers may not be able to resell the debt securities purchased under this Prospectus. This may affect the pricing of the debt securities in the secondary market, the transparency and availability of trading prices, the liquidity of the debt securities, and the extent of issuer regulation. See "Risk Factors".**

The offering of debt securities is subject to the approval of certain legal matters on behalf of NSPI by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer.

The head and registered office of NSPI is located at Barrington Tower, 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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AVAILABLE INFORMATION

This Prospectus is part of a registration statement on Form F-9 relating to the Securities (the "**Registration Statement**") that the Company has filed with the SEC under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. United States investors should refer to the Registration Statement and the exhibits to the Registration Statement for further information with respect to the Company and the Securities.

The Company will file or furnish annual and quarterly reports, material change reports and other information with the securities commissions or similar regulatory authorities in each of the provinces of Canada and with the SEC. Under a multi-jurisdictional disclosure system adopted by the United States and Canada, these reports and other information (including financial information) may be prepared in accordance with the disclosure requirements in Canada, which differ from those in the United States. Prospective investors may read and download any public document that the Company has filed with securities commissions or similar regulatory authorities in each of the provinces of Canada on the System for Electronic Document Analysis and Retrieval, which is commonly known by the acronym SEDAR, and which may be accessed at www.sedar.com. Prospective investors may read any document that the Company files with or furnishes to the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Prospective investors may also obtain copies of the same documents from the SEC's public reference room by paying a fee. Please call the SEC at 1-800-SEC-0330 or contact it at www.sec.gov for further information on the public reference room. The Company's filings will also be electronically available from the SEC's Electronic Document Gathering and Retrieval System, which is commonly known by the acronym

EDGAR, and which may be accessed at www.sec.gov, as well as from commercial document retrieval sources.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents are being filed with the SEC as part of the Registration Statement: (i) the documents referred to under the heading "Documents Incorporated by Reference"; (ii) the consent of Grant Thornton LLP, Chartered Accountants, Halifax, Nova Scotia; (iii) the Trust Indenture and MTN Indenture described under the heading "Description of the Securities Being Distributed", including the supplements thereto; and (iv) the powers of attorney from the Company's directors and officers.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions and similar regulatory authorities in Canada and with the SEC.

The following documents, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada and filed with or furnished to the SEC, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the renewal Annual Information Form of NSPI dated March 31, 2010 for the year ended December 31, 2009;
- (b) the audited comparative financial statements of NSPI as at and for the years ended December 31, 2009 and December 31, 2008, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2009; and
- (c) the unaudited interim financial statements of NSPI as at and for the three months ended March 31, 2010 and March 31, 2009, together with Management's Discussion and Analysis for the three months ended March 31, 2010.

Any documents of the type referred to above, and any material change reports (other than confidential material change reports) and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by NSPI with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of debt securities, shall be deemed to be incorporated by reference into this Prospectus. To the extent that any document or information incorporated by reference into this Prospectus is included in a report that is filed with or furnished to the SEC, such document or information shall be deemed to be incorporated by reference as an exhibit to the Registration Statement. In addition, any other report filed with or furnished to the SEC by the Company shall be deemed to be incorporated

by reference as an exhibit to the Registration Statement, if and to the extent that such report expressly so provides.

Upon a new annual information form, new annual comparative financial statements and accompanying management's discussion and analysis being filed by NSPI with (and where required, accepted by) the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual comparative financial statements and accompanying management's discussion and analysis, all interim financial statements and accompanying management's discussion and analysis, and all material change reports filed prior to the commencement of the financial year of NSPI in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for the purposes of future offers and sales of debt securities hereunder. Upon any interim financial statements and accompanying management's discussion and analysis being filed by NSPI with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and accompanying management's discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of debt securities hereunder.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been filed under securities legislation in each of the Provinces of Canada that permits certain information about these debt securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. One or more Prospectus Supplement(s) containing the specific terms in respect of any offering of debt securities and any additional or updated information omitted from this Prospectus that NSPI elects or is required to include in such Prospectus Supplement(s) will be delivered to purchasers of such debt securities together with this Prospectus. Each such Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of each such Prospectus Supplement and only for purposes of the distribution of debt securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information and statements which reflect management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of NSPI, and may not be appropriate for other purposes. All such information and statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects NSPI management's current beliefs and is based on information currently available to NSPI's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: NSPI's earnings and cash flow; the growth and diversification of NSPI's business and earnings base; NSPI's expected compliance with the regulation of its operations; NSPI's environmental initiatives and expected compliance with provincial standards; the completion of announced acquisitions; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on NSPI of the downturn in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that NSPI will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of NSPI; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against NSPI; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to NSPI's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE IS QUALIFIED IN ITS ENTIRETY BY THE ABOVE CAUTIONARY STATEMENTS AND, EXCEPT AS REQUIRED BY LAW, NSPI UNDERTAKES NO OBLIGATION TO REVISE OR UPDATE ANY FORWARD-LOOKING INFORMATION AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

SUMMARY DESCRIPTION OF BUSINESS

NSPI is the primary electricity supplier in Nova Scotia, providing over 95% of the electricity generation, transmission and distribution in the province. NSPI is the largest operating subsidiary of Emera Incorporated ("**Emera**"), a company incorporated under the laws of Nova Scotia. NSPI and its predecessor companies have been producing and supplying electricity in Nova Scotia for more than 80 years.

NSPI owns 2,293 megawatts ("**MW**") of generating capacity. Approximately 53% of the capacity is fired by solid fuel; oil and natural gas together comprise another 29% of capacity; and hydro, wind and biomass production provide approximately 18%. In addition, NSPI has contracts to purchase renewable energy from independent power producers ("**IPPs**"). These IPPs own 137 MW of wind and biomass fuelled generation capacity. A further 212 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, of which 163 MW are expected to be in service by the end of 2010. NSPI also owns approximately

5,000 kilometres of transmission facilities, and approximately 27,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the "**Public Utilities Act**") and is subject to regulation under the Public Utilities Act by the Nova Scotia Utility and Review Board (the "**UARB**"). The Public Utilities Act gives the UARB oversight authority with respect to NSPI's operations and expenditures. Electricity rates for NSPI's customers are also subject to UARB approval. NSPI is not subject to a mandatory annual rate review process, but rather participates in hearings from time to time, which may be at NSPI's or the regulator's request. Since January 2009, NSPI has been operating with a fuel adjustment mechanism for fuel expense recovery, which is subject to UARB review and approval.

USE OF PROCEEDS

NSPI may offer the debt securities from time to time up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 21, 2012 that this Prospectus, including any amendments thereto, remains valid. Except as otherwise provided in any Prospectus Supplement, the net proceeds from the sale of the debt securities, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of NSPI and applied primarily to refinance existing indebtedness, including bank indebtedness, to finance capital expenditures and for other general corporate purposes. The amount of net proceeds to be used for any such purpose will be set forth in a Prospectus Supplement. NSPI may from time to time issue securities other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

NSPI may sell debt securities to or through underwriters purchasing as principal and may also sell debt securities to one or more purchasers directly or through agents. Debt securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the debt securities may be offered at prevailing market prices at the time of sales or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If the debt securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the debt securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to NSPI. If, in connection with the offering of debt securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the debt securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in the Prospectus Supplement in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the debt securities is less than the gross proceeds paid by the underwriters to NSPI.

Any underwriter or agent engaged in connection with the offering and sale of a particular series or issue of debt securities will be identified in a Prospectus Supplement along with the terms of the offering, including the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to NSPI and any fees, discounts or other compensation payable to the underwriters or agents.

Under agreements which may be entered into by NSPI, underwriters and agents who participate in the distribution of debt securities may be entitled to indemnification by NSPI against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentation made by underwriters or agents who participate in the offering of debt securities.

There is no market through which any debt securities offered hereunder may be sold. Accordingly, purchasers may not be able to resell the debt securities purchased under this Prospectus. This may affect the pricing of the debt securities in the secondary market, the transparency and availability of trading prices, the liquidity of the debt securities, and the extent of issuer regulation. In connection with any offering of debt securities, the underwriters or agents may, subject to the foregoing, over-allot or effect transactions which stabilize or maintain the market price of the debt securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom debt securities are sold by NSPI for public offering and sale may make a market in the debt securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated as at December 31, 2009 and March 31, 2010 for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities pursuant to this Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods. The December 31, 2009 ratio is based on the audited financial statements as at December 31, 2009 and the March 31, 2010 ratio is based on the unaudited financial statements as at March 31, 2010.

	Twelve months ended <u>December 31, 2009</u>	Twelve months ended <u>March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.39	2.31

- (1) Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends.

NSPI's interest requirements for the 12 months ended December 31, 2009 amounted to \$109.3 million. NSPI's earnings before interest and income tax for the 12 months ended December 31, 2009 were \$261.0 million, which is 2.39 times NSPI's aggregate dividend and interest requirements for this period. NSPI's interest requirements for the 12 months ended March 31, 2010 amounted to \$109.2 million. NSPI's earnings before interest and income tax for the 12 months ended March 31, 2010 were \$251.8 million, which is 2.31 times NSPI's aggregate dividend and interest requirements for this period.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of NSPI since March 31, 2010.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The debt securities will be issued under a trust indenture dated as of October 15, 1993, as supplemented from time to time (the "**Trust Indenture**") or under a trust indenture dated as of October 8, 1993, as supplemented from time to time (the "**MTN Indenture**"), in each case between NSPI and Computershare Trust Company (the assignee of Montreal Trust Company of Canada). The Trust Indenture and the MTN Indenture are sometimes referred to herein as the "**Indenture**" or the "**Indentures**". Computershare Trust Company of Canada is referred to herein as the "Trustee".

The following description sets forth certain general terms and provisions of the debt securities. For full particulars reference should be made to the Indentures, copies of which are available electronically at www.sedar.com and through the SEC's EDGAR system which may be accessed at www.sec.gov.

General

The debt securities may be issued in one or more series. Debt securities offered hereby will be offered to the public by NSPI at such times and upon such terms as are determined by NSPI based on a number of factors, including market conditions at the time of issue. Debt securities issued under the Trust Indenture will be issued in denominations of \$1,000 and integral multiples thereof. Debt securities issued under the MTN Indenture will be issued in minimum denominations of \$5,000 and integral multiples of \$1,000 thereafter and will have maturities of not less than one year.

The terms of a particular issue of debt securities will be described in the Prospectus Supplement relating to each offering of debt securities. Prospectus Supplements will set out the following terms of, and information relating to, the debt securities being offered thereby:

- (a) the specific designation of such debt securities;
- (b) the date or dates of issue of the debt securities;

- (c) aggregate principal amount and any limit thereon, authorized denominations and maturity date or dates (together with any provisions to extend a maturity date) of the debt securities;
- (d) the issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount) of the debt securities;
- (e) the name of the agents or underwriters, if any, involved in the issue, the fee or other remuneration payable to such agents or underwriters and the net proceeds to NSPI from the sale of the debt securities;
- (f) the rate or rates of interest, which may be a fixed rate or a floating rate, and, if floating, the method of calculation thereof and interest payment dates for the debt securities;
- (g) the period or periods within which, the price or prices at which, and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at NSPI's option;
- (h) the obligation, if any, of NSPI to redeem or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which the debt securities shall or may be redeemed or purchased, in whole or in part, pursuant to such obligation or option;
- (i) the currency or currencies (if other than Canadian dollars) in which the debt securities will be denominated and in which the principal of and premium, if any, and interest on such debt securities will be payable;
- (j) whether the debt securities may be exchanged or converted into other securities of NSPI;
- (k) whether the debt securities will be eligible for investment;
- (l) any additional covenants applicable to a particular issue of debt securities; and
- (m) any other applicable provisions, including any modifications or additions to the general terms of the debt securities as described herein.

NSPI reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus. If debt securities are issued in a currency other than Canadian dollars, purchasers of such debt securities should be aware that foreign exchange fluctuations will occur from time to time. NSPI makes no representations as to currency values.

Only Securities that meet the eligibility requirements for registration on Form F-9 shall be registered under the U.S. Securities Act pursuant to the Registration Statement, which include the requirements that the Securities be investment grade rated and non-convertible except to the extent permitted by the General Instructions to Form F-9.

Book Entry Securities

Debt securities may be issued under the Indenture in registered form or in the form of global debt securities ("**Global Securities**") held by a depository designated by NSPI for the depositories' participants (the "**Depository**"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Securities. The interests of participants of the Depository in Global Securities, and transfers of interests in Global Securities between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Securities will be represented by entries made in the records maintained by the participants. Purchasers of debt securities in respect of which Global Securities are issued will not be entitled to receive debt securities in definitive form. The issuance of debt securities as Global Securities will, if applicable, be referred to in the relevant Prospectus Supplement delivered with this Prospectus.

The following summary of certain provisions of the Indentures and the debt securities does not purport to be complete and is subject to the detailed provisions of the Indentures to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the debt securities. Additional details relating to debt securities of a particular series will be set forth in a Prospectus Supplement issued in respect of that series and, if applicable, in a further supplement to an Indenture.

Unsecured

The debt securities will be direct unsecured obligations of NSPI and will rank pari passu, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of NSPI issued pursuant to the Indentures.

Unlimited Amount

The aggregate principal amount of debt securities authorized under the Indentures is unlimited. The debt securities may be issued thereunder in one or more series.

Purchase for Cancellation

NSPI, when not in default under the Indentures, may purchase part or all of the debt securities at any time at any price in the open market or otherwise. Debt securities so purchased will be cancelled and shall not be re-issued.

Payment of Principal and Interest

NSPI will pay the principal and interest on debt securities at the dates and places, in the currencies and in the manner mentioned in the debt securities and in the Indentures. As interest becomes due on debt securities, NSPI, either directly or through the Trustee, shall, by electronic transfer of funds or by cheque sent by prepaid ordinary mail, or by such other means as agreed to by the Trustee, pay such interest (less any tax required to be withheld therefrom) to the registered holder of such debt security appearing on the register maintained by the Trustee, at the close of business on the fifteenth day prior to the applicable interest payment date, and addressed to such holder at such holder's last address appearing on the register, unless otherwise directed by such holder. In the event of non-receipt of any cheque for interest by the person to whom it is sent in accordance with an Indenture, NSPI will issue to such person a replacement cheque for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon it being indemnified to its satisfaction.

Payments of principal on debt securities will be made against presentation and surrender thereof for cancellation at such places as are designated in the debt securities and in the Indentures.

The payment of principal and premiums, if any, and interest on the debt securities in accordance with the applicable Indenture shall absolutely satisfy and discharge the liability of NSPI with respect to such payment under the applicable debt securities unless, in the case of payment by cheque, such cheque is not paid upon presentation.

Events of Default

Except as otherwise noted below, each Indenture provides that the following constitute events of default (each an "**Event of Default**") thereunder:

- (a) default in payment of principal on any debt securities when due, and such default shall have continued for 15 days;
- (b) default in payment of any interest due on any debt securities, and such default shall have continued for 90 days;
- (c) failure by NSPI to carry out or observe any covenant or condition contained in the Indentures within a period of 90 days, after notice has been given by the Trustee to NSPI specifying the default and requiring NSPI to remedy same;
- (d) certain events of bankruptcy, insolvency or analogous proceedings; and
- (e) upon an order being made or an effective resolution passed for the winding-up or liquidation of NSPI (other than pursuant to and in compliance with provisions in the Indentures relating to successor companies).

Acceleration on and Waiver of Default

If an Event of Default has occurred under an Indenture, the Trustee may in its discretion and shall upon the requisition in writing of the holders of at least 25% of the principal amount of the debt securities issued and outstanding under that Indenture, subject to any waiver of default under the Indenture, by notice in writing to NSPI declare the principal and interest on all debt securities then outstanding under the Indenture and other money payable thereunder to be due and payable.

If an Event of Default has occurred under an Indenture, (otherwise than by default in payment of principal monies at maturity) the holders of not less than 50% of the principal amount of the debt securities issued and outstanding under that Indenture, acting by extraordinary resolution, shall have the power to instruct the Trustee to waive the default (provided that if the Event of Default relates to a covenant applicable to a particular series of debt securities only, then the holders of 50% of the principal amount of outstanding debt securities of that series only, acting by extraordinary resolution, shall be entitled to waive the default). In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

If NSPI fails to pay promptly any principal and interest declared by the Trustee to be due and payable following an Event of Default, the Trustee may in its discretion or shall upon receiving notice of and being directed by a request, signed by the holder or holders of not less than 25% in principal amount of the outstanding debt securities, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under an Indenture by such proceedings as are authorized under the Indenture or by law or equity as the Trustee shall have been directed to take or if a holder of debt securities' request does not contain any direction, then by such proceedings authorized by the Indenture or by suit at law or at equity as the Trustee deems expedient. Holders of debt securities issued under either of the Indentures may not enforce the Indenture or the debt securities except as provided in the particular Indenture.

Modification of Rights

The rights of holders of debt securities under the Indentures may be modified. For that purpose, among others, the Indentures contain provisions to render binding on holders of debt securities (a) instruments in writing signed by the holders of 66 2/3% of the aggregate principal amount of debt securities issued and outstanding; and (b) extraordinary resolutions passed by the votes of holders representing 66 2/3% of the principal amount of debt securities present and voting on a basis of one vote per \$1,000 of debt securities at meetings of holders of debt securities for which, in the first instance, the quorum shall be holders representing more than 50% of the aggregate principal amount of debt securities outstanding and, failing such quorum, at an adjourned meeting the quorum shall be the holders of debt securities present, all upon compliance with the procedures specified in an Indenture. If the business to be transacted at any meeting especially affects the rights of holders of any series of debt securities, the approval of a like proportion of such holders is also required.

Any Securities that are registered under the U.S. Securities Act pursuant to the Registration Statement will be subject to the requirements of Section 316(b) of the Trust Indenture Act of 1939, as amended, which provides that the right of any holder of a Security to receive payment of principal and interest when due, or to institute suit for the enforcement of payment, shall not be impaired or affected without the consent of the holder except to the extent permitted by that section.

Definitions

The Indentures contain, among others, definitions substantially to the following effect:

"Debt" means all indebtedness issued, assumed or guaranteed for borrowed money or for the deferred purchase price of property;

"Funded Debt" means all Debt maturing by the terms thereof on, or extendible or renewable at the option of the obligor to, a date more than 24 months after the date of original issue, assumption or guarantee thereof;

"Purchase Money Obligation" means Debt of NSPI incurred or assumed to finance the purchase price, in whole or in part, of any property or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any property; provided that such Debt is incurred or assumed substantially concurrently with the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Debt so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased; and

"Total Capitalization of NSPI" means the sum of NSPI's (i) shareholders' equity (including, for greater certainty, retained earnings and preferred shares) not including appraisal credits or surpluses; (ii) Debt; and (iii) the accumulated provision for future (deferred) income taxes.

Covenants

The Indentures contain various covenants of a general nature including covenants relating to the payment of principal and interest. In addition, the Indentures include covenants substantially to the following effect, that so long as any of the debt securities remain outstanding:

- (1) NSPI will not encumber any of its assets to secure any obligations unless at the same time all the debt securities then outstanding shall be secured equally and rateably with such obligations; provided that this covenant will not apply to nor operate to prevent, among other things, the giving or assumption of (i) any security in the ordinary course of business to any bank or banks to secure any Debt payable on demand or maturing (including any right of extension or renewal) within 24 months of the date such Debt is incurred or of the date of any renewal or extension thereof, (ii) any Purchase Money Obligations, (iii) encumbrances on property of a corporation existing at the time it is merged or consolidated with NSPI or existing upon NSPI's acquisition, by sale or lease of property, or (iv) certain permitted liens specified in the Indentures.
- (2) NSPI will not create, assume or otherwise incur any Funded Debt, other than Funded Debt represented by Purchase Money Obligations, Funded Debt to any bank or banks or lending institutions which is payable on demand or matures (including any right of extension or renewal) within 24 months of the issue date of or the date of any renewal or extension and any such renewal or extension of such Funded Debt, if immediately thereafter the Funded Debt of NSPI would be in excess of 75% of the Total Capitalization of NSPI.

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement, legal matters in connection with the issuance of the debt securities will be passed upon on behalf of NSPI by Stephen D. Aftanas, Corporate Secretary, and by Cox & Palmer. As of July 15, 2010, Mr. Aftanas and partners and associates of Cox & Palmer, as a group, beneficially owned, directly or indirectly less than one percent of each series of outstanding securities of NSPI.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Grant Thornton LLP, Chartered Accountants, Halifax, Nova Scotia, are the auditors of NSPI. Grant Thornton LLP report that they are independent of NSPI in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia and the requirements of the SEC and the United States Public Company Accounting Oversight Board.

The Trustee is the registrar and transfer agent. Registers for the registration and transfer of the debt securities in registered form are kept at the principal offices of the Trustee in the City of Toronto, Ontario.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this Prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in debt securities offered under this Prospectus. The debt securities will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the debt securities or financial matters in general. A purchaser should not purchase debt securities unless the purchaser understands, and can bear, all of the investment risks involving the debt securities. For a discussion of the risks to which NSPI, its operations and its financial results and conditions are subject, see the sections entitled "Risk Factors" and "Forward-Looking Information" in the Company's Annual Information Form and "Risk Management and Financial Instruments" and "Business Risks" in NSPI's Management's Discussion and Analysis, each of which is incorporated by reference in this Prospectus. In addition to such risks, an investment in the debt securities is subject to any other risks identified in a Prospectus Supplement or in any document incorporated by reference subsequent to the date of this Prospectus during the currency of this Prospectus.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company exists under the laws of the Province of Nova Scotia. All of the Company's directors and officers and experts named in this Prospectus are residents of Canada or otherwise reside outside the United States, and all of the Company's assets are located outside the United States. The Company has appointed an agent for service of process in the United States, but it may be difficult for holders of Securities who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for holders of Securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon the civil liability of the Company and the civil liability of the directors, officers and experts under the United States federal securities laws. The Company has filed with the SEC, concurrently with the Registration Statement, an appointment of agent for service of process on Form F-X. Under the Form F-X, the Company appointed CT Corporation System as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving the Company in a United States court arising out of or related to or concerning an offering of Securities.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time

limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the Amended and Restated Short Form Base Shelf Prospectus of Nova Scotia Power Incorporated (the "Company") dated July 15, 2010 relating to the issue and sale of up to \$500,000,000 of Debt Securities (Unsecured). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the balance sheets of the Company as at December 31, 2009 and 2008, and the statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2009. Our report is dated February 4, 2010.

Halifax, Canada
July 15, 2010

(Signed) "*Grant Thornton LLP*"
Chartered Accountants

CERTIFICATE OF NOVA SCOTIA POWER INCORPORATED

Dated: July 15, 2010

This amended and restated short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Robert R. Bennett*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Senior Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*George A. Caines*"
Director

(Signed) "*Christopher G. Huskison*"
Director

This amendment, together with the amended and restated short form base shelf prospectus dated July 15, 2010, and each document incorporated by reference into the amended and restated short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Amendment No. 1 dated May 13, 2011 to the Amended and Restated Short Form Base Shelf Prospectus dated July 15, 2010.



NOVA SCOTIA POWER INCORPORATED
 \$800,000,000
 Debt Securities
 (Unsecured)

The Amended and Restated Short Form Base Shelf Prospectus dated July 15, 2010 (the “Amended and Restated Base Shelf Prospectus”) of Nova Scotia Power Incorporated (“NSPI”) is hereby amended to increase the aggregate principal amount of debt securities that may be offered from time to time under the Amended and Restated Base Shelf Prospectus, as supplemented, from \$500,000,000 to \$800,000,000 (or the equivalent thereof in foreign currencies based on the applicable exchange rate at the time of the offering). As of the date of this Amendment No. 1, NSPI has distributed debt securities in an aggregate principal amount of \$300,000,000 under the Amended and Restated Base Shelf Prospectus, as supplemented.

This offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare the Amended and Restated Base Shelf Prospectus, as amended by this Amendment No. 1, in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States.

The audited comparative financial statements of NSPI for the years ended December 31, 2010 and December 31, 2009 incorporated by reference in this Amendment No. 1 have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) and are subject to Canadian auditing and auditor independence standards. As a result, our audited comparative financial statements for the years ended December 31, 2010 and December 31, 2009 may not be comparable to financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). Effective January 1, 2011, we adopted U.S. GAAP as the reporting standard for our comparative financial statements.

Prospective investors should be aware that the acquisition of the debt securities may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in or citizens of the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be affected adversely by the fact that the Company is incorporated under the laws of the Province of Nova Scotia, that all of its officers and directors are Canadian residents, that all of the experts named in the Amended and Restated Base Shelf Prospectus, as amended by this Amendment No. 1, are Canadian residents and that substantially all of the assets of the Company and said persons are located in Canada.

THE DEBT SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE AMENDED AND RESTATED BASE SHELF PROSPECTUS, AS AMENDED BY THIS AMENDMENT NO. 1. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Specifically, the Amended and Restated Base Shelf Prospectus is amended by deleting the two references to “\$500,000,000” contained on the face page of the Amended and Restated Base Shelf Prospectus and substituting “\$800,000,000” therefor. As a result, the first sentence of the first paragraph of the text on the face page of the Amended and Restated Base Shelf Prospectus, as so amended, reads as follows:

“Nova Scotia Power Incorporated (“NSPI” or the “Company”) may from time to time offer debt securities, up to an aggregate initial offering price of \$800,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 21, 2012 that this amended and restated base shelf prospectus (the “Prospectus”), including any amendments hereto, remains valid.”

The Amended and Restated Base Shelf Prospectus is further amended by deleting the first sentence of the paragraph under the heading “Use of Proceeds” on page 9 of the Amended and Restated Base Shelf Prospectus and substituting the following therefor:

“NSPI may offer the debt securities from time to time up to an aggregate initial offering price of \$800,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 21, 2012 that this Prospectus, including any amendments thereto, remains valid.”

AUDITORS' CONSENT

We have read Amendment No. 1 dated May 13, 2011 to the Amended and Restated Short Form Base Shelf Prospectus of Nova Scotia Power Incorporated (the "Company") dated July 15, 2010, relating to the sale and issue of debt securities (unsecured) of the Company in an aggregate principal amount of up to \$800,000,000 (as amended, collectively, the "Amended and Restated Base Shelf Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Amended and Restated Base Shelf Prospectus of our report to the shareholders of the Company on the balance sheets of the Company as at December 31, 2010 and 2009 and the statements of earnings, changes in shareholders' equity and cash flows of the Company for each of the years in the two year period ended December 31, 2010. Our report is dated February 9, 2011.

Halifax, Canada
May 13, 2011

(Signed) "*Grant Thornton LLP*"
Chartered Accountants

CERTIFICATE OF NOVA SCOTIA POWER INCORPORATED

Dated: May 13, 2011

The amended and restated short form prospectus dated July 15, 2010, as amended by this amendment, together with the documents incorporated in the prospectus by reference, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s), as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Robert R. Bennett*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Christopher G. Huskison*"
Director

(Signed) "*John T. McLennan*"
Director

This amendment, together with the prospectus supplement dated June 9, 2010 and the amended and restated short form base shelf prospectus dated July 15, 2010 (amending and restating the short form base shelf prospectus dated May 21, 2010) to which the prospectus supplement relates, and each document incorporated by reference into the prospectus supplement and the amended and restated short form base shelf prospectus to which it relates, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Amendment No. 1 dated May 13, 2011 to the Prospectus Supplement dated June 9, 2010 to the Amended and Restated Short Form Base Shelf Prospectus dated July 15, 2010 (amending and restating the Short Form Base Shelf Prospectus dated May 21, 2010).



NOVA SCOTIA POWER INCORPORATED
\$800,000,000
Medium Term Notes
(Unsecured)

The Prospectus Supplement dated June 9, 2010 (the “Prospectus Supplement”) to the Amended and Restated Short Form Base Shelf Prospectus dated July 15, 2010 (amending and restating the Short Form Base Shelf Prospectus dated May 21, 2010) (the “Amended and Restated Base Shelf Prospectus”, together with the Prospectus Supplement, the “Prospectus”) of Nova Scotia Power Incorporated (“NSPI”) is hereby amended to increase the aggregate principal amount of medium term notes that may be offered from time to time under the Prospectus, as supplemented, from \$500,000,000 to \$800,000,000 (or the equivalent thereof in foreign currencies based on the applicable exchange rate at the time of the offering). As of the date of this Amendment No. 1, NSPI has distributed medium term notes in an aggregate principal amount of \$300,000,000 under the Prospectus, as supplemented.

Specifically, the Prospectus Supplement is amended by deleting the two references to “\$500,000,000” contained on the face page of the Prospectus Supplement and substituting “\$800,000,000” therefor. As a result, the first sentence of the first paragraph of the text on the face page of the Prospectus Supplement, as so amended, reads as follows:

“Medium term notes offered hereby (the “Notes” or “Medium Term Notes”) will have maturities of not less than one year, and will be issued from time to time as and when funds are required by Nova Scotia Power Incorporated (“NSPI”) in an aggregate principal amount not to exceed \$800,000,000 (or the equivalent in foreign currencies or currency units) during the period ending June 21, 2012.”

The Prospectus Supplement is further amended by deleting the first sentence of the first paragraph under the heading “Use of Proceeds” on page S-8 of the Prospectus Supplement and substituting the following therefor:

“NSPI may offer and issue Notes from time to time in one or more series of up to an aggregate principal amount of \$800,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) or, if any Notes are offered at an original issue discount, such greater

amount as shall result in an aggregate offering price of up to \$800,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) during the period ending June 21, 2012.”

The Prospectus Supplement is further amended by deleting the first sentence of the first paragraph under the sub-heading “General” under the heading “Description of Notes”, on page S-9 of the Prospectus Supplement, and substituting the following therefor:

“NSPI may offer to the public from time to time Notes having maturities of not less than one year in aggregate principal amount not to exceed \$800,000,000 (or the equivalent thereof in one or more other currencies at the time of issue) under this Prospectus Supplement.”

CERTIFICATE OF NOVA SCOTIA POWER INCORPORATED

Dated: May 13, 2011

The amended and restated short form prospectus dated July 15, 2010, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing as it amends the shelf prospectus supplement dated June 9, 2010, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s), as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Robert R. Bennett*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Executive Vice-President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Christopher G. Huskison* "
Director

(Signed) "*John T. McLennan* "
Director

CERTIFICATE OF THE AGENTS

Dated: May 13, 2011

To the best of our knowledge, information and belief, the amended and restated short form prospectus dated July 15, 2010, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing as it amends the shelf prospectus supplement dated June 9, 2010, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s), as required by the securities legislation of each of the provinces of Canada.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

By: (Signed) "*Andrew Hainsworth*"

By: (Signed) "*Susan Rimmer*"

Merrill Lynch Canada Inc.

National Bank Financial Inc.

By: (Signed) "*Jamie W. Hancock*"

By: (Signed) "*Iain Watson*"

RBC Dominion Securities Inc.

Scotia Capital Inc.

By: (Signed) "*Robert M. Brown*"

By: (Signed) "*D. Gregory Lawrence*"

TD Securities Inc.

By: (Signed) "*Harold R. Holloway*"

SHORT FORM BASE SHELF PROSPECTUS

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See “Plan of Distribution”.

New Issue

May 19, 2010



EMERA INCORPORATED
\$500,000,000
 Debt Securities (unsecured)
 First Preferred Shares
 Second Preferred Shares

Emera Incorporated (“**Emera**” or the “**Company**”) may from time to time offer debt securities, first preferred shares and second preferred shares (collectively, the “**Securities**”), up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this base shelf prospectus (the “**Prospectus**”), including any amendments hereto, remains valid. The Securities offered hereby may be offered separately or together, in separate series, in amounts, at prices, with maturities, and on terms to be set forth in one

or more shelf prospectus supplements (each, a “**Prospectus Supplement**”). See “Description of Securities Being Distributed”. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of any offering of Securities will be set forth in a Prospectus Supplement including, where applicable: (i) in the case of preferred shares, the designation of the particular series, the number of shares offered, the offering price, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms of the preferred shares; and (ii) in the case of debt securities, the specific designation, currency of issue (if other than Canadian dollars), authorized denominations, aggregate principal amount and any limit thereon, issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount), date of issue, maturity date, any provisions to extend the maturity date, rate of interest (either fixed or floating and, if floating, the manner of calculation thereof), interest payment dates, redemption or repayment provisions, sinking fund, refunding, conversion, additional covenants (including the provision of security), the method of distribution, the actual proceeds to Emera and any other applicable provisions. Emera reserves the right to set forth in a Prospectus Supplement specific terms of Securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the Securities to which the Prospectus Supplement pertains.

Emera may sell the Securities to or through underwriters purchasing as principal and may also sell the Securities to one or more other purchasers directly or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by Emera in connection with the offering and sale of the Securities and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to Emera and any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the offering of such Securities. **There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. See “Risk Factors”.**

The offering of Securities is subject to the approval of certain legal matters on behalf of Emera by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer.

The head and registered office of Emera is located at Barrington Tower, 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the renewal Annual Information Form of Emera dated March 31, 2010 for the year ended December 31, 2009;
- (b) the Management Information Circular of Emera containing information as of March 15, 2010;
- (c) the audited comparative consolidated financial statements of Emera as at and for the years ended December 31, 2009 and December 31, 2008, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2009; and
- (d) the unaudited interim consolidated financial statements of Emera as at and for the three months ended March 31, 2010 and March 31, 2009, together with Management's Discussion and Analysis for the three months ended March 31, 2010.

Any documents of the type referred to above, and any material change reports (other than confidential material change reports), and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by Emera with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of Securities, shall be deemed to be incorporated by reference into this Prospectus.

Upon a new annual information form, new management information circular, new annual comparative consolidated financial statements and accompanying management's discussions and analysis being filed by Emera with (and where required, accepted by) the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous management information circular, the previous annual comparative consolidated financial statements and accompanying management's discussion and analysis, all consolidated interim financial statements and accompanying management's discussion and analysis, and all material change reports filed prior to the commencement of the financial year of Emera in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for the purposes of future offers and sales of Securities hereunder. Upon any interim financial statements and accompanying management's discussion and analysis being filed by Emera with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and accompanying management's discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been filed under securities legislation in each of the Provinces of Canada that permits certain information about these Securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. One or more Prospectus Supplement(s) containing the specific terms in respect of any offering of Securities and any additional or updated information omitted from this Prospectus that Emera elects or is required to include in such Prospectus Supplement(s) will be delivered to purchasers of such Securities together with this Prospectus. Each such Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of each such Prospectus Supplement and only for purposes of the distribution of Securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information which reflects management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Emera, and may not be appropriate for other purposes. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects Emera management's current beliefs and is based on information currently available to Emera's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the United States and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on Emera of the downturn in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic

conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against Emera; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to Emera's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE 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.

EMERA INCORPORATED

Emera is a diversified energy and services company incorporated under the *Companies Act* (Nova Scotia) (the "**Companies Act**") on July 23, 1998 and headquartered in Halifax, Nova Scotia. The Company invests in electricity generation, transmission and distribution as well as gas generation and transmission and energy marketing. Emera owns two regulated electric utilities in northeastern North America, Nova Scotia Power Incorporated ("**NSPI**") and Bangor Hydro Electric Company ("**Bangor Hydro**"). It also owns the Brunswick Pipeline through its subsidiary, Emera Brunswick Pipeline Company Ltd. ("**EBPC**"). Approximately 90% of Emera's consolidated revenues are earned by NSPI, Bangor Hydro and EBPC.

NSPI provides more than 95% of the electricity generation, transmission and distribution service in the province of Nova Scotia. NSPI has \$3.5 billion in assets, and approximately 486,000 customers. NSPI is a cost-of-service utility, and as such, regulated electricity rates are set to enable NSPI to recover all prudently incurred costs, and provide a reasonable opportunity to earn a prescribed return on equity. NSPI is regulated by the Nova Scotia Utility and Review Board (the "**UARB**") and operates as a monopoly in its service area. See "Nova Scotia Power Incorporated" below.

Bangor Hydro is an electricity transmission and distribution company with \$738 million of assets serving approximately 117,000 customers in eastern Maine. Bangor Hydro's transmission operations are regulated by the Federal Energy Regulatory Commission, and its distribution operations are regulated by the Maine Public Utilities

Commission. Bangor Hydro is a cost-of-service utility. Bangor Hydro also operates as a monopoly in its service area. See “Bangor Hydro Electric Company” below.

EBPC is a natural gas pipeline company that owns the Brunswick Pipeline, a \$500 million, 145-kilometre pipeline carrying re-gasified liquefied natural gas (“LNG”) from the Canaport Terminal near Saint John, New Brunswick to markets in Canada and the northeastern United States. This federally regulated pipeline received National Energy Board approval for shipping gas in January 2009 and commenced service on July 16, 2009, transporting re-gasified LNG for Repsol Energy Canada under a 25 year firm service agreement.

Emera's two regulated utilities are integral to the creation of shareholder value, providing earnings and cash flow to fund dividends and reinvestment. The essential nature of the services provided, the monopoly positions of NSPI and Bangor Hydro, and the regulated market structures mean that NSPI and Bangor Hydro can generally be expected to produce stable earnings streams within regulated ranges. Nova Scotia and Maine are mature electricity markets, with annual demand growth of approximately 1%. Organic growth in these markets will be created through capital investment in additional transmission and renewable generation. As well, through EBPC and other strategic investments, Emera looks beyond its existing regulated electricity business to supplement organic growth.

Emera's goal is to deliver annual consolidated earnings growth of 4% - 6%, and build and diversify its earnings base. To accomplish this, Emera has sought growth from its existing businesses and has leveraged its core strength in the electricity and natural gas transmission businesses as it pursues both acquisitions and greenfield development opportunities in regulated electricity transmission and distribution and low risk generation as well as gas transmission. Emera's growth strategy also includes serving the United States market through transmission development and capitalizing on opportunities in related energy infrastructure businesses appropriate to its risk profile, where its development, commercial and operational skills are needed.

Emera's other investments include:

- a 100% interest in Emera Energy Incorporated, which engages in energy and gas trading, manages energy assets on behalf of third parties, and provides related services;
- a 100% indirect interest in Emera Energy Services Inc., a physical energy business which engages in energy and gas trading, manages energy assets on behalf of third parties, and provides related services;
- a 100% indirect interest in Bayside Power Limited Partnership, a 260 megawatt (“MW”) gas-fired merchant electricity generating facility located in Saint John, New Brunswick;
- a 100% interest in Emera Utility Services Inc., a New Brunswick utility services contractor serving primarily power and telecommunications customers;

- a 50% indirect interest in Bear Swamp Power Company, LLC, a 600 MW pumped storage hydro-electric facility in northern Massachusetts;
- a 38% indirect interest in Light & Power Holdings Ltd., the parent company of The Barbados Light & Power Company Limited, the sole electric utility operator on the Caribbean island of Barbados;
- a 25% indirect interest in Grand Bahama Power Company Limited, a vertically integrated electric utility on Grand Bahama Island in The Bahamas;
- a 19% interest in St. Lucia Electricity Services Ltd., a vertically integrated electric utility on the Caribbean island of St. Lucia;
- a 26.1% interest in Atlantic Hydrogen Inc., a privately held Canadian corporation headquartered in Fredericton, New Brunswick that is developing carbon removal technology;
- a 12.9% interest in the 1,400 kilometre Maritimes & Northeast Pipeline that transports natural gas to markets in the Maritime Provinces of Canada and the northeastern United States; and
- an 8.2% interest in OpenHydro Group Limited, an Irish renewable energy company.

Nova Scotia Power Incorporated

NSPI is a wholly-owned subsidiary of Emera and was incorporated on July 13, 1984 pursuant to the Companies Act. The principal and head office of NSPI is located at Barrington Tower, Scotia Square, 1894 Barrington Street, Halifax, Nova Scotia, B3J 2W5.

NSPI is the primary electricity supplier in Nova Scotia, providing over 95% of the electricity generation, transmission and distribution in the province. NSPI owns 2,293 MW of generating capacity. Approximately 53% of the capacity is fired by solid fuel; oil and natural gas together comprise another 29% of capacity; and hydro, wind and biomass production provide approximately 18%. In addition, NSPI has contracts to purchase renewable energy from independent power producers (“IPP”). These IPP’s own 137 MW of wind and biomass fuelled generation capacity. A further 212 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, of which 163 MW are expected to be in service by the end of 2010. NSPI also owns approximately 5,000 kilometres of transmission facilities, and approximately 27,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the “**Public Utilities Act**”) and is subject to regulation under the Public Utilities Act by the UARB. The Public Utilities Act gives the UARB oversight authority with respect to NSPI's operations and expenditures. Electricity rates for NSPI's customers are also subject to UARB approval. NSPI is not subject to a mandatory annual rate review process, but rather participates in hearings

from time to time, which may be at NSPI's or the regulator's request. Since January 2009, NSPI has been operating with a Fuel Adjustment Mechanism for fuel expense recovery, which is subject to UARB review and approval. For more information refer to NSPI's Annual Information Form dated March 31, 2010 for the year ended December 31, 2009, which is available electronically at www.sedar.com.

Bangor Hydro Electric Company

Bangor Hydro is a wholly-owned subsidiary of Emera and was incorporated on June 9, 1924 pursuant to the laws of the State of Maine, United States of America. Bangor Hydro's principal and head office is located at 970 Illinois Avenue, PO Box 932, Bangor, Maine, 04402-0932.

Bangor Hydro's core business is the transmission and distribution of electricity. Bangor Hydro is the second largest electric utility in Maine. Electricity generation is deregulated in Maine, and several suppliers compete to provide customers with the commodity that is delivered through the Bangor Hydro's transmission and distribution network. Bangor Hydro owns and operates approximately 1,300 kilometres of transmission facilities, and 6,800 kilometres of distribution facilities. Bangor Hydro invested approximately USD \$141 million in the Northeast Reliability Interconnect, an international electricity transmission line connecting New Brunswick to Maine which went in service in 2007, and currently has approximately USD \$130 million of additional transmission development in progress. Bangor Hydro has a workforce of approximately 270 people.

USE OF PROCEEDS

Emera may offer the Securities from time to time, up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this Prospectus, including any amendments thereto, remains valid. Except as otherwise provided in any Prospectus Supplement, the net proceeds from the sale of the Securities, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of Emera and applied primarily to refinance existing indebtedness including bank indebtedness, for other investments, to finance capital expenditures and for other general corporate purposes. The amount of net proceeds to be used for any such purpose will be set forth in a Prospectus Supplement. Emera may from time to time issue securities other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

Emera may sell Securities to or through underwriters purchasing as principal and may also sell Securities to one or more purchasers directly or through agents. Securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at prevailing market prices at the time of sales or at prices to be negotiated with purchasers at the time of sale which prices may vary as between purchasers and during the period of distribution. If the Securities are offered on a non-fixed price basis, the underwriters'

compensation will be increased or decreased by the amount by which the aggregate price paid for the Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to Emera. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in the Prospectus Supplement in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to Emera.

Any underwriter or agent engaged in connection with the offering and sale of a particular series or issue of Securities will be identified in a Prospectus Supplement along with the terms of the offering, including the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to Emera and any fees, discounts or other compensation payable to the underwriters or agents.

Under agreements which may be entered into by Emera, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by Emera against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentation made by underwriters or agents who participate in the offering of Securities.

There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. In connection with any offering of Securities, the underwriters or agents may, subject to the foregoing, over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Securities are sold by Emera for public offering and sale may make a market in the Securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice.

The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of an offering of securities offered hereby, an offer or sale of such securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration

statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated on a consolidated basis as at December 31, 2009 and March 31, 2010 and for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities or preferred shares pursuant to this Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods. The December 31, 2009 ratio is based on the audited financial statements as at December 31, 2009 and the March 31, 2010 ratio is based on the unaudited financial statements as at March 31, 2010.

	<u>Twelve months ended December 31, 2009</u>	<u>Twelve months ended March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.96	2.75

⁽¹⁾ Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends.

Emera's interest requirements amounted to \$117.4 million for the 12 months ended December 31, 2009. Emera's earnings before interest and income tax for the 12 months ended December 31, 2009 were \$347.1 million, which is 2.96 times Emera's aggregate dividend⁽²⁾ and interest requirements for this period. Emera's interest requirements amounted to \$123.3 million for the 12 months ended March 31, 2010. Emera's earnings before interest and income tax for the 12 months ended March 31, 2010 were \$338.8 million, which is 2.75 times Emera's aggregate dividend⁽³⁾ and interest requirements for this period.

⁽²⁾⁽³⁾ No dividends were paid or payable because no preferred shares were outstanding as of December 31, 2009 and March 31, 2010, respectively.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of Emera, on a consolidated basis, since March 31, 2010.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Preferred Shares

Emera is authorized to issue an unlimited number of first preferred shares ("First Preferred Shares") and second preferred shares ("Second Preferred Shares"), issuable in

series, of which none are outstanding as of the date of this Prospectus. The following description is subject to, and qualified by reference to, the terms and provisions of Emera's constating documents.

First Preferred Shares

Issuable in Series

Emera's First Preferred Shares may be issued from time to time in one or more series. The Board of Directors of Emera has the authority to fix the number of shares and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series prior to the issue of the shares of the series.

Priority

Each series of Emera's First Preferred Shares will participate rateably with every other series of First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets on the liquidation, dissolution and winding-up of Emera

The First Preferred Shares of Emera rank senior to Emera's Second Preferred Shares, the Emera Common Shares and any other shares of Emera which by their terms rank junior to the First Preferred Shares, with respect to priority in the payment of dividends, repayment of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of Emera.

Voting Rights

Subject to the provisions of the Companies Act, as from time to time amended, supplemented or replaced, the holders of Emera's First Preferred Shares of each series shall not be entitled as such to receive notice of or to attend or vote at any meeting of the shareholders unless Emera from time to time fails to pay, in the aggregate, eight quarterly dividends on any series of the First Preferred Shares on the dates on which the same should be paid according to the terms thereof whether or not there are any monies of Emera properly applicable to the payment of dividends. In any instance where the holders of First Preferred Shares are entitled to vote, each such holder shall have one vote for each First Preferred Share held.

Amendments

The class provisions attaching to Emera's First Preferred Shares may be deleted, varied, modified or amended with the prior approval of the holders of the First Preferred Shares as a class given in writing by all holders of First Preferred Shares outstanding or by the affirmative vote of at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose and at which a quorum is present, in addition to any other approval required by the Companies Act, as from time to time amended, supplemented or replaced.

Second Preferred Shares

The Second Preferred Shares have special rights, privileges, restrictions and conditions substantially similar to the First Preferred Shares, except that the Second Preferred Shares rank junior to the First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets of Emera in the event of liquidation, dissolution or winding-up of Emera.

A Prospectus Supplement will set forth the following terms relating to the First Preferred Shares and Second Preferred Shares being offered:

- the maximum number of shares;
- the designation of the series;
- the offering price;
- the annual dividend rate and whether the dividend rate is fixed or variable, the date from which dividends will accrue, and the dividend payment dates;
- the price and the terms and conditions for redemption, if any, including redemption at Emera's option or at the option of the holder, including the time period for redemption, and payment of any accumulated dividends;
- the terms and conditions, if any, for conversion or exchange for shares of any other class of Emera or any other series of First Preferred Shares or Second Preferred Shares, or any other securities or assets, including the price or the rate of conversion or exchange and the method, if any, of adjustment;
- whether such First Preferred Shares or Second Preferred Shares will be listed on any securities exchange;
- the voting rights, if any; and
- any other rights, privileges, restrictions, or conditions.

First Preferred Shares and Second Preferred Shares will be fully paid and non-assessable upon issuance. The First Preferred Shares of any series and the Second Preferred Shares of any series may be represented, in whole or in part, by one or more global certificates. If First Preferred Shares or Second Preferred Shares are represented by a global certificate, each global certificate will:

- be registered in the name of a depository or a nominee of the depository identified in the Prospectus Supplement; and
- be deposited with such depository or nominee or a custodian for the depository.

Debt Securities

The debt securities will be issued under a trust indenture dated April 17, 2001, as supplemented from time to time (the "**Indenture**") between Emera and Computershare Trust Company of Canada (the "**Trustee**"), the assignee of Montreal Trust Company of Canada.

The following description sets forth certain general terms and provisions of the debt securities. For full particulars, reference should be made to the Indenture, a copy of which is available electronically at www.sedar.com.

General

The debt securities may be issued in one or more series. Debt securities offered hereby will be offered to the public by Emera at such times and upon such terms as are determined by Emera based on a number of factors, including market conditions at the time of issue. Debt securities issued under the Indenture will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 thereafter and will have maturities of not less than one year.

The terms of a particular issue of debt securities will be described in the Prospectus Supplement relating to each offering of debt securities. Prospectus Supplements will set out the following terms of, and information relating to, the debt securities being offered thereby:

- (a) the specific designation of such debt securities;
- (b) the date or dates of issue of the debt securities;
- (c) aggregate principal amount and any limit thereon, authorized denominations and maturity date or dates (together with any provisions to extend a maturity date) of the debt securities;
- (d) the issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount) of the debt securities;
- (e) the name of the agents or underwriters, if any, involved in the issue, the fee or other remuneration payable to such agents or underwriters and the net proceeds to Emera from the sale of the debt securities;
- (f) the rate or rates of interest, which may be a fixed rate or a floating rate, and, if floating, the method of calculation thereof and interest payment dates for the debt securities;
- (g) the period or periods within which, the price or prices at which and the terms and conditions upon which, the debt securities may be redeemed, in whole or in part, at Emera's option;

- (h) the obligation, if any, of Emera to redeem or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, the debt securities shall or may be redeemed or purchased, in whole or in part, pursuant to such obligation or option;
- (i) the currency or currencies (if other than Canadian dollars) in which the debt securities will be denominated and in which the principal of and premium, if any, and interest on such debt securities will be payable;
- (j) whether the debt securities may be exchanged or converted into other securities of Emera;
- (k) whether the debt securities will be eligible for investment;
- (l) any additional covenants applicable to a particular issue of debt securities; and
- (m) any other applicable provisions, including any modifications or additions to the general terms of the debt securities as described herein.

Emera reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus. If debt securities are issued in a currency other than Canadian dollars, purchasers of such debt securities should be aware that foreign exchange fluctuations will occur from time to time. Emera makes no representations as to currency values.

Book Entry Securities

Debt securities may be issued under the Indenture in registered form or in the form of global debt securities ("**Global Securities**") held by a depository designated by Emera for the depositories' participants (the "**Depository**"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Securities. The interests of participants of the Depository in Global Securities, and transfers of interests in Global Securities between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Securities will be represented by entries made in the records maintained by the participants. Purchasers of debt securities in respect of which Global Securities are issued will not be entitled to receive debt securities in definitive form. The issuance of debt securities as Global Securities will, if applicable, be referred to in the relevant Prospectus Supplement delivered with this Prospectus.

The following summary of certain provisions of the Indenture and the debt securities does not purport to be complete and is subject to the detailed provisions of the Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the debt securities. Additional details relating to debt securities of a particular series will be set forth

in a Prospectus Supplement issued in respect of that series and, if applicable, in a further supplement to the Indenture.

Unsecured

The debt securities will be direct unsecured obligations of Emera and will rank *pari passu*, except as to sinking funds, applicable to different series of debt securities, with all other unsecured and unsubordinated indebtedness of Emera issued pursuant to the Trust Indenture.

Unlimited Amount

The aggregate principal amount of debt securities authorized under the Indenture is unlimited. The debt securities may be issued thereunder in one or more series.

Purchase for Cancellation

Emera, when not in default under the Indenture, may purchase part or all of the debt securities at any time at any price in the open market or otherwise. Debt securities so purchased will be cancelled and shall not be reissued.

Payment of Principal and Interest

Emera will pay the principal and interest on debt securities at the dates and places, in the currencies and in the manner mentioned in the debt securities and in the Indenture. As interest becomes due on debt securities, Emera, either directly or through the Trustee, shall, by electronic transfer of funds or by cheque sent by prepaid ordinary mail, or by such other means as agreed to by the Trustee, pay such interest (less any tax required to be withheld therefrom) to the registered holder of such debt securities appearing on the register maintained by the Trustee, at the close of business on the fifteenth day prior to the applicable interest payment date, and addressed to such holder at such holder's last address appearing on the register, unless otherwise directed by such holder. In the event of non-receipt of any cheque for interest by the person to whom it is sent in accordance with the Indenture, Emera will issue to such person a replacement cheque for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon it being indemnified to its satisfaction.

Payments of principal will be made against presentation and surrender of debt securities for cancellation at such places and at such times as are designated in the debt securities and in the Indenture.

The payment of principal, premiums, if any, and interest on the debt securities in accordance with the Indenture shall absolutely satisfy and discharge the liability of Emera with respect to such payment under the applicable debt securities unless, in the case of payment by cheque, such cheque is not paid upon presentation.

Events of Default

Except as otherwise noted below, the Indenture provides that the following constitute events of default (each an "**Event of Default**") thereunder:

- (a) default in payment of principal on any of the debt securities when due;
- (b) default in payment of any interest due on any of the debt securities and such default shall have continued for 30 days;
- (c) failure by Emera to carry out or observe any covenant or condition contained in the Indenture within a period of 60 days, after notice has been given by the Trustee to Emera specifying the default and requiring Emera to remedy same;
- (d) failure by Emera or any subsidiary to pay when due (after giving effect to any applicable grace periods, waivers and extensions) any amount owing in respect of any indebtedness other than the debt securities provided the aggregate principal amount of such indebtedness in respect of which payment has not been made exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (e) acceleration of the indebtedness referred to in (d) above as a result of the failure by Emera or any subsidiary to perform any other covenant applicable to such indebtedness provided the aggregate principal amount of such accelerated indebtedness exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (f) certain events of bankruptcy, insolvency or analogous proceedings; and
- (g) upon an order being made or an effective resolution passed for the winding-up or liquidation of Emera (other than pursuant to and in compliance with provisions in the Indenture relating to successor companies).

Acceleration on and Waiver of Default

If an Event of Default has occurred under an Indenture, the Trustee may in its discretion and shall upon the requisition in writing of the holders of at least 25% of the principal amount of the debt securities issued and outstanding under that Indenture, subject to any waiver of default under the Indenture, by notice in writing to Emera declare the principal and interest on all debt securities then outstanding under the Indenture and other money payable thereunder to be due and payable.

If an Event of Default has occurred under the Indenture, (otherwise than by default in payment of principal monies at maturity) the holders of not less than 50% of the principal amount of the debt securities issued and outstanding under that Indenture, acting by extraordinary resolution, shall have the power to instruct the Trustee to waive the default (provided that if the Event of Default relates to a covenant applicable to a particular series of debt securities only, then the holders of 50% of the principal amount of outstanding debt

securities of that series only, acting by extraordinary resolution, shall be entitled to waive the default). In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

If Emera fails to pay promptly any principal and interest declared by the Trustee to be due and payable following an Event of Default, the Trustee may in its discretion or shall upon receiving notice of and being directed by a request, signed by the holder or holders of not less than 25% in principal amount of the outstanding debt securities, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under the Indenture by such proceedings as are authorized under the Indenture or by law or equity as the Trustee shall have been directed to take or if a holder of debt securities' request does not contain any direction, then by such proceedings authorized by the Indenture or by suit at law or at equity as the Trustee deems expedient. Holders of debt securities issued under the Indenture may not enforce the Indenture or the debt securities except as provided in the Indenture.

Modification of Rights

The rights of holders of debt securities under the Indenture may be modified. For that purpose, among others, the Indentures contain provisions to render binding on holders of debt securities (a) instruments in writing signed by the holders of 66 2/3% of the aggregate principal amount of debt securities issued and outstanding; and (b) extraordinary resolutions passed by the votes of holders representing 66 2/3% of the principal amount of debt securities present and voting on a basis of one vote per \$1,000 of debt securities at meetings of holders of debt securities for which, in the first instance, the quorum shall be holders representing more than 50% of the aggregate principal amount of debt securities outstanding and, failing such quorum, at an adjourned meeting the quorum shall be the holders of debt securities present, all upon compliance with the procedures specified in the Indenture. If the business to be transacted at any meeting especially affects the rights of holders of any series of debt securities, the approval of a like proportion of such holders is also required.

Definitions

The Indenture contains definitions including the following:

"Capital Lease Obligations" means the obligation of a person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such person in accordance with generally accepted accounting principles;

"Debt" means all indebtedness issued, assumed or guaranteed for borrowed money or for the deferred purchase price of property;

"Financial Instrument Obligations" means obligations arising under

- (i) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is dependent or based upon interest rates in effect from time to time or fluctuations in interest rates occurring from time to time (excluding obligations which are considered to be Indebtedness of such person by virtue of any provision of the definition of Indebtedness other than clause (ii) thereof);
- (ii) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is currency exchange rates or pursuant to which the price, value or amount payable thereunder is dependent or based upon currency exchange rates in effect from time to time or fluctuations in currency exchange rates occurring from time to time; and
- (iii) commodity swap agreements, floor, cap or collar agreements, commodity futures or options or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is one or more commodities or pursuant to which the price, value or amount payable thereunder is dependent or based upon the price of one or more commodities in effect from time to time or fluctuations in the price of one or more commodities occurring from time to time;

"Indebtedness" means, with respect to any person, without duplication,

- (i) all obligations of such person for borrowed money, including obligations with respect to bankers' acceptances and contingent reimbursement obligations relating to letters of credit and other financial instruments;
- (ii) all Financial Instrument Obligations;
- (iii) all obligations issued or assumed by such person in connection with the acquisition of property in respect of the deferred purchase price of property;
- (iv) all Capital Lease Obligations and Purchase Money Obligations of such person, and
- (v) all obligations of the type referred to in clauses (i) through (iv) of this definition of another person, the payment of which such person has guaranteed or for which such person is responsible or liable,

provided that obligations of such person or of another person of the type referred to in clauses (i) through (iii) of this definition shall exclude trade accounts payable, dividends and other distributions payable to shareholders, future income taxes, obligations in respect of preferred shares, accrued liabilities arising in the ordinary course of business which are not

overdue or which are being contested by such person or such other person in good faith, and non-monetary obligations in respect of performance guarantees;

"Non-Recourse Debt" means any Indebtedness incurred to finance the creation, development, construction or acquisition of assets and any increases in or extensions, renewals or refunding of any such Indebtedness, provided that the recourse of the lender thereof or any agent, trustee, receiver or other person acting on behalf of the lender in respect of such Indebtedness or any judgment in respect thereof is limited in all circumstances (other than in respect of false or misleading representation or warranties) to the assets created, developed, constructed or acquired in respect of which such Indebtedness has been incurred and to any receivables, inventory, equipment, chattel paper, intangibles and other rights or collateral arising from or connected with the assets created, developed, constructed or acquired and to which the lender has recourse;

"Purchase Money Obligation" means Debt of Emera incurred or assumed to finance the purchase price, in whole or in part, of any property or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any property; provided that such Debt is incurred or assumed substantially concurrently with the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Debt so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

Covenants

The Indenture contains various covenants of a general nature including covenants relating to the payment of principal and interest, and covenants to the following effect, that so long as any of the debt securities remain outstanding:

Emera will not encumber any of its assets to secure any obligations unless at the same time all the debt securities then outstanding shall be secured equally and ratably with such obligations; provided that this covenant will not apply to nor operate to prevent, among other things, the giving or assumption of (i) any Purchase Money Obligations and Capital Lease Obligations; (ii) Non-Recourse Debt; (iii) encumbrances on property of a corporation existing at the time it is merged or consolidated with Emera or existing upon Emera's acquisition, by sale or lease of property; (iv) certain permitted liens specified in the Indenture; (v) encumbrances on Emera's property which do not exceed 5% of Emera's consolidated net assets; or (vi) extensions, renewals, substitutions of the liens referred to in (i) through (v).

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement, legal matters in connection with the issuance of the Securities will be passed upon on behalf of Emera by Stephen D. Aftanas, Corporate Secretary and by Cox & Palmer. As of May 19, 2010, Mr. Aftanas and partners and associates of Cox & Palmer, as a group, beneficially owned, directly or indirectly, less than one percent of each series of outstanding securities of Emera.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia, are the auditors of Emera. Ernst & Young LLP report that they are independent of Emera in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

The Trustee is the registrar and transfer agent. Registers for the registration and transfer of the securities in registered form of Emera are kept at the principal offices of the Trustee in the City of Toronto, Ontario.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this Prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in Securities offered under this Prospectus. The Securities will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the Securities or financial matters in general. A purchaser should not purchase Securities unless the purchaser understands, and can bear, all of the investment risks involving the Securities. For a discussion of the risks to which Emera, its operations and its financial results and conditions are subject, see the sections entitled "Risk Factors" and "Forward-Looking Information" in the Company's Annual Information Form and "Risk Management and Financial Instruments" and "Business Risks" in the Company's Management's Discussion and Analysis, each of which is incorporated by reference in this Prospectus. In addition to such risks, an investment in the Securities is subject to any other risks identified in a Prospectus Supplement or in any document incorporated by reference subsequent to the date of this Prospectus during the currency of this Prospectus.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form base shelf prospectus of Emera Incorporated (the "Company") dated May 19, 2010 relating to the issue and sale of up to \$500,000,000 of preferred shares and debt securities (unsecured) of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form base shelf prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2009. Our report is dated February 17, 2010.

Halifax, Canada
May 19, 2010

(Signed) "*Ernst & Young LLP*"
Chartered Accountants

CERTIFICATE OF EMERA INCORPORATED

Dated: May 19, 2010

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Christopher G. Huskison*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Senior Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*George A. Caines*"
Director

(Signed) "*John T. McLennan*"
Director

PROSPECTUS SUPPLEMENT

To the Short Form Base Shelf Prospectus dated May 19, 2010

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “Prospectus Supplement”), together with the short form base shelf prospectus dated May 19, 2010 (the “Prospectus”) to which it relates, and each document incorporated by reference into this Prospectus Supplement or the accompanying Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: (902) 428-6520) and are also available electronically at www.sedar.com.

New Issue

May 26, 2010



EMERA INCORPORATED

\$150,000,000

6,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A

The holders of Cumulative 5-Year Rate Reset First Preferred Shares, Series A (the “**Series A Shares**”) of Emera Incorporated (“**Emera**” or the “**Company**”) will be entitled to receive fixed cumulative preferential cash dividends, for the initial period from and including the closing date to, but excluding, August 15, 2015 (the “**Initial Fixed Rate Period**”), payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, or if such day is not a business day, on the next business day, as and when declared by the board of directors of the Company (the “**Board of Directors**”). The initial dividend, if declared, shall be payable on August 15, 2010 and shall be \$0.2230 per share, based on the anticipated closing date of June 2, 2010. Thereafter, quarterly dividends shall be at a rate of \$0.2750 per share. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “**Subsequent Fixed Rate Period**”), the holders of Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Company on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 1.84%. See “Details of the Offering”.

Option to Convert Into Series B Shares

The holders of Series A Shares will have the right, at their option, to convert their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B of the Company (the “**Series B Shares**”), subject to certain conditions, on August 15, 2015 and on August 15 every five years thereafter. The holders of Series B Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the fifteenth (15th) day of February, May, August and November in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “**Quarterly Floating Rate Period**”), in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate (as defined herein) by \$25.00. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 1.84% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

The Series A Shares will not be redeemable by the Company prior to August 15, 2015. Subject to the provisions described below under “Details of the Offering – Certain Provisions of the Series A Shares as a Series – Restrictions on Dividends and Retirement of Shares”, on August 15, 2015 and on August 15 every five years thereafter, the Company may redeem all or any part of the then outstanding Series A Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

The Series A Shares and the Series B Shares do not have fixed maturity dates and are not redeemable at the option of the holders of Series A Shares or Series B Shares. See “Risk Factors”.

There is currently no market through which the Series A Shares or Series B Shares may be sold and purchasers may not be able to resell Series A Shares or Series B Shares purchased or acquired under this Prospectus Supplement. This may affect the pricing of the Series A Shares or Series B Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series A Shares or Series B Shares and the extent of issuer regulation. See “Risk Factors”

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series A Shares distributed under this Prospectus Supplement and the Series B Shares into which the Series A Shares are convertible. Listing of the Series A Shares and Series B Shares will be subject to the Company fulfilling all of the listing requirements of the TSX.

PRICE: \$25.00 per Series A Share to yield initially 4.40% per annum

Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc. and National Bank Financial Inc. (collectively, the “Underwriters”), as principals, conditionally offer the Series A Shares, subject to prior sale if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Company by Stephen D. Aftanas, its Corporate Secretary, and Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters by Stewart McKelvey.

	<u>Price to the Public</u>	<u>Underwriters’ Fees⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Series A Shares	\$ 25.00	\$ 0.75	\$ 24.25
Total ⁽³⁾	\$150,000,000	\$4,500,000	\$145,500,000

- (1) The Underwriters’ fee is \$0.25 for each share sold to institutions and \$0.75 for all other shares sold. The totals set forth in the table above represent the Underwriters’ fees and net proceeds assuming no shares are sold to institutions.
- (2) Before deduction of expenses of the offering, estimated at \$450,000 which, together with the Underwriters’ fees, are payable by the Company.
- (3) The Underwriters have been granted an Underwriters’ option (the “Option”) to purchase up to an additional 2,000,000 Series A Shares (the “Option Shares”) at the offering price hereunder, exercisable at any time up to 48 hours prior to the time of closing of this offering. This Prospectus Supplement qualifies the grant of the Option and the distribution of the Option Shares. If the Underwriters purchase all of the Option Shares, the total offering price, Underwriters’ fees and net proceeds to the Company will be \$200,000,000, \$6,000,000 and \$194,000,000, respectively (assuming no shares are sold to those institutions referred in Note 1 above). See “Plan of Distribution”.

The following table sets out the number of Option Shares that may be issued to the Underwriters pursuant to the Option:

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Acquisition Price</u>
Underwriters’ option	2,000,000	Up to 48 hours prior to the time of closing of this offering	\$25.00

Each of the Underwriters is a wholly-owned subsidiary of a Canadian chartered bank which is a lender to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of the Underwriters for purposes of applicable Canadian securities legislation. See “Plan of Distribution”.

In connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series A Shares. Such transactions, if commenced, may be discontinued at any time. The Underwriters may decrease the price at which the Series A Shares are distributed for cash from the initial offering price of \$25.00 per share. See “Plan of Distribution” for additional disclosure concerning a possible price decrease.

Investing in the Series A Shares involves certain risks. See “Risk Factors” in the accompanying base shelf prospectus and in this Prospectus Supplement.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Series A Shares distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS on closing of this offering, which is expected to be on or about June 2, 2010. A purchaser of Series A Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series A Shares are purchased.

The head and registered office of the Company is located at Barrington Tower, 1894 Barrington Street, Scotia Square, Halifax, Nova Scotia B3J 2W5.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Company is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Series A Shares offered hereunder.

Prospective investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Company has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. The Company is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information the Company has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This Prospectus Supplement and the Prospectus, including the documents incorporated therein by reference, contain forward-looking information which reflects management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Emera, and may not be appropriate for other purposes. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects Emera management's current beliefs and is based on information currently available to Emera's management.

The forward-looking information in this Prospectus Supplement and the Prospectus, including the documents incorporated therein by reference, includes, but is not limited to, statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the United States and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on Emera of the downturn in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk;

operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against Emera; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to Emera's risk factors, reference should be made to the section of the Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS, INCLUDING THE DOCUMENTS INCORPORATED THEREIN BY REFERENCE, 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.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purpose of the Series A Shares offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

Any statement contained in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and in the opinion of Stewart McKelvey, counsel to the Underwriters, the Series A Shares offered hereby, if issued on the date of this Prospectus Supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan, registered disability savings plan or a tax-free savings account (a “**TFSA**”). Provided that for the purposes of the Tax Act the holder of a TFSA deals at arm’s length with the Company and does not have a significant interest in the Company or in a corporation, partnership or trust that does not deal at arm’s length with the Company, the Series A Shares will not be a prohibited investment under the Tax Act for such TFSA on the date of this Prospectus Supplement.

SUMMARY OF THE OFFERING

This summary is qualified by the detailed information appearing elsewhere in this Prospectus Supplement. For a definition of certain terms used in this summary, refer to "Details of the Offering".

Issue: Cumulative 5-Year Rate Reset First Preferred Shares, Series A.
Amount: \$150,000,000 (6,000,000 Series A Shares).
Price and Yield: \$25.00 per Series A Share to yield initially 4.40% per annum.

Principal Characteristics of the Series A Shares

Dividends: The holders of the Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, for the initial period from and including the closing date to, but excluding, August 15, 2015 (the "**Initial Fixed Rate Period**"), payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, at a rate equal to \$0.2750 per share. The initial dividend, if declared, will be payable August 15, 2010 and will be \$0.2230 per share, based on the anticipated closing date of June 2, 2010.

For each five-year period after the Initial Fixed Rate Period (each, a "**Subsequent Fixed Rate Period**"), the holders of the Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Company on the 30th day (a "**Fixed Rate Calculation Date**") prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the applicable Fixed Rate Calculation Date plus 1.84%.

The dividends on Series A Shares will accrue (but not compound) on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series A Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Redemption: The Series A Shares will not be redeemable by the Company prior to August 15, 2015. Subject to the provisions described below under "Details of the Offering – Certain Provisions of the Series A Shares as a Series – Restrictions on Dividends and Retirement of Shares", on August 15, 2015 and on August 15 every five years thereafter, on not more than 60 nor less than 30 days' notice, the Company may redeem all or any part of the then outstanding Series A Shares, at the Company's option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption.

The Series A Shares are not redeemable at the option of their holders.

Conversion into Series B Shares: Holders of Series A Shares will, subject to the automatic conversion provisions and the right of the Company to redeem those shares, have the right, at their option, to convert, on August 15, 2015 and on August 15 every five years thereafter (a "**Series A Conversion Date**"), any or all of their Series A Shares into an equal number of Series B Shares upon giving to the Company notice thereof not earlier than 30 days prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series A Conversion Date.

Automatic Conversion Provisions:

If the Company determines, after having taken into account all shares tendered for conversion by holders of Series A Shares and Series B Shares, as the case may be, that there would be outstanding on such Series A Conversion Date less than 1,000,000 Series A Shares, such remaining number of Series A Shares will automatically be converted on such Series A Conversion Date into an equal number of Series B Shares. Additionally, if the Company determines that, after conversion, there would be outstanding on such Series A Conversion Date less than 1,000,000 Series B Shares, then no Series A Shares will be converted into Series B Shares.

Voting Rights:

The holders of Series A Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares (as defined below) as a class and meetings of the holders of Series A Shares as a series) to receive notice of, attend, or vote at, any meeting of the shareholders of the Company, unless and until the Company fails to pay eight quarterly dividends on the Series A Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In that event of such non-payment, and for only so long as any such dividends remain in arrears, holders of Series A Shares will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and to vote (together with holders of Series B Shares and any other class or series of classes of shares of the Company having the right to vote in similar circumstances) for the election of two directors out of the total number of directors elected at such meeting. In any such instance, holders of Series A Shares will be entitled to one vote for each Series A Share held, provided however that the holder of any Series A Share which, together with other shares of Emera held beneficially or otherwise by that holder or any person associated therewith, would in such event constitute "voting shares" of Emera and would be 15% or more of such outstanding "voting shares" of Emera, shall not be entitled to any vote in respect of such Series A Shares. Upon payment of the entire amount of the Series A Share dividends in arrears, the voting rights of the Series A holders shall forthwith cease and terminate.

Principal Characteristics of the Series B Shares

Dividends:

The holders of the Series B Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

On the 30th day prior to the commencement of the initial quarterly dividend period beginning on August 15, 2015, and on the 30th day prior to the first day of each subsequent quarterly dividend period (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "**Quarterly Floating Rate Period**"), the Company will determine the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 1.84% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period.

The dividends on Series B Shares will accrue (but not compound) on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series B Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Redemption:

Subject to the provisions described below under the heading “Details of the Offering – Certain Provisions of the Series B Shares as a Series – Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days’ notice, the Company may redeem all or any part of the then outstanding Series B Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on August 15, 2020 and on August 15 every five years thereafter, or (ii) \$25.50 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after August 15, 2015 .

The Series B Shares are not redeemable at the option of their holders.

Conversion into Series A Shares:

Holders of Series B Shares will, subject to the automatic conversion provisions and the right of the Company to redeem those shares, have the right, at their option, to convert, on August 15, 2020 and on August 15 every five years thereafter (a “Series B Conversion Date”), any or all of their Series B Shares into an equal number of Series A Shares upon giving to the Company written notice thereof not earlier than 30 days prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series B Conversion Date.

Automatic Conversion Provisions:

If the Company determines, after having taken into account all shares tendered for conversion by holders of Series B Shares and Series A Shares, as the case may be, that there would be outstanding on such Series B Conversion Date less than 1,000,000 Series B Shares, such remaining number of Series B Shares will automatically be converted on such Series B Conversion Date into an equal number of Series A Shares. Additionally, if the Company determines that, after conversion, there would be outstanding on such Series B Conversion Date less than 1,000,000 Series A Shares, then no Series B Shares will be converted into Series A Shares.

Voting Rights:

The holders of Series B Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares (as defined below) as a class and meeting of the holders of Series B Shares as a series) to receive notice of, attend, or vote at, any meeting of the shareholders of the Company, unless and until the Company fails to pay eight quarterly dividends on the Series B Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment and for only so long as any such dividends remain in arrears, holders of Series B Shares will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and to vote (together with holders of Series A Shares and any other class or series of classes of shares of the Company having the right to vote in similar circumstances) for the election of two directors out of the total number of directors elected at such meeting. In any such instance, holders of Series B Shares will be entitled to one vote for each Series B Share held, provided however that the holder of any Series B Share which, together with other shares of Emera held beneficially or otherwise by that holder or any person associated therewith, would in such event constitute “voting shares” of Emera and would be 15% or more of such outstanding “voting shares” of Emera, shall not be entitled to any vote in respect of such Series B Shares. Upon payment of the entire amount of the Series B Share dividends in arrears, the voting rights of the Series B holders shall forthwith cease and terminate.

Other Characteristics of the Series A Shares and Series B Shares***Priority:***

The Series A Shares and Series B Shares will rank on a parity with each other and every other series of First Preferred Shares (as defined below) and are entitled to preference over the common shares of the Company and over any other shares of the Company

ranking junior to the First Preferred Shares with respect to the payment of dividends and upon any distribution of assets in the event of the liquidation, dissolution or winding-up of the Company.

***Tax on Preferred Share
Dividends:***

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay tax at a rate such that holders of Series A Shares and Series B Shares will not be required to pay tax on dividends received on such shares under Part IV.1 of the Tax Act.

CHANGES IN CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following material change in the consolidated capitalization of the Company occurred after the period ending March 31, 2010: upon the completion of the offering of the Series A Shares, the Company will have issued 8,000,000 Series A Shares if all the Option Shares are issued or 6,000,000 Series A Shares if the Option Shares are not issued.

DETAILS OF THE OFFERING

The Series A Shares and the Series B Shares (if issued) will each be issued as a series of First Preferred Shares of the Company (“**First Preferred Shares**”). See the description of the First Preferred Shares of the Company as a class under the heading “Description of Securities Being Distributed – Preferred Shares” in the accompanying Prospectus. The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Series A Shares as a series, and the Series B Shares as a series.

Certain Provisions of the Series A Shares as a Series

Definition of Terms

The following definitions are relevant to the Series A Shares:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 1.84%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the closing date to, but excluding, August 15, 2015.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including August 15, 2015 to, but excluding, August 15, 2020, and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, August 15 in the fifth year thereafter.

Issue Price

The Series A Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Series A Shares will be entitled to receive fixed quarterly cumulative preferential cash dividends, as and when declared by the Board of Directors, on the fifteenth (15th) day of February, May, August and November in each year, at a rate equal to \$0.2750 per share. The initial dividend, if declared, will be payable on August 15, 2010 and will be \$0.2230 per share, based on the anticipated closing date of June 2, 2010.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Company on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series A Shares. The Company will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series A Shares.

The dividends on Series A Shares will accrue (but not compound) on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series A Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Redemption

The Series A Shares will not be redeemable prior to August 15, 2015. Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on August 15, 2015 and on August 15 every five years thereafter, the Company may redeem all or any part of the then outstanding Series A Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption.

Notice of any redemption will be given by the Company at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series A Shares are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions.

The Series A Shares are not redeemable at the option of their holders.

Conversion of Series A Shares into Series B Shares

Holders of Series A Shares will have the right, at their option, on August 15, 2015 and on August 15 every five years thereafter (a “**Series A Conversion Date**”) to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series A Shares registered in their name into Series B Shares on the basis of one Series B Share for each Series A Share. The conversion of Series A Shares may be effected upon notice delivered to the Company by the holders of Series A Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series A Conversion Date.

The Company will, at least 30 days and not more than 60 days prior to the applicable Series A Conversion Date, give notice in writing to the then registered holders of the Series A Shares of the above mentioned conversion right. On the 30th day prior to each Series A Conversion Date, the Company will give notice in writing to the then registered holders of the Series A Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Series A Shares will not be entitled to convert their shares into Series B Shares if the Company determines that there would remain outstanding on a Series A Conversion Date less than 1,000,000 Series B Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B Shares tendered for conversion into Series A Shares. The Company will give notice in writing thereof to all registered holders of Series A Shares at least seven days prior to the applicable Series A Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series A Conversion Date less than 1,000,000 Series A Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B Shares tendered for conversion into Series A Shares, then, all, but not part, of the remaining outstanding Series A Shares will automatically be converted into Series B Shares on the basis of one Series B Share for each Series A Share on the applicable Series A Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Series A Shares at least seven days prior to the Series A Conversion Date.

Upon exercise by the holder of this right to convert Series A Shares into Series B Shares, the Company reserves the right not to issue Series B Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities laws of such jurisdiction.

If the Company gives notice to the registered holders of the Series A Shares of the redemption of all the Series A Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series A Shares of an Annual Fixed Dividend Rate or of the conversion right of holders of Series A Shares and the right of any holder of Series A Shares to convert such Series A Shares will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Company may at any time purchase for cancellation any Series A Share in the open market, by private agreement or otherwise at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series A Shares are outstanding, the Company will not, without the approval of the holders of outstanding Series A Shares given as specified below:

- (a) declare, pay or set apart for payment any dividends on the common shares of the Company (the “**Common Shares**”) or any other shares ranking junior to the Series A Shares (other than stock dividends payable in shares ranking junior to the Series A Shares);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series A Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series A Shares);
- (c) redeem, purchase or otherwise retire less than all the Series A Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of First Preferred Shares of the Company, redeem, purchase or otherwise retire any other First Preferred Shares ranking on a parity with the Series A Shares,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative First Preferred Shares then issued and outstanding.

Issue of Additional Series of Preferred Shares

Except in respect of the issuance of Series A Shares as a result of the conversion of the Series B Shares in accordance with their terms or the issuance of Series B Shares as a result of the conversion of the Series A Shares in accordance with their terms, so long as any Series A Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series A Shares, create or issue any shares ranking prior to or on a parity with the Series A Shares with respect to repayment of capital or payment of dividends, provided that the Company may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series A Shares shall have been paid or set apart for payment.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Series A Shares may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Series A Shares at which a majority of the outstanding Series A Shares is represented or, if no such quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series A Shares will be entitled to receive \$25.00 per share together with all dividends accrued and unpaid up to but excluding the date of payment before any amount will be paid or any assets of the Company distributed to the holders of any shares ranking junior to the Series A Shares. The holders of the Series A Shares will not be entitled to share in any further distribution of the property or assets of the Company.

Voting Rights

The holders of Series A Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series A Shares as a series) to receive notice of, attend, or vote at, any meeting of the shareholders of the Company, unless and until the Company fails to pay eight quarterly dividends on the Series A Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, holders of Series A Shares will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and to vote for the election of two directors out of the total number of directors elected at such meeting. Such entitlement to vote shall be exercised together with holders of shares of all other series of First Preferred Shares, all series of Second Preferred Shares and all other classes or series of classes of shares of the Company having the right to vote in similar circumstances. In any such instance, holders of Series A Shares will be entitled to one vote for each Series A Share held, provided however that the holder of any Series A Share which, together with other shares of Emera held beneficially or otherwise by that holder or any person associated therewith, would in such event constitute "voting shares" of Emera and would be 15% or more of such outstanding "voting shares" of Emera, shall not be entitled to any vote in respect of such Series A Shares. Upon payment of the entire amount of the Series A Share dividends in arrears, the voting rights of the Series A holders shall forthwith cease.

In connection with any action to be taken by the Company which requires the approval of the holders of Series A Shares voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Series A Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series A Shares. The terms of the Series A Shares will require the Company to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series A Shares.

Business Days

If any action is required to be taken by the Company on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

Certain Provisions of the Series B Shares as a Series:

Definition of Terms

The following definitions are relevant to the Series B Shares:

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Quarterly Commencement Date" means the fifteenth (15th) day of each of February, May, August and November in each year.

"Quarterly Floating Dividend Rate" means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 1.84% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including August 15, 2015 to, but excluding, November, 2015, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Issue Price

The Series B Shares will have an issue price of \$25.00 per share.

Dividends

The holders of the Series B Shares will be entitled to receive floating rate cumulative preferential cash dividends as and when declared by the Board of Directors payable quarterly on the fifteenth (15th) day of February, May, August and November in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

The Quarterly Floating Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series B Shares. The Company will, on the Floating Rate Calculation Date, give written notice of the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Series B Shares.

The dividends on Series B Shares will accrue (but not compound) on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series B Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Redemption

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days’ notice, the Company may redeem all or any part of the then outstanding Series B Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on August 15, 2020 and on August 15 every five years thereafter, or (ii) \$25.50 together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after August 15, 2015.

Notice of any redemption will be given by the Company at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series B Shares are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions.

The Series B Shares are not redeemable at the option of their holders.

Conversion of Series B Shares into Series A Shares

Holders of Series B Shares will have the right, at their option, on August 15, 2020 and on August 15 every five years thereafter (a “**Series B Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series B Shares registered in their name into Series A Shares on the basis of one Series A Share for each Series B Share. The conversion of Series B Shares may be effected upon notice delivered to the Company by the holders of Series B Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series B Conversion Date.

The Company will, at least 30 days and not more than 60 days prior to the applicable Series B Conversion Date, give notice in writing to the then holders of the Series B Shares of the above mentioned conversion right. On the 30th day prior to each Series B Conversion Date, the Company will give notice in writing to the then registered holders of Series B Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period in respect of Series A Shares.

Holders of Series B Shares will not be entitled to convert their shares into Series A Shares if the Company determines that there would remain outstanding on a Series B Conversion Date less than 1,000,000 Series A Shares, after having taken into account all Series B Shares tendered for conversion into Series A Shares and all Series A Shares tendered for conversion into Series B Shares. The Company will give notice in writing thereof to all registered holders of the Series B Shares at least seven days prior to the applicable Series B Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series B Conversion Date less than 1,000,000 Series B Shares, after having taken into account all Series B Shares tendered for conversion into Series A Shares and all Series A Shares tendered for conversion into Series B Shares, then, all, but not part, of the remaining outstanding Series B Shares will automatically be converted into Series A Shares on the basis of one Series A Share for each Series B Share on the applicable Series B Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Series B Shares at least seven days prior to the Series B Conversion Date.

Upon exercise by the holder of this right to convert Series B Shares into Series A Shares, the Company reserves the right not to issue Series A Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities laws of such jurisdiction.

If the Company gives notice to the registered holders of the Series B Shares of the redemption of all the Series B Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series B Shares of an Annual Fixed Dividend Rate or of the conversion right of holders of Series B Shares and the right of any holder of Series B Shares to convert such Series B Shares will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Company may at any time purchase for cancellation any of the Series B Shares in the open market, by private agreement or otherwise at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series B Shares are outstanding, the Company will not, without the approval of the holders of outstanding Series B Shares given as specified below:

- (a) declare, pay or set apart for payment any dividends on the Common Shares or any other shares ranking junior to the Series B Shares (other than stock dividends payable in shares of the Company ranking junior to the Series B Shares);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series B Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series B Shares);
- (c) redeem, purchase or otherwise retire less than all the Series B Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of First Preferred Shares, redeem, purchase or otherwise retire any other First Preferred Shares ranking on a parity with the Series B Shares,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then issued and outstanding.

Issue of Additional Series of Preferred Shares

Except in respect of the issuance of Series B Shares as a result of the conversion of the Series A Shares in accordance with their terms or the issuance of Series A Shares as a result of the conversion of the Series B Shares in accordance with their terms, so long as any Series B Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series B Shares, create or issue any shares ranking prior to or on a parity with the Series B Shares with respect to repayment of capital or payment of dividends, provided that the Company may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series B Shares shall have been paid or set apart for payment.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Series B Shares may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Series B Shares at which a majority of the outstanding Series B Shares is represented or, if no such quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series B Shares will be entitled to receive \$25.00 per share together with all dividends accrued and unpaid up to but excluding the date of payment before any amount will be paid or any assets of the Company distributed to the holders of any shares ranking junior to the Series B Shares. The holders of the Series B Shares will not be entitled to share in any further distribution of the property or assets of the Company.

Voting Rights

The holders of Series B Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meeting of the holders of Series B Shares as a series) to receive notice of, attend, or vote at, any meeting of the shareholders of the Company, unless and until the Company fails to pay eight quarterly dividends on the Series B Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends. In that event of such non-payment and for only so long as any such dividends remain in arrears, holders of Series B Shares will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and to vote for the election of two directors out of the number of directors elected at such meeting. Such entitlement to vote shall be exercised together with holders of shares of all other series of First Preferred Shares, all Series of Second Preferred shares and all other classes or series of classes of shares of the Company having the right to vote in such circumstances. In any such instance, holders of Series B Shares will be entitled to one vote for each Series B Share held, provided however that the holder of any Series B Share which, together with other shares of Emera held beneficially or otherwise by that holder or any person associated therewith, would in such event constitute "voting shares" of Emera and would be 15% or more of such outstanding "voting shares" of Emera, shall not be entitled to any vote in respect of such Series B Shares. Upon payment of the entire amount of the Series B Share dividends in arrears, the voting rights of the Series B holders shall forthwith cease and terminate.

In connection with any action to be taken by the Company which requires the approval of the holders of Series B Shares voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Series B Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series B Shares. The terms of the Series B Shares will require the Company to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series B Shares.

Business Days

If any action is required to be taken by the Company on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

DEPOSITORY SERVICES

The Series A Shares and Series B Shares will be issued in “book entry only” form and must be purchased or transferred through a participant in the CDS depository service (“**CDS Participant**”). The Company will cause a global certificate or certificates representing any newly issued Series A Shares or Series B Shares to be delivered to, and registered in the name of CDS or its nominee. All rights of holders of Series A Shares or Series B Shares must be exercised through, and all payments or other property to which such holder of Series A Shares or Series B Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series A Shares or Series B Shares holds such shares. Each person who acquires Series A Shares or Series B Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series A Shares or Series B Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series A Shares or Series B Shares.

The ability of a beneficial owner of Series A Shares or Series B Shares to pledge such shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Series A Shares and Series B Shares through the book entry only system, in which event certificates for Series A Shares and Series B Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Company nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series A Shares or Series B Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series A Shares or Series B Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series A Shares or Series B Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series A Shares or Series B Shares.

Certificates representing the Series A Shares and Series B Shares, as applicable, will be made available if (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) CDS advises the Company that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series A Shares or Series B Shares and the Company is unable to locate a qualified successor, or (iv) the Company, at its option, decides to terminate the book entry only system.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated on a consolidated basis as at December 31, 2009 and March 31, 2010 and for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any preferred shares pursuant to this Prospectus Supplement, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods. The December 31, 2009 ratio is based on the audited financial statements as at December 31, 2009 and the March 31, 2010 ratio is based on the unaudited financial statements as at March 31, 2010.

	<u>Twelve months ended December 31, 2009</u>	<u>Twelve months ended March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.92	2.75

(1) Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends.

Emera's interest requirements amounted to \$117.4 million for the 12 months ended December 31, 2009. Emera's earnings before interest and income tax for the 12 months ended December 31, 2009 were \$342.7 million, which is 2.92 times Emera's aggregate dividend⁽²⁾ and interest requirements for this period. Emera's interest requirements amounted to \$123.3 million for the 12 months ended March 31, 2010. Emera's earnings before interest and income tax for the 12 months ended March 31, 2010 were \$338.8 million, which is 2.75 times Emera's aggregate dividend⁽³⁾ and interest requirements for this period.

The Company's dividend requirements on all of its preferred shares for the 12 months ended December 31, 2009 and March 31, 2010, after giving effect to the issue of the Series A Shares (assuming all of the Option Shares are issued) and adjusted to a before tax equivalent using an effective tax rate of 21.7%, amounted in each case to \$11.2 million. The Company's interest requirements for the 12 months ended December 31, 2009 and March 31, 2010 amounted to \$117.4 million and \$123.3 million, respectively. The Company's earnings before interest and income tax for the 12 months ended December 31, 2009 and March 31, 2010 were \$359.9 million and \$356.0 million, respectively, which are 2.80 times and 2.65 times the Company's aggregate dividend and interest requirements for the respective periods.

(2)(3) No dividends were paid or payable because no preferred shares were outstanding as of December 31, 2009 and March 31, 2010, respectively.

TRADING PRICE AND VOLUME

The Company's outstanding Common Shares are listed on the TSX under the trading symbol "EMA". There are currently no preferred shares of the Company listed on the TSX. The following table sets forth the reported high and low trading prices in Canadian dollars and trading volumes of the Common Shares on the TSX for the periods indicated.

	<u>High</u>	<u>Low</u>	<u>Volume Traded</u>
May 2009	\$20.43	\$19.19	3,729,821
June 2009	\$22.10	\$19.58	3,993,192
July 2009	\$21.79	\$20.05	3,167,373
August 2009	\$21.11	\$20.51	3,652,657
September 2009	\$21.59	\$20.45	4,057,921
October 2009	\$22.90	\$21.10	4,219,453
November 2009	\$23.90	\$21.50	4,304,672
December 2009	\$25.57	\$23.65	5,603,243
January 2010	\$25.28	\$23.05	3,366,491
February 2010	\$24.20	\$22.98	5,734,970
March 2010	\$24.79	\$23.73	5,184,886
April 2010	\$24.89	\$23.65	5,006,923
May 1 to May 25, 2010	\$24.88	\$23.29	3,946,790

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP and Stewart McKelvey, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Series A Shares pursuant to this prospectus and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Company and holds the Series A Shares and any Series B Shares as capital property. Generally, the Series A Shares and Series B Shares will be capital property to a holder provided the holder does not acquire or hold those Series A Shares or Series B Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders, whose Series A Shares or Series B Shares might not otherwise be capital property, may, in certain circumstances, be entitled to have them and all other "Canadian securities", as defined in the Tax Act, owned by such holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders should consult their own tax advisors concerning this election. This summary is not applicable to a purchaser an interest in which is a "tax shelter investment", that is a "financial institution" for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules), or to which the "functional currency" reporting rules apply, each as defined in the Tax Act. Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser that is a "specified financial institution" (as defined in the Tax Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate dividends in respect of more than 10% of the Series A Shares or Series B Shares, as the case may be, outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Series A Shares or Series B Shares are listed on a designated stock exchange in Canada (as defined in the Tax Act, such as the TSX) at such times as dividends (including deemed dividends) are paid or received on the Series A Shares or Series B Shares respectively.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), and counsel's understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and, except as otherwise noted, assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

Dividends

Dividends (including deemed dividends) received on the Series A Shares or Series B Shares by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Company as eligible dividends in accordance with the provisions of the Tax Act. Dividends (including deemed dividends) on the Series A Shares or Series B Shares received by a corporation will be included in computing income and will generally be deductible in computing the taxable income of the corporation.

The Series A Shares and Series B Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series A Shares and Series B Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends paid (or deemed to be paid) by the Company on the Series A Shares and Series B Shares.

A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a

related group of individuals (other than trusts) will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series A Shares or the Series B Shares to the extent such dividends are deductible in computing its taxable income for the year.

Dispositions

Generally, on a disposition of a Series A Share or Series B Share (which includes the redemption of the shares for cash but not a conversion), the holder will realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to the holder thereof immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Company of a Series A Share or Series B Share, as the case may be, will generally not be included in a holder's proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such share (see "Redemption" below).

If the shareholder is a corporation, the amount of any capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and in the manner provided for in the Tax Act. Similar rules may apply where a Series A Share or Series B Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such holders should consult their own advisors.

Generally, one-half of any capital gain will be included in computing the holder's income as a taxable capital gain and one-half of any capital loss will be deducted from the holder's net taxable capital gains. Any excess of allowable capital losses over taxable capital gains of the holder may be carried back up to three years and forward indefinitely and deducted against net taxable capital gains of the holder in those other years in accordance with the detailed rules in the Tax Act.

Canadian controlled private corporations are liable for tax, a portion of which may be refundable on their "aggregate investment income" (which is defined in the Tax Act to include an amount in respect of taxable capital gains, but not dividends or deemed dividends that are deductible in computing taxable income).

Redemption

If the Company redeems for cash or otherwise acquires a Series A Share or Series B Share (other than on a conversion or by a purchase in the manner in which shares are normally purchased by a member of the public in the open market), the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital of such share at such time. Generally, the difference between the amount paid by the Company and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share (see "Dispositions" above). In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Series A Share into a Series B Share and a Series B Share into a Series A Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of a Series B Share or Series A Share, as the case may be, received on the conversion will be deemed to be equal to the holder's adjusted cost base of the Series A Share or Series B Share, as the case may be, immediately before the conversion.

Alternative Minimum Tax

A capital gain realized, or a dividend received or deemed to be received, by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

RATINGS

The Series A Shares are rated Pfd-3 (high) by DBRS Limited (“DBRS”). The Series A Shares are rated P-2 (low) by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation (“S&P”). The DBRS rating of Pfd-3 (high) is the highest of three sub-categories within the third-highest rating of the six standard categories of ratings utilized by DBRS for preferred shares. A P-2 (low) rating by S&P is the third lowest of the three sub-categories within the second highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

Prospective purchasers of Series A Shares should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings. The foregoing ratings should not be construed as recommendations to buy, sell or hold Series A Shares. Ratings may be revised or withdrawn at any time by the respective rating organizations. In particular, the Company cannot provide any assurance that the final ratings assigned to the Series A Shares will not be lower than the provisional and preliminary ratings assigned by the aforementioned rating agencies.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated May 26, 2010 among the Company and the Underwriters (the “**Underwriting Agreement**”), the Company has agreed to sell and the Underwriters have severally agreed to purchase on June 2, 2010 or such date as may be agreed upon, but not later than June 9, 2010, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the Series A Shares at a price of \$25.00 per share, payable in cash to the Company against delivery of such Series A Shares. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 for each share sold to institutions and \$0.75 for all other shares sold.

The terms of the Offering were established through arm’s length negotiations between the Company and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Series A Shares if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Company has granted to the Underwriters an option to purchase the Option Shares at the offering price hereunder, exercisable at any time up to 48 hours prior to the time of closing of this offering. This Prospectus Supplement qualifies the grant of the Option and the distribution of the Option Shares. The Underwriters will be paid an underwriting fee per share equal to \$0.25 with respect to Option Shares sold to certain institutions, and \$0.75 with respect to all other Option Shares.

After the Underwriters have made a reasonable effort to sell all of the Series A Shares at \$25.00 per share, the price of the Series A Shares may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than \$25.00 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series A Shares is less than the gross proceeds paid by the Underwriters to the Company.

Neither the Series A Shares nor the Series B Shares have been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the Series A Shares or Series B Shares may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of an offering of Series A Shares or Series B Shares, an offer or sale of such securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption from the registration requirements of the U.S. Securities Act.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase any Series A Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series A Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series A Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Series A Shares distributed under this Prospectus Supplement and the Series B Shares into which the Series A Shares are convertible. Listing of the Series A Shares and Series B Shares will be subject to the Company fulfilling all of the listing requirements of the TSX.

Each of the Underwriters is a wholly-owned subsidiary of a Canadian chartered bank which is a lender to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of the Underwriters for purposes of applicable Canadian securities legislation. The decision to distribute the securities offered hereunder and the terms of this offering were negotiated at arm's length between the Company and the Underwriters. None of the Underwriters will receive any benefit in connection with this offering other than a portion of the Underwriters' fee.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Series A Shares, after deducting estimated expenses of the issue and the Underwriters' fee, will be approximately \$193,550,000 (assuming all the Option Shares are issued and the Underwriters' fee is \$6,000,000 for all Series A Shares sold). The net proceeds from the offering will be used by the Company for general corporate purposes.

RISK FACTORS

An investment in Series A Shares of the Company is subject to certain risks including those set out in the Prospectus and the following:

Creditworthiness

The value of Series A Shares and the Series B Shares will be affected by the general creditworthiness of the Company. The Company's Management's Discussion and Analysis and Annual Information Form discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Company's business, financial condition or results of operations.

Market Value Fluctuation

Prevailing yields on similar securities will affect the market value of Series A Shares and the Series B Shares. Assuming all other factors remain unchanged, the market value of the Series A Shares and the Series B Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series A Shares and the Series B Shares.

Credit Ratings

Real or anticipated changes in credit ratings on the Series A Shares or the Series B Shares, if any, may affect the market value of the Series A Shares and the Series B Shares, respectively. An actual or anticipated downgrade in the credit ratings of the Company by any rating agency could affect the market value or rating of the Series A Shares and the Series B Shares, respectively. In addition, such actual or anticipated changes in the Company's credit ratings could also affect the cost at which the Company can transact or obtain funding, and thereby affect the Company's liquidity, business, financial condition or results of operations.

Holding Company

The Company's payment of dividends on the Series A Shares and Series B Shares may be funded from dividends the Company receives from its subsidiaries. The ability of the Company's subsidiaries to pay dividends in the future will depend on their statutory surplus, on earnings and on regulatory restrictions and may be further restricted by the subsidiaries' credit agreements and indentures. The Company's subsidiaries may incur additional indebtedness that may severely restrict or prohibit the making of distributions, the payment of dividends or the making of loans by these subsidiaries to the Company. The Company cannot give any assurance that the agreements governing the current and future indebtedness of the Company's subsidiaries will permit them to provide the Company with sufficient dividends, distributions or loans to enable the Company to pay dividends on the Series A Shares and Series B Shares.

Absence of Trading Market

There is currently no market through which the Series A Shares may be sold and purchasers of Series A Shares may not be able to resell the Series A Shares purchased under this Prospectus Supplement. The price offered to the public for the Series A Shares and the number of Series A Shares to be issued have been determined by negotiations among the Company and the Underwriters. The price paid for each Series A Shares may bear no relationship to the price at which the Series A Shares will trade in the public market subsequent to this Offering. The Company cannot predict at which price the Series A Shares will trade and there can be no assurance that an active trading market will develop for the Series A Shares or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Series A Shares distributed under this Prospectus Supplement and the Series B Shares into which the Series A Shares are convertible. Listing of the Series A Shares and Series B Shares will be subject to the Company fulfilling all of the listing requirements of the TSX.

Market Volatility

Equity and debt capital market conditions and volatility may affect the market price of the Series A Shares and Series B Shares for reasons unrelated to the Company's performance.

Other Risk Factors

Reference is made to "Earnings Coverage Ratios" in this Prospectus Supplement, which is relevant to an assessment of the risk that the Company will be unable to pay dividends on the Series A Shares or the Series B Shares.

Dividends on the Series A Shares and the Series B Shares are payable at the discretion of the Board of Directors.

The Series A Shares and the Series B Shares are equity capital of the Company. The Series A Shares rank, and the Series B Shares will, if issued, rank equally with other First Preferred Shares of the Company in the event of an insolvency or winding-up of the Company. If the Company becomes insolvent or is wound-up, the Company's assets must be used to pay certain debt, including subordinated debt, before payments may be made on Series A Shares or the Series B Shares, if any.

Neither Series A Shares nor the Series B Shares have a fixed maturity date and are not redeemable at the option of the holders of Series A Shares or Series B Shares, as applicable. The ability of a holder to liquidate its holdings of Series A Shares or Series B Shares, as applicable, may be limited.

The dividend rate in respect of the Series A Shares and Series B Shares will, following the Initial Fixed Rate Period, reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

An investment in the Series A Shares may become an investment in Series B Shares without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering – Certain Provisions of the Series A Shares as a Series – Conversion of Series A Shares into Series B Shares" above. Upon the automatic conversion of the Series A Shares into Series B Shares, the dividend rate on the Series B Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada (“**Computershare**”) is the transfer agent and registrar. Registers for the registration and transfer of securities in registered form of Emera are kept at Computershare’s principal office in the City of Halifax, Nova Scotia.

The Company’s auditors are Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia. In connection with the audit of the Company’s annual financial statements for the year ended December 31, 2009, Ernest & Young LLP confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Series A Shares will be passed upon, on behalf of the Company, by Stephen D. Aftanas, its Corporate Secretary, and Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters, by Stewart McKelvey. As at May 25, 2010, Mr. Aftanas and the partners and associates of each of Osler, Hoskin & Harcourt LLP and Stewart McKelvey, collectively, beneficially owned, directly or indirectly, less than 1% of any class of outstanding securities of the Company.

PURCHASER’S STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE UNDERWRITERS

Dated: May 26, 2010

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities laws of each of the provinces of Canada.

SCOTIA CAPITAL INC. RBC DOMINION SECURITIES INC. CIBC WORLD MARKETS INC.

By: (signed) STEVE MACCULLOCH By: (signed) DAVID DAL BELLO By: (signed) DAVID H. WILLIAMS

TD SECURITIES INC. BMO NESBITT BURNS INC.

By: (signed) ANDREW J. KENNEDY By: (signed) STEVEN A. BRAUN

NATIONAL BANK FINANCIAL INC.

By: (signed) PAUL PRENDERGAST

SHORT FORM BASE SHELF PROSPECTUS

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See "Plan of Distribution".

New Issue

May 19, 2010



EMERA INCORPORATED

\$500,000,000

Debt Securities (unsecured) First Preferred Shares Second Preferred Shares

Emera Incorporated ("Emera" or the "Company") may from time to time offer debt securities, first preferred shares and second preferred shares (collectively, the "Securities"), up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this base shelf prospectus (the "Prospectus"), including any amendments hereto, remains valid. The Securities offered hereby may be offered separately or together, in separate series, in amounts, at prices, with maturities, and on terms to be set forth in one or more shelf prospectus supplements (each, a "Prospectus Supplement"). See "Description of Securities Being Distributed". All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of any offering of Securities will be set forth in a Prospectus Supplement including, where applicable: (i) in the case of preferred shares, the designation of the particular series, the number of shares offered, the offering price, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms of the preferred shares; and (ii) in the case of debt securities, the specific designation, currency of issue (if other than Canadian dollars), authorized denominations, aggregate principal amount and any limit thereon, issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount), date of issue, maturity date, any provisions to extend the maturity date, rate of interest (either fixed or floating and, if floating, the manner of calculation thereof), interest payment dates, redemption or repayment provisions, sinking fund, refunding, conversion, additional covenants (including the provision of security), the method of distribution, the actual proceeds to Emera and any other applicable provisions. Emera reserves the right to set forth in a Prospectus Supplement specific terms of Securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the Securities to which the Prospectus Supplement pertains.

Emera may sell the Securities to or through underwriters purchasing as principal and may also sell the Securities to one or more other purchasers directly or through agents. See "Plan of Distribution". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by Emera in connection with the offering and sale of the Securities and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to Emera and any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the offering of such Securities. **There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. See "Risk Factors".**

The offering of Securities is subject to the approval of certain legal matters on behalf of Emera by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer.

The head and registered office of Emera is located at Barrington Tower, 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the renewal Annual Information Form of Emera dated March 31, 2010 for the year ended December 31, 2009;
- (b) the Management Information Circular of Emera containing information as of March 15, 2010;
- (c) the audited comparative consolidated financial statements of Emera as at and for the years ended December 31, 2009 and December 31, 2008, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2009; and
- (d) the unaudited interim consolidated financial statements of Emera as at and for the three months ended March 31, 2010 and March 31, 2009, together with Management's Discussion and Analysis for the three months ended March 31, 2010.

Any documents of the type referred to above, and any material change reports (other than confidential material change reports), and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by Emera with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of Securities, shall be deemed to be incorporated by reference into this Prospectus.

Upon a new annual information form, new management information circular, new annual comparative consolidated financial statements and accompanying management's discussions and analysis being filed by Emera with (and where required, accepted by) the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous management information circular, the previous annual comparative consolidated financial statements and accompanying management's discussion and analysis, all consolidated interim financial statements and accompanying management's discussion and analysis, and all material change reports filed prior to the commencement of the financial year of Emera in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for the purposes of future offers and sales of Securities hereunder. Upon any interim financial statements and accompanying management's discussion and analysis being filed by Emera with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and accompanying management's discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been filed under securities legislation in each of the Provinces of Canada that permits certain information about these Securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. One or more Prospectus Supplement(s) containing the specific terms in respect of any offering of Securities and any additional or updated information omitted from this Prospectus that Emera elects or is required to include in such Prospectus Supplement(s) will be delivered to purchasers of such Securities together with this Prospectus. Each such Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of each such Prospectus Supplement and only for purposes of the distribution of Securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information which reflects management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Emera, and may not be appropriate for other purposes. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects Emera management's current beliefs and is based on information currently available to Emera's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the United States and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on Emera of the downturn in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against Emera; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to Emera's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE 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.

EMERA INCORPORATED

Emera is a diversified energy and services company incorporated under the *Companies Act* (Nova Scotia) (the “**Companies Act**”) on July 23, 1998 and headquartered in Halifax, Nova Scotia. The Company invests in electricity generation, transmission and distribution as well as gas generation and transmission and energy marketing. Emera owns two regulated electric utilities in northeastern North America, Nova Scotia Power Incorporated (“**NSPI**”) and Bangor Hydro Electric Company (“**Bangor Hydro**”). It also owns the Brunswick Pipeline through its subsidiary, Emera Brunswick Pipeline Company Ltd. (“**EBPC**”). Approximately 90% of Emera’s consolidated revenues are earned by NSPI, Bangor Hydro and EBPC.

NSPI provides more than 95% of the electricity generation, transmission and distribution service in the province of Nova Scotia. NSPI has \$3.5 billion in assets, and approximately 486,000 customers. NSPI is a cost-of-service utility, and as such, regulated electricity rates are set to enable NSPI to recover all prudently incurred costs, and provide a reasonable opportunity to earn a prescribed return on equity. NSPI is regulated by the Nova Scotia Utility and Review Board (the “**UARB**”) and operates as a monopoly in its service area. See “Nova Scotia Power Incorporated” below.

Bangor Hydro is an electricity transmission and distribution company with \$738 million of assets serving approximately 117,000 customers in eastern Maine. Bangor Hydro’s transmission operations are regulated by the Federal Energy Regulatory Commission, and its distribution operations are regulated by the Maine Public Utilities Commission. Bangor Hydro is a cost-of-service utility. Bangor Hydro also operates as a monopoly in its service area. See “Bangor Hydro Electric Company” below.

EBPC is a natural gas pipeline company that owns the Brunswick Pipeline, a \$500 million, 145-kilometre pipeline carrying re-gasified liquefied natural gas (“**LNG**”) from the Canaport Terminal near Saint John, New Brunswick to markets in Canada and the northeastern United States. This federally regulated pipeline received National Energy Board approval for shipping gas in January 2009 and commenced service on July 16, 2009, transporting re-gasified LNG for Repsol Energy Canada under a 25 year firm service agreement.

Emera’s two regulated utilities are integral to the creation of shareholder value, providing earnings and cash flow to fund dividends and reinvestment. The essential nature of the services provided, the monopoly positions of NSPI and Bangor Hydro, and the regulated market structures mean that NSPI and Bangor Hydro can generally be expected to produce stable earnings streams within regulated ranges. Nova Scotia and Maine are mature electricity markets, with annual demand growth of approximately 1%. Organic growth in these markets will be created through capital investment in additional transmission and renewable generation. As well, through EBPC and other strategic investments, Emera looks beyond its existing regulated electricity business to supplement organic growth.

Emera’s goal is to deliver annual consolidated earnings growth of 4% – 6%, and build and diversify its earnings base. To accomplish this, Emera has sought growth from its existing businesses and has leveraged its core strength in the electricity and natural gas transmission businesses as it pursues both acquisitions and greenfield development opportunities in regulated electricity transmission and distribution and low risk generation as well as gas transmission. Emera’s growth strategy also includes serving the United States market through transmission development and capitalizing on opportunities in related energy infrastructure businesses appropriate to its risk profile, where its development, commercial and operational skills are needed.

Emera’s other investments include:

- a 100% interest in Emera Energy Incorporated, which engages in energy and gas trading, manages energy assets on behalf of third parties, and provides related services;
- a 100% indirect interest in Emera Energy Services Inc., a physical energy business which engages in energy and gas trading, manages energy assets on behalf of third parties, and provides related services;
- a 100% indirect interest in Bayside Power Limited Partnership, a 260 megawatt (“**MW**”) gas-fired merchant electricity generating facility located in Saint John, New Brunswick;
- a 100% interest in Emera Utility Services Inc., a New Brunswick utility services contractor serving primarily power and telecommunications customers;

- a 50% indirect interest in Bear Swamp Power Company, LLC, a 600 MW pumped storage hydro-electric facility in northern Massachusetts;
- a 38% indirect interest in Light & Power Holdings Ltd., the parent company of The Barbados Light & Power Company Limited, the sole electric utility operator on the Caribbean island of Barbados;
- a 25% indirect interest in Grand Bahama Power Company Limited, a vertically integrated electric utility on Grand Bahama Island in The Bahamas;
- a 19% interest in St. Lucia Electricity Services Ltd., a vertically integrated electric utility on the Caribbean island of St. Lucia;
- a 26.1% interest in Atlantic Hydrogen Inc., a privately held Canadian corporation headquartered in Fredericton, New Brunswick that is developing carbon removal technology;
- a 12.9% interest in the 1,400 kilometre Maritimes & Northeast Pipeline that transports natural gas to markets in the Maritime Provinces of Canada and the northeastern United States; and
- an 8.2% interest in OpenHydro Group Limited, an Irish renewable energy company.

Nova Scotia Power Incorporated

NSPI is a wholly-owned subsidiary of Emera and was incorporated on July 13, 1984 pursuant to the Companies Act. The principal and head office of NSPI is located at Barrington Tower, Scotia Square, 1894 Barrington Street, Halifax, Nova Scotia, B3J 2W5.

NSPI is the primary electricity supplier in Nova Scotia, providing over 95% of the electricity generation, transmission and distribution in the province. NSPI owns 2,293 MW of generating capacity. Approximately 53% of the capacity is fired by solid fuel; oil and natural gas together comprise another 29% of capacity; and hydro, wind and biomass production provide approximately 18%. In addition, NSPI has contracts to purchase renewable energy from independent power producers (“**IPP**”). These IPP’s own 137 MW of wind and biomass fuelled generation capacity. A further 212 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, of which 163 MW are expected to be in service by the end of 2010. NSPI also owns approximately 5,000 kilometres of transmission facilities, and approximately 27,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the “**Public Utilities Act**”) and is subject to regulation under the Public Utilities Act by the UARB. The Public Utilities Act gives the UARB oversight authority with respect to NSPI’s operations and expenditures. Electricity rates for NSPI’s customers are also subject to UARB approval. NSPI is not subject to a mandatory annual rate review process, but rather participates in hearings from time to time, which may be at NSPI’s or the regulator’s request. Since January 2009, NSPI has been operating with a Fuel Adjustment Mechanism for fuel expense recovery, which is subject to UARB review and approval. For more information refer to NSPI’s Annual Information Form dated March 31, 2010 for the year ended December 31, 2009, which is available electronically at www.sedar.com.

Bangor Hydro Electric Company

Bangor Hydro is a wholly-owned subsidiary of Emera and was incorporated on June 9, 1924 pursuant to the laws of the State of Maine, United States of America. Bangor Hydro’s principal and head office is located at 970 Illinois Avenue, PO Box 932, Bangor, Maine, 04402-0932.

Bangor Hydro’s core business is the transmission and distribution of electricity. Bangor Hydro is the second largest electric utility in Maine. Electricity generation is deregulated in Maine, and several suppliers compete to provide customers with the commodity that is delivered through the Bangor Hydro’s transmission and distribution network. Bangor Hydro owns and operates approximately 1,300 kilometres of transmission facilities, and 6,800 kilometres of distribution facilities. Bangor Hydro invested approximately USD \$141 million in the Northeast Reliability Interconnect, an international electricity transmission line connecting New Brunswick to Maine which went in service in 2007, and currently has approximately USD \$130 million of additional transmission development in progress. Bangor Hydro has a workforce of approximately 270 people.

USE OF PROCEEDS

Emera may offer the Securities from time to time, up to an aggregate initial offering price of \$500,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period that this Prospectus, including any amendments thereto, remains valid. Except as otherwise provided in any Prospectus Supplement, the net proceeds from the sale of the Securities, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of Emera and applied primarily to refinance existing indebtedness including bank indebtedness, for other investments, to finance capital expenditures and for other general corporate purposes. The amount of net proceeds to be used for any such purpose will be set forth in a Prospectus Supplement. Emera may from time to time issue securities other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

Emera may sell Securities to or through underwriters purchasing as principal and may also sell Securities to one or more purchasers directly or through agents. Securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at prevailing market prices at the time of sales or at prices to be negotiated with purchasers at the time of sale which prices may vary as between purchasers and during the period of distribution. If the Securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to Emera. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in the Prospectus Supplement in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to Emera.

Any underwriter or agent engaged in connection with the offering and sale of a particular series or issue of Securities will be identified in a Prospectus Supplement along with the terms of the offering, including the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to Emera and any fees, discounts or other compensation payable to the underwriters or agents.

Under agreements which may be entered into by Emera, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by Emera against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentation made by underwriters or agents who participate in the offering of Securities.

There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. In connection with any offering of Securities, the underwriters or agents may, subject to the foregoing, over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Securities are sold by Emera for public offering and sale may make a market in the Securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice.

The securities offered hereby have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of an offering of securities offered hereby, an offer or sale of such securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated on a consolidated basis as at December 31, 2009 and March 31, 2010 and for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities or preferred shares pursuant to this Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods. The December 31, 2009 ratio is based on the audited financial statements as at December 31, 2009 and the March 31, 2010 ratio is based on the unaudited financial statements as at March 31, 2010.

	<u>Twelve months ended December 31, 2009</u>	<u>Twelve months ended March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.96	2.75

(1) Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends.

Emera's interest requirements amounted to \$117.4 million for the 12 months ended December 31, 2009. Emera's earnings before interest and income tax for the 12 months ended December 31, 2009 were \$347.1 million, which is 2.96 times Emera's aggregate dividend⁽²⁾ and interest requirements for this period. Emera's interest requirements amounted to \$123.3 million for the 12 months ended March 31, 2010. Emera's earnings before interest and income tax for the 12 months ended March 31, 2010 were \$338.8 million, which is 2.75 times Emera's aggregate dividend⁽³⁾ and interest requirements for this period.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of Emera, on a consolidated basis, since March 31, 2010.

(2)(3) No dividends were paid or payable because no preferred shares were outstanding as of December 31, 2009 and March 31, 2010, respectively.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Preferred Shares

Emera is authorized to issue an unlimited number of first preferred shares (“**First Preferred Shares**”) and second preferred shares (“**Second Preferred Shares**”), issuable in series, of which none are outstanding as of the date of this Prospectus. The following description is subject to, and qualified by reference to, the terms and provisions of Emera’s constating documents.

First Preferred Shares

Issuable in Series

Emera’s First Preferred Shares may be issued from time to time in one or more series. The Board of Directors of Emera has the authority to fix the number of shares and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series prior to the issue of the shares of the series.

Priority

Each series of Emera’s First Preferred Shares will participate rateably with every other series of First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets on the liquidation, dissolution and winding-up of Emera

The First Preferred Shares of Emera rank senior to Emera’s Second Preferred Shares, the Emera Common Shares and any other shares of Emera which by their terms rank junior to the First Preferred Shares, with respect to priority in the payment of dividends, repayment of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of Emera.

Voting Rights

Subject to the provisions of the Companies Act, as from time to time amended, supplemented or replaced, the holders of Emera’s First Preferred Shares of each series shall not be entitled as such to receive notice of or to attend or vote at any meeting of the shareholders unless Emera from time to time fails to pay, in the aggregate, eight quarterly dividends on any series of the First Preferred Shares on the dates on which the same should be paid according to the terms thereof whether or not there are any monies of Emera properly applicable to the payment of dividends. In any instance where the holders of First Preferred Shares are entitled to vote, each such holder shall have one vote for each First Preferred Share held.

Amendments

The class provisions attaching to Emera’s First Preferred Shares may be deleted, varied, modified or amended with the prior approval of the holders of the First Preferred Shares as a class given in writing by all holders of First Preferred Shares outstanding or by the affirmative vote of at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose and at which a quorum is present, in addition to any other approval required by the Companies Act, as from time to time amended, supplemented or replaced.

Second Preferred Shares

The Second Preferred Shares have special rights, privileges, restrictions and conditions substantially similar to the First Preferred Shares, except that the Second Preferred Shares rank junior to the First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets of Emera in the event of liquidation, dissolution or winding-up of Emera.

A Prospectus Supplement will set forth the following terms relating to the First Preferred Shares and Second Preferred Shares being offered:

- the maximum number of shares;
- the designation of the series;

- the offering price;
- the annual dividend rate and whether the dividend rate is fixed or variable, the date from which dividends will accrue, and the dividend payment dates;
- the price and the terms and conditions for redemption, if any, including redemption at Emera's option or at the option of the holder, including the time period for redemption, and payment of any accumulated dividends;
- the terms and conditions, if any, for conversion or exchange for shares of any other class of Emera or any other series of First Preferred Shares or Second Preferred Shares, or any other securities or assets, including the price or the rate of conversion or exchange and the method, if any, of adjustment;
- whether such First Preferred Shares or Second Preferred Shares will be listed on any securities exchange;
- the voting rights, if any; and
- any other rights, privileges, restrictions, or conditions.

First Preferred Shares and Second Preferred Shares will be fully paid and non-assessable upon issuance. The First Preferred Shares of any series and the Second Preferred Shares of any series may be represented, in whole or in part, by one or more global certificates. If First Preferred Shares or Second Preferred Shares are represented by a global certificate, each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the Prospectus Supplement; and
- be deposited with such depositary or nominee or a custodian for the depositary.

Debt Securities

The debt securities will be issued under a trust indenture dated April 17, 2001, as supplemented from time to time (the "**Indenture**") between Emera and Computershare Trust Company of Canada (the "**Trustee**"), the assignee of Montreal Trust Company of Canada.

The following description sets forth certain general terms and provisions of the debt securities. For full particulars, reference should be made to the Indenture, a copy of which is available electronically at www.sedar.com.

General

The debt securities may be issued in one or more series. Debt securities offered hereby will be offered to the public by Emera at such times and upon such terms as are determined by Emera based on a number of factors, including market conditions at the time of issue. Debt securities issued under the Indenture will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 thereafter and will have maturities of not less than one year.

The terms of a particular issue of debt securities will be described in the Prospectus Supplement relating to each offering of debt securities. Prospectus Supplements will set out the following terms of, and information relating to, the debt securities being offered thereby:

- (a) the specific designation of such debt securities;
- (b) the date or dates of issue of the debt securities;
- (c) aggregate principal amount and any limit thereon, authorized denominations and maturity date or dates (together with any provisions to extend a maturity date) of the debt securities;
- (d) the issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount) of the debt securities;
- (e) the name of the agents or underwriters, if any, involved in the issue, the fee or other remuneration payable to such agents or underwriters and the net proceeds to Emera from the sale of the debt securities;
- (f) the rate or rates of interest, which may be a fixed rate or a floating rate, and, if floating, the method of calculation thereof and interest payment dates for the debt securities;

- (g) the period or periods within which, the price or prices at which and the terms and conditions upon which, the debt securities may be redeemed, in whole or in part, at Emera's option;
- (h) the obligation, if any, of Emera to redeem or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, the debt securities shall or may be redeemed or purchased, in whole or in part, pursuant to such obligation or option;
- (i) the currency or currencies (if other than Canadian dollars) in which the debt securities will be denominated and in which the principal of and premium, if any, and interest on such debt securities will be payable;
- (j) whether the debt securities may be exchanged or converted into other securities of Emera;
- (k) whether the debt securities will be eligible for investment;
- (l) any additional covenants applicable to a particular issue of debt securities; and
- (m) any other applicable provisions, including any modifications or additions to the general terms of the debt securities as described herein.

Emera reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus. If debt securities are issued in a currency other than Canadian dollars, purchasers of such debt securities should be aware that foreign exchange fluctuations will occur from time to time. Emera makes no representations as to currency values.

Book Entry Securities

Debt securities may be issued under the Indenture in registered form or in the form of global debt securities ("Global Securities") held by a depository designated by Emera for the depositories' participants (the "Depository"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Securities. The interests of participants of the Depository in Global Securities, and transfers of interests in Global Securities between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Securities will be represented by entries made in the records maintained by the participants. Purchasers of debt securities in respect of which Global Securities are issued will not be entitled to receive debt securities in definitive form. The issuance of debt securities as Global Securities will, if applicable, be referred to in the relevant Prospectus Supplement delivered with this Prospectus.

The following summary of certain provisions of the Indenture and the debt securities does not purport to be complete and is subject to the detailed provisions of the Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the debt securities. Additional details relating to debt securities of a particular series will be set forth in a Prospectus Supplement issued in respect of that series and, if applicable, in a further supplement to the Indenture.

Unsecured

The debt securities will be direct unsecured obligations of Emera and will rank pari passu, except as to sinking funds, applicable to different series of debt securities, with all other unsecured and unsubordinated indebtedness of Emera issued pursuant to the Trust Indenture.

Unlimited Amount

The aggregate principal amount of debt securities authorized under the Indenture is unlimited. The debt securities may be issued thereunder in one or more series.

Purchase for Cancellation

Emera, when not in default under the Indenture, may purchase part or all of the debt securities at any time at any price in the open market or otherwise. Debt securities so purchased will be cancelled and shall not be reissued.

Payment of Principal and Interest

Emera will pay the principal and interest on debt securities at the dates and places, in the currencies and in the manner mentioned in the debt securities and in the Indenture. As interest becomes due on debt securities, Emera, either directly or through the Trustee, shall, by electronic transfer of funds or by cheque sent by prepaid ordinary mail, or by such other means as agreed to by the Trustee, pay such interest (less any tax required to be withheld therefrom) to the registered holder of such debt securities appearing on the register maintained by the Trustee, at the close of business on the fifteenth day prior to the applicable interest payment date, and addressed to such holder at such holder's last address appearing on the register, unless otherwise directed by such holder. In the event of non-receipt of any cheque for interest by the person to whom it is sent in accordance with the Indenture, Emera will issue to such person a replacement cheque for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon it being indemnified to its satisfaction.

Payments of principal will be made against presentation and surrender of debt securities for cancellation at such places and at such times as are designated in the debt securities and in the Indenture.

The payment of principal, premiums, if any, and interest on the debt securities in accordance with the Indenture shall absolutely satisfy and discharge the liability of Emera with respect to such payment under the applicable debt securities unless, in the case of payment by cheque, such cheque is not paid upon presentation.

Events of Default

Except as otherwise noted below, the Indenture provides that the following constitute events of default (each an "Event of Default") thereunder:

- (a) default in payment of principal on any of the debt securities when due;
- (b) default in payment of any interest due on any of the debt securities and such default shall have continued for 30 days;
- (c) failure by Emera to carry out or observe any covenant or condition contained in the Indenture within a period of 60 days, after notice has been given by the Trustee to Emera specifying the default and requiring Emera to remedy same;
- (d) failure by Emera or any subsidiary to pay when due (after giving effect to any applicable grace periods, waivers and extensions) any amount owing in respect of any indebtedness other than the debt securities provided the aggregate principal amount of such indebtedness in respect of which payment has not been made exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (e) acceleration of the indebtedness referred to in (d) above as a result of the failure by Emera or any subsidiary to perform any other covenant applicable to such indebtedness provided the aggregate principal amount of such accelerated indebtedness exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (f) certain events of bankruptcy, insolvency or analogous proceedings; and
- (g) upon an order being made or an effective resolution passed for the winding-up or liquidation of Emera (other than pursuant to and in compliance with provisions in the Indenture relating to successor companies).

Acceleration on and Waiver of Default

If an Event of Default has occurred under an Indenture, the Trustee may in its discretion and shall upon the requisition in writing of the holders of at least 25% of the principal amount of the debt securities issued and outstanding under that Indenture, subject to any waiver of default under the Indenture, by notice in writing to Emera declare the principal and interest on all debt securities then outstanding under the Indenture and other money payable thereunder to be due and payable.

If an Event of Default has occurred under the Indenture, (otherwise than by default in payment of principal monies at maturity) the holders of not less than 50% of the principal amount of the debt securities issued and outstanding under that Indenture, acting by extraordinary resolution, shall have the power to instruct the Trustee to waive the default (provided that if the Event of Default relates to a covenant applicable to a particular series of debt securities only, then

the holders of 50% of the principal amount of outstanding debt securities of that series only, acting by extraordinary resolution, shall be entitled to waive the default). In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

If Emera fails to pay promptly any principal and interest declared by the Trustee to be due and payable following an Event of Default, the Trustee may in its discretion or shall upon receiving notice of and being directed by a request, signed by the holder or holders of not less than 25% in principal amount of the outstanding debt securities, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under the Indenture by such proceedings as are authorized under the Indenture or by law or equity as the Trustee shall have been directed to take or if a holder of debt securities' request does not contain any direction, then by such proceedings authorized by the Indenture or by suit at law or at equity as the Trustee deems expedient. Holders of debt securities issued under the Indenture may not enforce the Indenture or the debt securities except as provided in the Indenture.

Modification of Rights

The rights of holders of debt securities under the Indenture may be modified. For that purpose, among others, the Indentures contain provisions to render binding on holders of debt securities (a) instruments in writing signed by the holders of 66 $\frac{2}{3}$ % of the aggregate principal amount of debt securities issued and outstanding; and (b) extraordinary resolutions passed by the votes of holders representing 66 $\frac{2}{3}$ % of the principal amount of debt securities present and voting on a basis of one vote per \$1,000 of debt securities at meetings of holders of debt securities for which, in the first instance, the quorum shall be holders representing more than 50% of the aggregate principal amount of debt securities outstanding and, failing such quorum, at an adjourned meeting the quorum shall be the holders of debt securities present, all upon compliance with the procedures specified in the Indenture. If the business to be transacted at any meeting especially affects the rights of holders of any series of debt securities, the approval of a like proportion of such holders is also required.

Definitions

The Indenture contains definitions including the following:

“**Capital Lease Obligations**” means the obligation of a person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such person in accordance with generally accepted accounting principles;

“**Debt**” means all indebtedness issued, assumed or guaranteed for borrowed money or for the deferred purchase price of property;

“**Financial Instrument Obligations**” means obligations arising under

- (i) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is dependent or based upon interest rates in effect from time to time or fluctuations in interest rates occurring from time to time (excluding obligations which are considered to be Indebtedness of such person by virtue of any provision of the definition of Indebtedness other than clause (ii) thereof);
- (ii) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is currency exchange rates or pursuant to which the price, value or amount payable thereunder is dependent or based upon currency exchange rates in effect from time to time or fluctuations in currency exchange rates occurring from time to time; and
- (iii) commodity swap agreements, floor, cap or collar agreements, commodity futures or options or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is one or more commodities or pursuant to which the price, value or amount payable thereunder is dependent or based upon the price of one or more commodities in effect from time to time or fluctuations in the price of one or more commodities occurring from time to time;

“Indebtedness” means, with respect to any person, without duplication,

- (i) all obligations of such person for borrowed money, including obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit and other financial instruments;
- (ii) all Financial Instrument Obligations;
- (iii) all obligations issued or assumed by such person in connection with the acquisition of property in respect of the deferred purchase price of property;
- (iv) all Capital Lease Obligations and Purchase Money Obligations of such person, and
- (v) all obligations of the type referred to in clauses (i) through (iv) of this definition of another person, the payment of which such person has guaranteed or for which such person is responsible or liable,

provided that obligations of such person or of another person of the type referred to in clauses (i) through (iii) of this definition shall exclude trade accounts payable, dividends and other distributions payable to shareholders, future income taxes, obligations in respect of preferred shares, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested by such person or such other person in good faith, and non-monetary obligations in respect of performance guarantees;

“Non-Recourse Debt” means any Indebtedness incurred to finance the creation, development, construction or acquisition of assets and any increases in or extensions, renewals or refunding of any such Indebtedness, provided that the recourse of the lender thereof or any agent, trustee, receiver or other person acting on behalf of the lender in respect of such Indebtedness or any judgment in respect thereof is limited in all circumstances (other than in respect of false or misleading representation or warranties) to the assets created, developed, constructed or acquired in respect of which such Indebtedness has been incurred and to any receivables, inventory, equipment, chattel paper, intangibles and other rights or collateral arising from or connected with the assets created, developed, constructed or acquired and to which the lender has recourse;

“Purchase Money Obligation” means Debt of Emera incurred or assumed to finance the purchase price, in whole or in part, of any property or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any property; provided that such Debt is incurred or assumed substantially concurrently with the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Debt so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

Covenants

The Indenture contains various covenants of a general nature including covenants relating to the payment of principal and interest, and covenants to the following effect, that so long as any of the debt securities remain outstanding:

Emera will not encumber any of its assets to secure any obligations unless at the same time all the debt securities then outstanding shall be secured equally and ratably with such obligations; provided that this covenant will not apply to nor operate to prevent, among other things, the giving or assumption of (i) any Purchase Money Obligations and Capital Lease Obligations; (ii) Non-Recourse Debt; (iii) encumbrances on property of a corporation existing at the time it is merged or consolidated with Emera or existing upon Emera’s acquisition, by sale or lease of property; (iv) certain permitted liens specified in the Indenture; (v) encumbrances on Emera’s property which do not exceed 5% of Emera’s consolidated net assets; or (vi) extensions, renewals, substitutions of the liens referred to in (i) through (v).

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement, legal matters in connection with the issuance of the Securities will be passed upon on behalf of Emera by Stephen D. Aftanas, Corporate Secretary and by Cox & Palmer. As of May 19, 2010, Mr. Aftanas and partners and associates of Cox & Palmer, as a group, beneficially owned, directly or indirectly, less than one percent of each series of outstanding securities of Emera.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia, are the auditors of Emera. Ernst & Young LLP report that they are independent of Emera in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

The Trustee is the registrar and transfer agent. Registers for the registration and transfer of the securities in registered form of Emera are kept at the principal offices of the Trustee in the City of Toronto, Ontario.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this Prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in Securities offered under this Prospectus. The Securities will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the Securities or financial matters in general. A purchaser should not purchase Securities unless the purchaser understands, and can bear, all of the investment risks involving the Securities. For a discussion of the risks to which Emera, its operations and its financial results and conditions are subject, see the sections entitled "Risk Factors" and "Forward-Looking Information" in the Company's Annual Information Form and "Risk Management and Financial Instruments" and "Business Risks" in the Company's Management's Discussion and Analysis, each of which is incorporated by reference in this Prospectus. In addition to such risks, an investment in the Securities is subject to any other risks identified in a Prospectus Supplement or in any document incorporated by reference subsequent to the date of this Prospectus during the currency of this Prospectus.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form base shelf prospectus of Emera Incorporated (the "Company") dated May 19, 2010 relating to the issue and sale of up to \$500,000,000 of preferred shares and debt securities (unsecured) of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form base shelf prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2009. Our report is dated February 17, 2010.

Halifax, Canada
May 19, 2010

(Signed) "*Ernst & Young LLP*"
Chartered Accountants

CERTIFICATE OF EMERA INCORPORATED

Dated: May 19, 2010

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

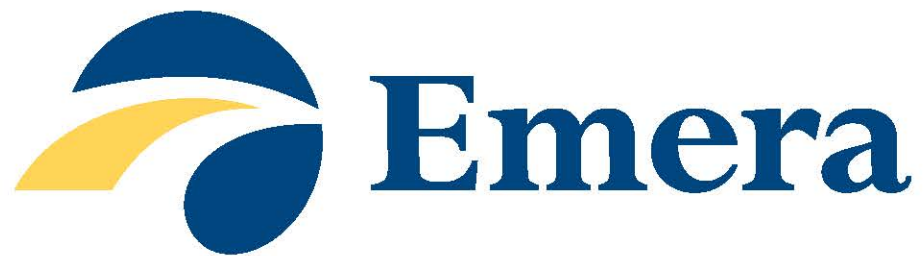
(Signed) "*Christopher G. Huskison*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Senior Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*George A. Caines*"
Director

(Signed) "*John T. McLennan*"
Director



This prospectus supplement, together with the accompanying short form base shelf prospectus dated May 19, 2010 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement and the short form base shelf prospectus dated May 19, 2010 constitutes a public offering of these securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, these securities may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus dated May 19, 2010 to which it relates from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT TO THE SHORT FORM BASE SHELF PROSPECTUS
DATED MAY 19, 2010**

New Issue

June 9, 2010



**EMERA INCORPORATED
\$350,000,000
Medium Term Notes
(Unsecured)**

Medium term notes offered hereby (the "Notes" or "Medium Term Notes") will have maturities of not less than one year, and will be issued from time to time as and when funds are required by Emera Incorporated ("Emera") in an aggregate principal amount not to exceed \$350,000,000 (or the equivalent in foreign currencies or currency units) during the period ending June 19, 2012. Such amount is subject to reduction as a result of the sale by Emera of other securities, including debt securities, pursuant to other prospectus supplements to the short form base shelf prospectus dated May 19, 2010 (the "Prospectus").

The Notes will be issued from time to time upon terms determined by Emera based on a number of factors, including market conditions at the time of issue and advice from the Agents (defined below). The Notes will be unsecured, will be issued under a trust indenture in minimum denominations of \$1,000 and integral multiples of \$1,000 thereafter and will

rank pari passu, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of Emera. See "Description of Notes".

The offering of the Notes hereunder will be made pursuant to the medium-term note program of Emera, as contemplated by National Instrument 44-102 – Shelf Distributions of the Canadian Securities Administrators. Such instrument permits the omission from the Prospectus Supplement of certain terms of the Notes, which will be established at the time of the offering and sale of the Notes and will be included in Pricing Supplements incorporated by reference herein, as more particularly described under the heading “Documents Incorporated by Reference”. Accordingly, the specific terms of any offering of Notes will be set forth in a pricing supplement (a "**Pricing Supplement**") which will be delivered to purchasers with this Prospectus Supplement. Where applicable, such terms may include the specific designation, currency of issue (if non-Canadian dollar), aggregate principal amount, any limit thereon, issue price (or the manner of determination of the issue price if offered on a non-fixed price basis), whether the issue price is at par, a premium or a discount, whether interest bearing or discounted, date of issue, maturity date, any provisions to extend the maturity date, interest rate particulars, including whether fixed or floating and the manner of determination if floating, the name(s) of the Agent or Agents, if any, the Agents' fees, method of distribution and any other applicable provisions. Each Note may be subject to redemption at the option of Emera, in whole or in part, prior to its stated maturity date, as set forth in the applicable Pricing Supplement. Emera reserves the right to set forth in a Pricing Supplement specific terms of Notes that are not within the options and parameters set forth in this Prospectus Supplement.

In the opinion of counsel, the Notes offered hereby, if issued on the date hereof, would be eligible for investment as set forth under the heading "Eligibility for Investment".

RATES ON APPLICATION

The Notes will be offered severally by one or more of BMO Nesbitt Burns Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (collectively the "**Agents**" and each an "**Agent**"), subject to confirmation by Emera pursuant to the selling agreement referred to under the heading "Plan of Distribution". The rate of commission payable in connection with sales by the Agents of Notes shall be as determined from time to time by mutual agreement but shall not exceed 0.50% of the principal amount of any Note unless otherwise agreed and disclosed in a supplement. The Notes may be purchased from time to time by any of the Agents, as principal, at such prices and with such commissions (subject to the above limitation) as may be agreed between Emera and any such Agents for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. The Agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the gross proceeds paid by the Agent, acting as principal, to Emera. The Notes may also be offered directly by Emera at market rates prevailing from time to time to purchasers pursuant to applicable statutory exemptions. See “Plan of Distribution”. Emera and, if applicable, the Agents may reject any order in whole or in part.

There is no market through which the Notes may be sold and purchasers may not be able to resell the Notes purchased under this Prospectus. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See “Risk Factors”.

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. All or a portion of the net proceeds from the sale of a particular series or issue of Notes in which such Agents are acting as principals or agents may be used to repay indebtedness to such banks. Other than payment of their portion of the commissions, if applicable, none of the proceeds of such offerings of Notes will be applied, directly or indirectly, for the benefit of the Agents. See “Plan of Distribution” and “Use of Proceeds.”

In connection with an offering of Notes, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level, above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Notes to be issued pursuant to this Prospectus Supplement and applicable Pricing Supplement have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the Notes may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes offered hereby within the United States or to U.S. persons. In addition, until 40 days after the commencement of an offering of Notes to which this Prospectus Supplement relates, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

Each Note will be issued in fully registered book-entry form (a “**Book-Entry Note**”) or in certificated form (a “**Certificated Note**”), in each case as set forth in the applicable Pricing Supplement. Each Book-Entry Note will be represented by one or more fully registered global securities (the “**Global Notes**”) deposited with, or on behalf of CDS Clearing and Depository Services Inc. (“**CDS**”) (or such other depository as is identified in the applicable Pricing Supplement) and registered in the name of CDS or its nominee. Interests in the Global Notes will be shown on, and transfers thereof will be affected only through, records maintained by CDS (with respect to its participants) and CDS’s participants (the “**CDS Participants**”) (with respect to beneficial owners).

The offering is subject to approval of certain legal matters on behalf of Emera by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer, and on behalf of the Agents by Stewart McKelvey.

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the offering of the Notes. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

A Pricing Supplement containing the specific terms of an offering of Notes will be delivered to purchasers of such Notes together with this Prospectus Supplement and the Prospectus and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus as of the date of such Pricing Supplement only for purposes of the offer of Notes covered by that Pricing Supplement.

Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as Prospectus Supplements or as exhibits to Emera's interim unaudited consolidated and audited annual consolidated financial statements and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of the issue of Notes thereafter.

Any statement contained in this Prospectus Supplement, a Pricing Supplement or in a document incorporated or deemed to be incorporated by reference in the Prospectus for the purposes of the offering of Notes shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is

required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement, except as so modified or superseded.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated on a consolidated basis as at December 31, 2009 and March 31, 2010 and for the respective 12 month periods then ended. The ratios (i) do not give effect to the issue of any debt securities or preferred shares pursuant to this Prospectus Supplement or any other supplement to the Prospectus, and (ii) do not purport to be indicative of any earnings coverage ratio for future periods.

	<u>Twelve months ended December 31, 2009</u>	<u>Twelve months ended March 31, 2010</u>
Earnings Coverage on Long-Term Debt ⁽¹⁾	2.92	2.75

- ⁽¹⁾ Earnings coverage on long-term debt is equal to net earnings applicable to common shares plus: income taxes, interest on long term-debt, amortization of debt financing and after tax preferred dividends divided by interest on long-term debt plus amortization of debt financing and after tax preferred dividends. For purposes of calculating the financial ratios, long-term debt does not include any amounts with respect to debt securities or preferred shares offered under this Prospectus Supplement or any other supplement to the Prospectus.

Emera's interest requirements amounted to \$117.4 million for the 12 months ended December 31, 2009. Emera's earnings before interest and income tax for the 12 months ended December 31, 2009 was \$342.7 million, which is 2.92 times Emera's aggregate dividend⁽²⁾ and interest requirements for this period. Emera's interest requirements amounted to \$123.3 million for the 12 months ended March 31, 2010. Emera's earnings before interest and income tax for the 12 months ended March 31, 2010 was \$338.8 million, which is 2.75 times Emera's aggregate dividend⁽³⁾ and interest requirements for this period.

- ⁽²⁾⁽³⁾ No dividends were paid or payable because no preferred shares were outstanding as of December 31, 2009 and March 31, 2010, respectively.

CREDIT RATINGS

The Notes to be offered hereby have been rated BBB (high) by Dominion Bond Rating Service Limited ("DBRS") and BBB by Standard & Poor's, a division of the McGraw-Hill Companies ("S&P") (each a "Rating Agency" and collectively the "Rating Agencies"). Ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities.

DBRS' credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. A rating of BBB by DBRS is the fourth highest of ten categories and is assigned to debt securities

considered to be of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities. The assignment of a “(high)” or “(low)” modifier within each rating category indicates relative standing of such category.

S&P’s credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. A rating of BBB by S&P is the fourth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity of the obligor to meet its financial commitments. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

Each Rating Agency has several categories of long term debt ratings that may be assigned to a particular issue. Prospective purchasers of the Notes should consult the Rating Agencies with respect to the interpretation and implication of the foregoing ratings and outlooks.

The credit ratings assigned to the Notes by the Rating Agencies are not recommendations to buy, sell or hold the Notes inasmuch as such ratings do not comment as to relevant price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cox & Palmer, counsel to Emera, and Stewart McKelvey, counsel to the Agents, the Notes offered hereby, if issued on the date of this Prospectus Supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan (other than trusts governed by deferred profit sharing plans for which any of the employers are Emera or a corporation with whom Emera does not deal at arm’s length), registered disability savings plan or a tax-free savings account (a “**TFSA**”). Provided that for the purposes of the Tax Act, the holder of a TFSA deals at arm’s length with Emera and does not have a significant interest in Emera or in a corporation, partnership or trust that does not deal at arm’s length with Emera, the Notes will not be a prohibited investment under the Tax Act for such TFSA on the date of this Prospectus Supplement.

PLAN OF DISTRIBUTION

Pursuant to a selling agency agreement dated June 9, 2010 (the “**Agreement**”) among Emera and the Agents, the Agents are authorized, as agents of Emera for this purpose only, to solicit offers to purchase Notes, directly and through other investment

dealers. Emera will pay a commission to the Agent through whom any Note is sold in accordance with the Agreement. The commission, which will not exceed in aggregate 0.50% of the principal amount of any Note unless otherwise agreed and disclosed in a supplement, will be allocated among the Agents in accordance with the Agreement. The Agreement also provides that Notes may be purchased by any of the Agents from time to time, as principals, at such prices as may be agreed upon between Emera and such Agents for resale to the public. Such resale prices may vary during the distribution period and as between purchasers. Commissions may be paid in connection with such purchases. The Agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the gross proceeds paid by the Agent, acting as principal, to Emera.

The Notes may also be offered directly to purchasers by Emera at market rates (including at a discount or premium) prevailing from time to time pursuant to applicable statutory exemptions, in which case no commission will be paid. Additional details with respect to the distribution of a particular offering of Notes will be set forth in the applicable Pricing Supplement.

In connection with any offering of Notes, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Agents may from time to time purchase and sell Notes in the secondary market but are not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by such Agents involved.

Emera and, if applicable, the Agents, reserve the right to reject any offer to purchase Notes in whole or in part. Emera also reserves the right to withdraw, cancel or modify the offering of Notes under this Prospectus Supplement without notice.

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. All or a portion of the net proceeds from the sale of a particular series or issue of Notes in which such Agents are acting as principals or agents may be used to repay indebtedness to such banks. Other than payment of their portion of the commissions, if applicable, none of the proceeds of such offerings of Notes will be applied, directly or indirectly, for the benefit of the Agents. See "Use of Proceeds."

The Notes to be issued pursuant to this Prospectus Supplement and applicable Pricing Supplement have not been registered under the U.S. Securities Act, or any state securities laws. Accordingly, the Notes may not be offered or sold in the United States of America or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy

any of the Notes offered hereby within the United States or to U.S. persons. In addition, until 40 days after the commencement of an offering of Notes to which this Prospectus Supplement relates, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an effective registration statement under the U.S. Securities Act or in accordance with an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act.

USE OF PROCEEDS

Emera may offer and issue Notes from time to time in one or more series of up to an aggregate principal amount of \$350,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) or, if any Notes are offered at an original issue discount, such greater amount as shall result in an aggregate offering price of up to \$350,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) during the period ending June 19, 2012. Such amount is subject to reduction as a result of the sale by Emera of other securities, including debt securities, pursuant to another Prospectus Supplement to the Prospectus. The net proceeds from the sale of the Notes, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of Emera and applied primarily to refinance existing indebtedness including bank indebtedness, for other investments, to finance capital expenditures and for other general corporate purposes.

The Agents are wholly-owned subsidiaries of certain Canadian chartered banks which are lenders to Emera and certain of its subsidiaries. Consequently, Emera may be considered to be a connected issuer of each such Agent for purposes of applicable securities laws. The credit facility extended by the banks (the "**Facility**") currently provides Emera with a revolving operating and acquisition facility in an amount of up to \$600,000,000. The Facility matures on June 26, 2010 and can be extended with the banks' approvals. Emera has the option at each maturity date to convert all amounts drawn down under the Facility to a one year non-revolving term credit facility. Emera anticipates that the Facility will be extended with the banks' approvals in the ordinary course. The Facility is unsecured. As of June 7, 2010, Emera had approximately \$278,000,000 drawn on the Facility. Emera has always been and remains in compliance with the terms of the Facility and no breaches under the Facility have been waived by any of the parties thereto. Other than as has been disclosed in Emera's public filings, there has been no material change in the financial position of Emera or in the value of any security granted to the banks since the entering into of the Facility. All or a portion of the net proceeds from the sale of a particular series or issue of Notes may be used to repay indebtedness, if any, under the Facility. See "Plan of Distribution."

DESCRIPTION OF NOTES

The following description of the particular terms of the Notes supplements, and to the extent it is inconsistent with, replaces the description of the general terms and provisions of debt securities set forth in the Prospectus, to which description reference is

also made. The terms and conditions set forth in this section "Description of Notes" will apply to each Note unless otherwise specified in the applicable Pricing Supplement. For full particulars of the terms of the Notes and for the definition of certain terms used below reference should be made to the Trust Indenture (as defined below).

General

Emera may offer to the public from time to time Notes having maturities of not less than one year in aggregate principal amount not to exceed \$350,000,000 (or the equivalent thereof in one or more other currencies at the time of issue) under this Prospectus Supplement. Such amount is subject to reduction as a result of the sale by Emera of other debt securities pursuant to other Prospectus supplements. The Notes may be offered to the public at prices and at terms determined by Emera based on a number of factors, including market conditions at the time of issue and advice from the Agents. The Notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 thereafter.

The Notes will be issued under a trust indenture (the "**Trust Indenture**") dated as of April 17, 2001, as supplemented from time to time, between Emera and Computershare Trust Company of Canada (the assignee of Montreal Trust Company of Canada), as trustee (the "**Trustee**").

No amount is payable on application for Notes, the purchase price being payable on delivery of the Notes. The Notes will be offered and sold at prices negotiated with purchasers and the prices at which the Notes will be offered and sold may vary as between purchasers and during the distribution period.

The specific terms of an offering of Notes will be described in a Pricing Supplement, to which reference is made for such terms including, without limitation, the following:

- (a) the date of issue, specific designation, aggregate principal amount, maturity date or dates (and any provisions to extend the maturity date) of the Notes;
- (b) the issue price of the Notes (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount);
- (c) the method of distribution, the name(s) of the Agent or Agents, if any, the Agents' fees and the net proceeds to Emera from the sale of the Notes;
- (d) the rate or rates of interest (either fixed or floating and, if floating, the manner of calculation thereof), if any, any discount, and the interest payment dates for the issue of Notes;
- (e) the obligation, if any or option, if any, of Emera to redeem or purchase the Notes;
- (f) the currency or currencies of issue (if other than Canadian dollars);
- (g) any additional covenants applicable to a particular series of Notes (including the provision of security) if any; and

- (h) the total amount of Notes authorized for issue of a particular series of Notes and, if applicable the amount previously issued.

Emera reserves the right to set forth in a Pricing Supplement specific terms of Notes that are not within the options and parameters set forth in this Prospectus Supplement or in the Prospectus.

Notes may be issued under the Trust Indenture in registered form or in the form of global notes ("**Global Notes**") held by a depository designated by Emera for the depositories' participants (the "**Depository**"). The Depository will establish and maintain book entry accounts for its participants having interests in Global Notes. The interests of participants of the Depository in Global Notes, and transfers of interests in Global Notes between participants, will be effected by entries made in the records maintained by the Depository. The interests of the customers of participants in Global Notes will be represented by entries made in the records maintained by the participants. Purchasers of Notes in respect of which Global Notes are issued will not be entitled to receive Notes in definitive form. The issuance of Notes as Global Notes will, if applicable, be referred to in the relevant Pricing Supplement delivered to the purchasers of Notes with this Prospectus Supplement.

The following summary of certain provisions of the Trust Indenture and the Notes does not purport to be complete and is subject to the detailed provisions of the Trust Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the Notes. A copy of the Trust Indenture is available electronically at www.sedar.com.

Unsecured

The Notes will be direct unsecured obligations of Emera and will rank pari passu, except as to sinking funds, if any applicable to different series of debt securities with all other unsecured and unsubordinated indebtedness of Emera issued pursuant to the Trust Indenture.

Redemption; Purchase for Cancellation

Each Note may be subject to redemption at the option of Emera, in whole or in part, prior to its stated maturity date, as set forth therein and specified in the applicable Pricing Supplement.

Emera, when not in default under the Trust Indenture, may purchase part or all of the Notes at any time at any price in the open market or otherwise. Notes so purchased will be cancelled and shall not be reissued.

Unlimited Amount

The aggregate principal amount of Notes authorized under the Trust Indenture is unlimited. Notes may be issued thereunder in one or more series.

Risk Factors

An investment in the Notes is subject to certain risks, including those set out and incorporated by reference in the Prospectus and the following:

Optional Redemption

An optional redemption feature of Notes is likely to limit their market value. During any period when Emera may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If Notes are redeemable at the option of Emera, Emera may redeem all or some of the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, a holder of a Note generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential purchasers should consider reinvestment risk in light of other investments available at that time.

Change of Law

The terms and conditions of the Notes are based on the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Nova Scotia or the federal laws of Canada applicable therein or administrative practice after the date of issue of the relevant Notes.

Modifications and Waivers

The terms and conditions of the Notes contain a provision for calling meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Unsecured

The Notes are unsecured obligations of Emera. In the event of the insolvency or winding up of Emera, Emera may not have enough assets remaining after payments to secured creditors to pay amounts due under the Notes.

No Established Trading Market

Upon issuance, the Notes will not have an established trading market. The notes will not be listed on any securities exchange. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any

market-making activity at any time. Accordingly, purchasers of Notes may not be able to resell Notes purchased under this Prospectus Supplement and the applicable Pricing Supplement. This may affect the pricing of such Notes in the secondary market, the transparency and availability of trading prices, the liquidity of such Notes and the extent of issuer regulation.

Credit Rating

There is no assurance that any credit rating assigned to the Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Notes.

Foreign Currency

The Notes may be denominated or payable in foreign currencies which may entail significant risks, and the extent and nature of such risks change continuously. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency market, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending on the currency or currencies involved. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed in an investment in the Notes denominated in currencies other than Canadian dollars. The Notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

LEGAL MATTERS

Unless otherwise indicated in a Pricing Supplement, legal matters in connection with the issuance of the Notes will be passed upon on behalf of Emera by Stephen D. Aftanas, Corporate Secretary and by Cox & Palmer, and on behalf of any underwriters or agents by Stewart McKelvey. As of June 9, 2010, Mr. Aftanas and partners and associates of both Cox & Palmer and Stewart McKelvey, as a group, beneficially owned, directly or indirectly, less than one percent of each series of outstanding securities of Emera

George Caines, a director of Emera since September 25, 2009, is a partner of Stewart McKelvey.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be revised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities

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legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE AGENTS

Dated: June 9, 2010

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement, as required by the securities legislation of each province of Canada.

BMO Nesbitt Burns Inc.

By: (Signed) "*Andrew Hainsworth*"
Director

CIBC World Markets Inc.

By: (Signed) "*Sean Gilbert*"
Managing Director

Merrill Lynch Canada Inc.

By: (Signed) "*Eric P. Giroux*"
Managing Director

National Bank Financial Inc.

By: (Signed) "*Paul Prendergast*"
Managing Director

RBC Dominion Securities Inc.

By: (Signed) "*Robert M. Brown*"
Director

Scotia Capital Inc.

By: (Signed) "*D. Gregory Lawrence*"
Managing Director

TD Securities Inc.

By: (Signed) "*Harold R. Holloway*"
Managing Director

AMENDED AND RESTATED SHORT FORM BASE SHELF PROSPECTUS
(amending and restating the short form base shelf prospectus dated May 19, 2010)

This amended and restated short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this amended and restated prospectus has become final and that permits the omission from this amended and restated prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this amended and restated prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Emera Incorporated, Barrington Tower, 1894 Barrington Street, P.O. Box 910, Halifax, Nova Scotia, B3J 2W5 (telephone: 902-428-6520) and are also available electronically at www.sedar.com.

This amended and restated short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

New Issue

February 18, 2011



EMERA INCORPORATED
\$650,000,000
Debt Securities (unsecured)
First Preferred Shares
Second Preferred Shares

Emera Incorporated (“**Emera**” or the “**Company**”) may from time to time offer debt securities, first preferred shares and second preferred shares (collectively, the “**Securities**”), up to an aggregate initial offering price of \$650,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 19, 2012 that this amended and restated base shelf prospectus (the “**Prospectus**”), including any amendments hereto, remains valid. As of the date of this Prospectus, Emera has distributed Securities in an aggregate principal amount of \$150,000,000 under the Prospectus. The Securities offered hereby may be offered separately or together, in separate series, in amounts, at prices, with maturities, and on terms to be set forth in one or more shelf prospectus supplements (each, a “**Prospectus**”).

Supplement”). See “Description of Securities Being Distributed”. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

This offering is made by a foreign issuer that is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this Prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements included or incorporated herein have been prepared in accordance with Canadian generally accepted accounting principles, and may be subject to foreign auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the Securities may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in or citizens of the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be affected adversely by the fact that the Company is incorporated under the laws of the province of Nova Scotia, Canada, that certain of its officers and directors are Canadian residents, that all of the experts named in the registration statement are Canadian residents and that certain of the assets of the Company and said persons are located in Canada.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The specific terms of any offering of Securities will be set forth in a Prospectus Supplement including, where applicable: (i) in the case of preferred shares, the designation of the particular series, the number of shares offered, the offering price, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms of the preferred shares; and (ii) in the case of debt securities, the specific designation, currency of issue (if other than Canadian dollars), authorized denominations, aggregate principal amount and any limit thereon, issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount), date of issue, maturity date, any provisions to extend the maturity date, rate of interest (either fixed or floating and, if floating, the manner of calculation thereof), interest payment dates, redemption or repayment provisions, sinking fund, refunding, conversion, additional covenants (including the provision of security), the method of distribution, the actual proceeds to Emera and any other applicable provisions. Emera reserves the right to set forth in a Prospectus Supplement specific terms of Securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be

incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the Securities to which the Prospectus Supplement pertains.

Emera may sell the Securities to or through underwriters purchasing as principal and may also sell the Securities to one or more other purchasers directly or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by Emera in connection with the offering and sale of the Securities and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to Emera and any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the offering of such Securities. **There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. See “Risk Factors”.**

The offering of Securities is subject to the approval of certain legal matters on behalf of Emera by Stephen D. Aftanas, its Corporate Secretary, and Cox & Palmer.

The head and registered office of Emera is located at Barrington Tower, 1894 Barrington Street, Halifax, Nova Scotia B3J 2W5.

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AVAILABLE INFORMATION

This Prospectus is part of a registration statement on Form F-9 relating to the Securities (the “**Registration Statement**”) that the Company has filed with the SEC under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. United States investors should refer to the Registration Statement and the exhibits to the Registration Statement for further information with respect to the Company and the Securities.

The Company will file or furnish annual and quarterly reports, material change reports and other information with the securities commissions or similar regulatory authorities in each of the provinces of Canada and with the SEC. Under a multi-jurisdictional disclosure system adopted by the United States and Canada, these reports and other information (including financial information) may be prepared in accordance with the disclosure requirements in Canada, which differ from those in the United States. Prospective investors may read and download any public document that the Company has filed with securities commissions or similar regulatory authorities in each of the provinces of Canada on the System for Electronic Document Analysis and Retrieval, which is commonly known by the acronym SEDAR, and which may be accessed at www.sedar.com. Prospective investors may read any document that the Company files with or furnishes to the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Prospective investors may also obtain copies of the same documents from the SEC's public reference room by paying a fee. Please call the SEC at 1-800-SEC-0330 or contact it at www.sec.gov for further information on the public reference room. The Company's filings will also be electronically available from the SEC's Electronic Document Gathering and Retrieval System,

which is commonly known by the acronym EDGAR, and which may be accessed at www.sec.gov, as well as from commercial document retrieval sources.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents are being filed with the SEC as part of the Registration Statement: (i) the documents referred to under the heading “Documents Incorporated by Reference”; (ii) the consent of Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia; (iii) the Indenture described under the heading “Description of Securities Being Distributed”, including the supplement thereto; and (iv) the powers of attorney from the Company’s directors and officers.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions and similar regulatory authorities in Canada and with the SEC.

The following documents, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada and with the SEC, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the audited comparative consolidated financial statements of Emera as at and for the years ended December 31, 2010 and December 31, 2009, together with the auditors’ report thereon and Management’s Discussion and Analysis for the year ended December 31, 2010;
- (b) the renewal Annual Information Form of Emera dated March 31, 2010 for the year ended December 31, 2009; and
- (c) the Management Information Circular of Emera containing information as of March 15, 2010.

Any documents of the type referred to above, any consolidated interim financial statements and accompanying management’s discussion and analysis or material change reports (other than confidential material change reports), and any other documents required under applicable securities laws to be incorporated by reference into this Prospectus, if filed by Emera with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of Securities, shall be deemed to be incorporated by reference into this Prospectus. To the extent that any document or information incorporated by reference into this Prospectus is included in a report that is filed with or furnished to the SEC, such document or information shall be deemed to be incorporated by reference as an exhibit to the Registration Statement. In addition, any other report filed with or furnished to the SEC by the Company shall be deemed to be incorporated by reference as an exhibit to the Registration Statement, if and to the extent that such report expressly so provides.

Upon a new annual information form, new management information circular, new annual comparative consolidated financial statements and accompanying management's discussions and analysis being filed by Emera with (and where required, accepted by) the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous management information circular, the previous annual comparative consolidated financial statements and accompanying management's discussion and analysis, all consolidated interim financial statements and accompanying management's discussion and analysis, and all material change reports filed prior to the commencement of the financial year of Emera in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for the purposes of future offers and sales of Securities hereunder. Upon any interim financial statements and accompanying management's discussion and analysis being filed by Emera with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and accompanying management's discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been filed under securities legislation in each of the provinces of Canada that permits certain information about these Securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. One or more Prospectus Supplement(s) containing the specific terms in respect of any offering of Securities and any additional or updated information omitted from this Prospectus that Emera elects or is required to include in such Prospectus Supplement(s) will be delivered to purchasers of such Securities together with this Prospectus. Each such Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of each such Prospectus Supplement and only for purposes of the distribution of Securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information and statements which reflect management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Emera, and may not be appropriate for other purposes. All such information and statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "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 reflects Emera management's current beliefs and is based on information currently available to Emera's management.

The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the United States and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impact on Emera of the continuing challenges in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to long-term capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information 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 include, but are not limited to: regulatory risk; operating and maintenance risks; unanticipated maintenance and other expenditures; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather and seasonality; commodity price risk; competitive pressures; construction; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity; commodity supply; performance of counterparties, partners, contractors and suppliers in fulfilling their obligations; environmental risks; insurance coverage risk; foreign exchange; an unexpected outcome of legal proceedings currently against Emera; regulatory and government decisions including changes to environmental, financial reporting and tax legislation; licences and permits; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

For additional information with respect to Emera's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors".

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING INFORMATION AND STATEMENTS AS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE PLANS, EXPECTATIONS, ESTIMATES OR INTENTIONS EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING INFORMATION IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE 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.

CURRENCY

All dollar amounts in the Prospectus are expressed in Canadian dollars unless otherwise indicated.

EMERA INCORPORATED

Emera is an energy and services company incorporated under the *Companies Act* (Nova Scotia) (the “Companies Act”) on July 23, 1998 and headquartered in Halifax, Nova Scotia, Canada. The Company has \$6.3 billion in assets and invests in electricity generation, transmission and distribution as well as gas transmission and utility energy services. Emera’s strategy is focused on the transformation of the electricity industry to cleaner generation and the delivery of that clean energy to market. Emera has interests in northeastern North America, in three Caribbean countries and in California. Over 90% of Emera's consolidated revenues are earned by Nova Scotia Power Incorporated (“NSPI”), Bangor Hydro Electric Company (“Bangor Hydro”) and Emera Brunswick Pipeline Company Ltd. (“EBPC”).

NSPI is a wholly-owned fully integrated regulated utility with \$4.0 billion of assets which provides electricity generation, transmission and distribution service to approximately 489,000 customers in the province of Nova Scotia, Canada. NSPI is a cost-of-service utility, and as such, regulated electricity rates are set to enable NSPI to recover all prudently incurred costs, and provide an appropriate return to investors based on a regulated return on equity. NSPI is regulated by the Nova Scotia Utility and Review Board (the “UARB”) and operates as a monopoly in its service area.

Bangor Hydro is an electric transmission and distribution company with \$730.4 million of assets serving approximately 118,000 customers in eastern Maine. Bangor Hydro's transmission operations are regulated by the Federal Energy Regulatory Commission, and its distribution operations are regulated the Maine Public Utilities Commission. Bangor Hydro is a cost-of-service utility. Bangor Hydro operates as a monopoly in its service area.

EBPC is a natural gas pipeline company that owns the Brunswick Pipeline, a 145-kilometre pipeline carrying re-gasified liquefied natural gas from the Canaport™ Terminal near Saint John, New Brunswick, Canada to markets in the northeastern United States. This federally regulated pipeline received National Energy Board (“NEB”) approval for shipping gas in January 2009 and commenced service on July 16, 2009, transporting re-gasified liquid natural gas for Repsol Energy Canada under a 25 year firm service agreement.

The success of Emera’s primary businesses is integral to the creation of shareholder value, providing strong, predictable earnings and cash flows to fund dividends and reinvestment. Although markets in Nova Scotia and Maine are otherwise mature, the transformation of energy supply to lower emission sources has created the opportunity for organic growth within NSPI and Bangor Hydro. Both companies expect earnings growth of 3% to 5% annually over the next five years as new investments are made in renewable generation and transmission.

Through EBPC and other strategic investments, Emera looks beyond its existing regulated electricity business to supplement organic growth. Emera’s goal is to deliver annual consolidated earnings growth of 4% - 6%, and build and diversify its earnings base with a focus on cleaner energy in its markets. Emera will continue to seek growth from its

existing businesses and will leverage its core strength in the electricity business as it pursues both acquisitions and greenfield development opportunities in regulated electricity transmission and distribution and low risk generation.

Emera has grown its business through strategic investments and activities that include:

- a 100% interest in Emera Energy Incorporated, a physical energy business which purchases and sells natural gas and electricity on behalf of third parties and provides related energy and management services in Canada;
- a 100% indirect interest in Emera Energy Services, Inc., a physical energy business which purchases and sells natural gas and electricity and provides related energy asset management services in the United States;
- a 100% indirect interest in Bayside Power Limited Partnership, a 260 megawatt (“MW”) gas-fired merchant electricity generating facility located in Saint John, New Brunswick;
- a 100% interest in Emera Utility Services Inc., a New Brunswick utility services contractor serving primarily power and telecommunications customers;
- a 100% indirect interest in Maine & Maritimes Corporation (“MAM”), the parent company of Maine Public Service Company, a regulated electric transmission and distribution utility serving approximately 36,000 electricity customers in northern Maine. See “Recent Developments – Maine & Maritimes Corporation” below;
- an 80.4% interest, held directly and indirectly, in Grand Bahama Power Company Limited (“GPCL”), a vertically-integrated electric utility on Grand Bahama Island in The Bahamas. See “Recent Developments – Grand Bahama Power Company Limited” below;
- a 79.9% indirect interest in The Barbados Light & Power Company Limited (“BLPC”), the sole electric utility operator on the Caribbean island of Barbados. See “Recent Developments – Barbados Light & Power Company Limited” below;
- a 49.99% interest in California Pacific Utility Ventures LLC (“CPUV”), the parent of California Pacific Electric Company LLC (“California Pacific”), a California based electricity distribution and generation utility. See “Recent Developments – Strategic Partnership with Algonquin Power and Utilities Corp.” below;
- a 50% joint venture interest in Bear Swamp Power Company, LLC, a 600 MW pumped storage hydro-electric facility in northern Massachusetts;

- a 19% interest in St. Lucia Electricity Services Ltd., a vertically integrated electric utility on the Caribbean island of St. Lucia;
- a 12.9% interest in the 1,400 kilometre Maritimes & Northeast Pipeline that transports natural gas to markets in Maritime Canada and the northeastern United States; and
- an 8.2% interest in Algonquin Power and Utilities Corporation (“APUC”), an Ontario, Canada based company that owns and operates a diversified portfolio of renewable energy and utility businesses through its subsidiaries. See “Recent Developments – Strategic Partnership with Algonquin Power and Utilities Corp.” below.

Emera has also recently entered into a strategic partnership with Nalcor Energy (“Nalcor”). See “Recent Developments – Strategic Partnership with Nalcor Energy” below.

Nova Scotia Power Incorporated

NSPI is a wholly-owned subsidiary of Emera and was incorporated on July 13, 1984 pursuant to the Companies Act. The principal and head office of NSPI is located at Barrington Tower, Scotia Square, 1894 Barrington Street, Halifax, Nova Scotia, Canada B3J 2W5.

NSPI is the primary electricity supplier in Nova Scotia, providing electricity generation, transmission and distribution services to approximately 489,000 customers in the province. NSPI owns 2,368 MW of generating capacity. Approximately 53% of the capacity is coal-fired; oil and/or natural gas comprise another 27% of capacity; and hydro and wind production provide approximately 20%. In addition, NSPI has contracts to purchase renewable energy from independent power producers (“IPP”). These IPPs own 186 MW of wind and biomass fuelled generation capacity, increasing to 226 MW in 2011. A further 85 MW of renewable capacity is being built directly or purchased under long-term contracts by NSPI, and is expected to be in service by the end of 2012. NSPI also owns approximately 5,000 kilometres of transmission facilities, and approximately 29,000 kilometres of distribution facilities. NSPI has a workforce of approximately 1,900 people.

NSPI is a public utility as defined in the *Public Utilities Act* (Nova Scotia) (the “**Public Utilities Act**”) and is subject to regulation under the Public Utilities Act by the UARB. The Public Utilities Act gives the UARB oversight authority with respect to NSPI's operations and expenditures. Electricity rates for NSPI's customers are also subject to UARB approval. NSPI is not subject to a general annual rate review process, but rather participates in hearings from time to time, which may be at NSPI's or the UARB's request. Since January 2009, NSPI has been operating with a Fuel Adjustment Mechanism for fuel expense recovery, which is subject to UARB review and approval.

Bangor Hydro Electric Company

Bangor Hydro is a wholly-owned subsidiary of Emera and was incorporated on June 9, 1924 pursuant to the laws of the State of Maine, United States of America. Bangor Hydro's principal and head office is located at 970 Illinois Avenue, PO Box 932, Bangor, Maine, 04402-0932.

Bangor Hydro's core business is the transmission and distribution of electricity. Bangor Hydro is the second largest electric utility in Maine. Electricity generation is deregulated in Maine, and several suppliers compete to provide customers with the commodity that is delivered through the Bangor Hydro's transmission and distribution network. Bangor Hydro owns and operates approximately 1,000 kilometres of transmission facilities, and 7,200 kilometres of distribution facilities. Bangor Hydro currently has approximately USD \$150 million of additional transmission development in progress. Bangor Hydro has a workforce of approximately 290 people.

Pipelines

Emera's pipeline business consists of its interests in the Brunswick Pipeline and the Maritimes & Northeast Pipeline ("M&NP").

EBPC, a wholly owned subsidiary of Emera, owns the Brunswick Pipeline which delivers natural gas from the Canaport™ LNG import terminal near Saint John, New Brunswick, Canada to markets in the northeastern United States. The Brunswick Pipeline is classified as a Group 2 pipeline by the NEB. The pipeline went into service in July 2009.

Emera has a 12.9% interest in the M&NP, a 1,400 kilometre pipeline which transports natural gas from offshore Nova Scotia to markets in the Maritime provinces of Canada and the northeastern United States.

RECENT DEVELOPMENTS

Strategic Partnership with Algonquin Power and Utilities Corp.

On January 1, 2011, Emera and APUC closed their acquisition of the California-based electricity distribution and related generation assets of NV Energy, Inc. for total consideration of USD \$131.8 million (CAD\$134.2 million), subject to final adjustments. Emera and APUC own and operate these assets through California Pacific, a newly formed utility company. APUC and Emera own respectively a 50.001% and 49.999% interest of CPUV, which wholly-owns California Pacific. The amount paid by Emera for its 49.999% equity investment in the common shares of CPUV is USD \$30.9 million (CAD\$31.5 million).

In April 2009, Emera entered into a subscription agreement with APUC, giving Emera the right to acquire 8.523 million APUC common shares, which represented a 9.9% interest in APUC at that time, upon the closing of the California Pacific transaction. Upon the January 1, 2011 closing of the California Pacific transaction, Emera exchanged the subscription receipts it acquired under the April 2009 subscription agreement into 8.523

million common shares of APUC, issued at \$3.25 per share. As a result of this transaction, Emera owns an approximate 8.2% equity interest in APUC. Under the April 2009 subscription agreement, Emera is entitled to purchase additional common equity in APUC to bring its interest to 15% with anti-dilution rights.

On December 9, 2010, Emera announced its intention to purchase 12 million subscription receipts from APUC at an issue price of \$5.00 each for a total purchase price of \$60 million. Emera will issue a promissory note to APUC in the principal amount of \$60 million in exchange for the subscription receipts. The subscription receipts will be convertible to 12 million common shares of APUC upon the acquisition by APUC's regulated subsidiary, Liberty Energy Utilities Co., of all issued and outstanding shares of Granite State Electric Company and Energy North Natural Gas Inc., two regulated electric utilities, currently owned by National Grid USA. On closing of the National Grid transaction and following the exercise of Emera's anti-dilution rights, Emera's ownership interest in APUC will be approximately 15%. Proceeds from the subscription receipts will be used by APUC to finance a portion of this acquisition, which is expected to close in late 2011. The purchase of the subscription receipts has received conditional TSX approval.

Grand Bahama Power Company Limited

On December 22, 2010, Emera purchased an additional 55.4% direct and indirect interest in GBPC for USD \$88.1 million (CAD \$87.7 million). The acquisition brings Emera's direct and indirect interest in GBPC to 80.4%.

Emera acquired an initial indirect 25% interest in GBPC in September 2008 for USD \$42 million through the acquisition of 50% of the shares of ICD Utilities Limited ("ICDU"). ICDU owns a 50% interest in GBPC.

GBPC is an integrated utility serving 19,000 customers on Grand Bahama Island in The Bahamas, and is the only electric utility operator on Grand Bahama Island. It has 137 MW of installed oil-fired capacity. The Grand Bahama Port Authority regulates GBPC and has granted the utility a licensed, regulated and exclusive franchise to produce, transmit and distribute electricity on Grand Bahama Island until 2054. There is a fuel pass-through mechanism, and flexible tariff adjustment policies ensure that GBPC's costs are recovered and a reasonable return is earned. The purchase was funded with existing credit facilities.

Maine & Maritimes Corporation

On December 21, 2010, Emera purchased all of the outstanding shares of MAM for USD \$80.4 million (CAD \$81.9 million). The purchase was funded with existing credit facilities.

Barbados Light & Power Company Limited

On December 20, 2010, Emera offered to purchase all of the issued and outstanding common shares in Light & Power Holdings Ltd. ("LPH"), the parent company of

BLPC, at a cash price per share of BB\$25.70 (Barbadian dollars) from LPH shareholders. The offer closed on January 24, 2011. On January 25, 2011, Emera purchased 7.2 million shares of LPH at a cash price per share of BB\$25.70 (Barbadian dollars) representing an additional interest of 41.6%. With this additional investment of CAD \$91.9 million, Emera became the majority shareholder of LPH, with a total interest of 79.9%.

Previously, on May 11, 2010, Emera acquired a 38% interest in LPH for USD \$85 million. BLPC is the sole utility operator on the island of Barbados, serving 120,000 customers. BLPC has three power generation stations with 239 MW of installed capacity. A fuel pass through mechanism ensures costs are recovered and a cost-of-service regulation provides for an approved 12.75% return on equity. This transaction was immediately accretive and was financed with existing credit facilities.

Strategic Partnership with Nalcor Energy

On November 18, 2010, Emera and Nalcor, with the endorsement of the governments of Nova Scotia and Newfoundland and Labrador, signed a term sheet which includes the obligation to negotiate and conclude final agreements for an estimated \$6.2 billion hydro-electric development that would bring energy from a new hydro-electric generating facility at Muskrat Falls on the Lower Churchill River in Labrador to consumers in Newfoundland and Labrador, Nova Scotia, other Maritime provinces and New England. This development is expected to result in a strong regional system that enhances the ability to move energy among provinces, improve reliability of the system and is consistent with Emera's focus on cleaner, affordable electricity. The proposed agreement between Emera and Nalcor would see:

- Nalcor construct and own an estimated \$2.9 billion, 824 MW hydro-electric generating facility at Muskrat Falls on the Lower Churchill River in Labrador with a planned in-service date of 2017;
- Emera and Nalcor together develop an estimated \$2.1 billion electricity transmission project in Newfoundland and Labrador to enable the movement of the Muskrat Falls energy between Labrador and the island of Newfoundland (the "Island Link"), and Emera invest approximately \$600 million in the Island Link; and
- Emera build and own an estimated \$1.2 billion transmission project between the island of Newfoundland and Nova Scotia, including a 180 kilometre subsea cable, in return for 20% of the energy output from Muskrat Falls for 35 years (the "Maritime Link").

Agreements resulting from this term sheet will be subject to a number of conditions, including final approval of the Boards of Directors of Emera and Nalcor, approval of regulators in the provinces of Nova Scotia and Newfoundland and Labrador, and all environmental approvals.

Nova Scotia Renewable Electricity Plan

On October 15, 2010, the Nova Scotia government enacted regulations under the *Electricity Act* (Nova Scotia) related to the province of Nova Scotia's Renewable Electricity Plan. These regulations established the requirement that 25% of electricity be supplied from renewable sources by 2015. These regulations build on the previously legislated Renewable Energy Standards (“RES”) requirements for 2011 and 2013. Recent amendments to the *Electricity Act* (Nova Scotia), and the new regulations, provide for the appointment, by spring 2011, of a new, independent renewable electricity administrator to conduct the procurement of at least 300 gigawatt hours (“GWh”) of energy from IPPs to meet the 2015 standard. NSPI is also provided the opportunity to develop 300 GWh of renewable energy.

Digby Wind Project

On February 2, 2010, Emera announced its purchase of 100% of a proposed 30 MW wind power project to be located in Digby County, Nova Scotia. Project assets acquired included development rights, a 20-year power purchase agreement with NSPI and rights to purchase 20 wind turbines. On May 28, 2010, NSPI purchased wind generation assets under development from a subsidiary of Emera for \$30.1 million.

Nova Scotia Renewable Energy Standard Regulation

On October 9, 2009, the RES regulation, which was established by the Nova Scotia government in January 2007 for the purpose of increasing the percentage of renewable energy in the Nova Scotia generation mix, was amended. Pursuant to the amendment, the target date for 5% of electricity to be supplied from post-2001 sources of renewable energy, owned by IPPs, was extended from 2010 to 2011. The target for 2013, which requires an additional 5% of renewable energy, is unchanged.

USE OF PROCEEDS

Emera may offer the Securities from time to time, up to an aggregate initial offering price of \$650,000,000 (or its equivalent in foreign currencies based on the applicable exchange rate at the time of the offering) during the 25 month period ending June 19, 2012 that this Prospectus, including any amendments thereto, remains valid. As of the date of this Prospectus, Emera has distributed Securities in an aggregate principal amount of \$150,000,000 under the Prospectus. Except as otherwise provided in any Prospectus Supplement, the net proceeds from the sale of the Securities, after deducting costs of issue and the agents' or underwriters' fees or other remuneration, will be added to the general funds of Emera and applied primarily to refinance existing indebtedness including bank indebtedness, for other investments, to finance capital expenditures and for other general corporate purposes. The amount of net proceeds to be used for any such purpose will be set forth in a Prospectus Supplement. Emera may from time to time issue securities other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

Emera may sell Securities to or through underwriters purchasing as principal and may also sell Securities to one or more purchasers directly or through agents. Securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at prevailing market prices at the time of sales or at prices to be negotiated with purchasers at the time of sale which prices may vary as between purchasers and during the period of distribution. If the Securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to Emera. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in the Prospectus Supplement in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to Emera.

Any underwriter or agent engaged in connection with the offering and sale of a particular series or issue of Securities will be identified in a Prospectus Supplement along with the terms of the offering, including the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to Emera and any fees, discounts or other compensation payable to the underwriters or agents.

Under agreements which may be entered into by Emera, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by Emera against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentation made by underwriters or agents who participate in the offering of Securities.

There is no market through which any debt securities offered hereunder may be sold, and there is no assurance that any preferred shares offered hereunder will be listed on any securities or stock exchange. Accordingly, purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. In connection with any offering of Securities, the underwriters or agents may, subject to the foregoing, over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Securities are sold by Emera for public offering and sale may make a market in the Securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice.

Only Securities that meet the eligibility requirements for registration on Form F-9 shall be registered under the U.S. Securities Act pursuant to the Registration Statement.

EARNINGS COVERAGE RATIO

The following earnings coverage ratio is calculated on a consolidated basis for the 12 month period ended December 31, 2010. The ratio (i) does not give effect to the issue of any debt securities or preferred shares pursuant to this Prospectus (other than the \$150,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A issued June 2, 2010 (the "Series A Shares")), and (ii) does not purport to be indicative of any earnings coverage ratio for future periods.

	<u>Twelve months ended</u> <u>December 31, 2010</u>
Earnings Coverage ⁽¹⁾	2.06

⁽¹⁾ Earnings coverage is equal to consolidated net earnings applicable to common shares plus: income taxes, interest on long-term debt, amortization of debt financing and after-tax preferred share dividends declared during the year together with undeclared preferred share dividends, if any, divided by interest on long-term debt plus amortization of debt financing and pre-tax preferred share dividends.

Emera's dividend requirements on all of its preferred shares, adjusted to before-tax equivalent using an effective income tax rate of 34%, amounted to \$16.8 million for the 12 months ended December 31, 2010. Emera's interest requirements for the 12 months then ended amounted to \$145.6 million. Emera's consolidated earnings before interest and income tax for the 12 months ended December 31, 2010 was \$335.0 million, which is 2.06 times Emera's aggregate dividend and interest requirements for this period.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

The following describes the changes in the share and loan capital of Emera since December 31, 2010:

- During the period from January 1, 2011 up to and including February 15, 2011, Emera issued an aggregate of 319,515 Common Shares pursuant to the Company's Common Shareholders Dividend Reinvestment and Share Purchase Plan, Employee Common Share Purchase Plan and upon the exercise of options granted pursuant to the Company's Senior Management Stock Option Plan, for aggregate consideration of approximately \$9.9 million.
- During the period from January 1, 2011 up to and including February 15, 2011, drawings of approximately \$146 million were made by Emera under its credit facilities for the LPH acquisition and for general corporate purposes. See "Recent Developments – Barbados Light & Power Company Limited" above.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Preferred Shares

Emera is authorized to issue an unlimited number of first preferred shares (“**First Preferred Shares**”) and second preferred shares (“**Second Preferred Shares**”), issuable in series, of which 6,000,000 Series A Shares (being a series of First Preferred Shares) are outstanding as of the date of this Prospectus. The following description is subject to, and qualified by reference to, the terms and provisions of Emera’s constating documents.

First Preferred Shares

Issuable in Series

Emera’s First Preferred Shares may be issued from time to time in one or more series. The Board of Directors of Emera has the authority to fix the number of shares and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series prior to the issue of the shares of the series.

Priority

Each series of Emera’s First Preferred Shares will participate rateably with every other series of First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets on the liquidation, dissolution and winding-up of Emera.

The First Preferred Shares of Emera rank senior to Emera’s Second Preferred Shares, the Emera Common Shares and any other shares of Emera which by their terms rank junior to the First Preferred Shares, with respect to priority in the payment of dividends, repayment of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of Emera.

Voting Rights

Subject to the provisions of the Companies Act, as from time to time amended, supplemented or replaced, the holders of Emera’s First Preferred Shares of each series shall not be entitled as such to receive notice of or to attend or vote at any meeting of the shareholders unless Emera from time to time fails to pay, in the aggregate, eight quarterly dividends on any series of the First Preferred Shares on the dates on which the same should be paid according to the terms thereof whether or not there are any monies of Emera properly applicable to the payment of dividends. In any instance where the holders of First Preferred Shares are entitled to vote, each such holder shall have one vote for each First Preferred Share held.

Amendments

The class provisions attaching to Emera’s First Preferred Shares may be deleted, varied, modified or amended with the prior approval of the holders of the First Preferred

Shares as a class given in writing by all holders of First Preferred Shares outstanding or by the affirmative vote of at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose and at which a quorum is present, in addition to any other approval required by the Companies Act, as from time to time amended, supplemented or replaced.

Second Preferred Shares

The Second Preferred Shares have special rights, privileges, restrictions and conditions substantially similar to the First Preferred Shares, except that the Second Preferred Shares rank junior to the First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of assets of Emera in the event of liquidation, dissolution or winding-up of Emera.

A Prospectus Supplement will set forth the following terms relating to the First Preferred Shares and Second Preferred Shares being offered:

- the maximum number of shares;
- the designation of the series;
- the offering price;
- the annual dividend rate and whether the dividend rate is fixed or variable, the date from which dividends will accrue, and the dividend payment dates;
- the price and the terms and conditions for redemption, if any, including redemption at Emera's option or at the option of the holder, including the time period for redemption, and payment of any accumulated dividends;
- the terms and conditions, if any, for conversion or exchange for shares of any other class of Emera or any other series of First Preferred Shares or Second Preferred Shares, or any other securities or assets, including the price or the rate of conversion or exchange and the method, if any, of adjustment;
- whether such First Preferred Shares or Second Preferred Shares will be listed on any securities exchange;
- the voting rights, if any; and
- any other rights, privileges, restrictions, or conditions.

First Preferred Shares and Second Preferred Shares will be fully paid and non-assessable upon issuance. The First Preferred Shares of any series and the Second Preferred Shares of any series may be represented, in whole or in part, by one or more global certificates. If First Preferred Shares or Second Preferred Shares are represented by a global certificate, each global certificate will:

- be registered in the name of a depository or a nominee of the depository identified in the Prospectus Supplement; and
- be deposited with such depository or nominee or a custodian for the depository.

Debt Securities

The debt securities will be issued under a trust indenture dated April 17, 2001, as supplemented from time to time including by way of the first supplemented indenture dated as of January 7, 2011 (the "**Indenture**") between Emera and Computershare Trust Company of Canada (the "**Trustee**").

The following description sets forth certain general terms and provisions of the debt securities. For full particulars, reference should be made to the Indenture, a copy of which is available electronically at www.sedar.com and through the SEC's EDGAR system which may be accessed at www.sec.gov.com.

General

The debt securities may be issued in one or more series. Debt securities offered hereby will be offered to the public by Emera at such times and upon such terms as are determined by Emera based on a number of factors, including market conditions at the time of issue. Debt securities issued under the Indenture will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 thereafter, and will have maturities of not less than one year.

The terms of a particular issue of debt securities will be described in the Prospectus Supplement relating to each offering of debt securities. Prospectus Supplements will set out the following terms of, and information relating to, the debt securities being offered thereby:

- (a) the specific designation of such debt securities;
- (b) the date or dates of issue of the debt securities;
- (c) aggregate principal amount and any limit thereon, authorized denominations and maturity date or dates (together with any provisions to extend a maturity date) of the debt securities;
- (d) the issue price (or the manner of determination thereof, if offered on a non-fixed price basis and whether at par, at a premium or at a discount) of the debt securities;

- (e) the name of the agents or underwriters, if any, involved in the issue, the fee or other remuneration payable to such agents or underwriters and the net proceeds to Emera from the sale of the debt securities;
- (f) the rate or rates of interest, which may be a fixed rate or a floating rate, and, if floating, the method of calculation thereof and interest payment dates for the debt securities;
- (g) the period or periods within which, the price or prices at which and the terms and conditions upon which, the debt securities may be redeemed, in whole or in part, at Emera's option;
- (h) the obligation, if any, of Emera to redeem or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, the debt securities shall or may be redeemed or purchased, in whole or in part, pursuant to such obligation or option;
- (i) the currency or currencies (if other than Canadian dollars) in which the debt securities will be denominated and in which the principal of and premium, if any, and interest on such debt securities will be payable;
- (j) whether the debt securities may be exchanged or converted into other securities of Emera;
- (k) whether the debt securities will be eligible for investment;
- (l) any additional covenants applicable to a particular issue of debt securities; and
- (m) any other applicable provisions, including any modifications or additions to the general terms of the debt securities as described herein.

Emera reserves the right to set forth in a Prospectus Supplement specific terms of debt securities that are not within the options and parameters set forth in this Prospectus. If debt securities are issued in a currency other than Canadian dollars, purchasers of such debt securities should be aware that foreign exchange fluctuations will occur from time to time. Emera makes no representations as to currency values.

Book Entry Securities

Debt securities may be issued under the Indenture in registered form or in the form of global debt securities (“**Global Securities**”) held by a depository designated by Emera for the depositories' participants (the “**Depository**”). The Depository will establish and maintain book entry accounts for its participants having interests in Global Securities. The interests of participants of the Depository in Global Securities, and transfers of interests in Global Securities between participants, will be effected by entries made in the records maintained

by the Depository. The interests of the customers of participants in Global Securities will be represented by entries made in the records maintained by the participants. Purchasers of debt securities in respect of which Global Securities are issued will not be entitled to receive debt securities in definitive form. The issuance of debt securities as Global Securities will, if applicable, be referred to in the relevant Prospectus Supplement delivered with this Prospectus.

The following summary of certain provisions of the Indenture and the debt securities does not purport to be complete and is subject to the detailed provisions of the Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the debt securities. Additional details relating to debt securities of a particular series will be set forth in a Prospectus Supplement issued in respect of that series and, if applicable, in a further supplement to the Indenture.

Unsecured

The debt securities will be direct unsecured obligations of Emera and will rank pari passu, except as to purchase or sinking funds, amortization funds or analogous provisions applicable to different series of debt securities, with all other unsecured and unsubordinated indebtedness of Emera issued pursuant to the Trust Indenture.

Unlimited Amount

The aggregate principal amount of debt securities authorized under the Indenture is unlimited. The debt securities may be issued thereunder in one or more series.

Purchase for Cancellation

Emera, when not in default under the Indenture, may purchase part or all of the debt securities at any time at any price in the open market or otherwise. Debt securities so purchased will be cancelled and shall not be reissued.

Payment of Principal and Interest

Emera will pay the principal and interest on debt securities at the dates and places, in the currencies and in the manner mentioned in the debt securities and in the Indenture. As interest becomes due on debt securities, Emera, either directly or through the Trustee, shall, by electronic transfer of funds or by cheque sent by prepaid ordinary mail, or by such other means as agreed to by the Trustee, pay such interest (less any tax required to be withheld therefrom) to the registered holder of such debt securities appearing on the register maintained by the Trustee at the close of business on the fifteenth day prior to the applicable interest payment date, and addressed to such holder at such holder's last address appearing on the register, unless otherwise directed by such holder. In the event of non-receipt of any cheque for interest by the person to whom it is sent in accordance with the Indenture, Emera will issue to such person a replacement cheque for a like amount

upon being furnished with such evidence of non-receipt as it shall reasonably require and upon it being indemnified to its satisfaction.

Payments of principal will be made against presentation and surrender of debt securities for cancellation at such places and at such times as are designated in the debt securities and in the Indenture.

The payment of principal, premiums, if any, and interest on the debt securities in accordance with the Indenture shall absolutely satisfy and discharge the liability of Emera with respect to such payment under the applicable debt securities unless, in the case of payment by cheque, such cheque is not paid upon presentation.

Events of Default

Except as otherwise noted below, the Indenture provides that the following constitute events of default (each an "**Event of Default**") thereunder:

- (a) default in payment of principal on any of the debt securities when due;
- (b) default in payment of any interest due on any of the debt securities and such default shall have continued for 30 days;
- (c) failure by Emera to carry out or observe any covenant or condition contained in the Indenture within a period of 60 days, after notice has been given by the Trustee to Emera specifying the default and requiring Emera to remedy same;
- (d) failure by Emera or any subsidiary to pay when due (after giving effect to any applicable grace periods, waivers and extensions) any amount owing in respect of any indebtedness other than the debt securities provided the aggregate principal amount of such indebtedness in respect of which payment has not been made exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (e) acceleration of the indebtedness referred to in (d) above as a result of the failure by Emera or any subsidiary to perform any other covenant applicable to such indebtedness provided the aggregate principal amount of such accelerated indebtedness exceeds the greater of \$25 million or 5% of Emera's consolidated net assets;
- (f) certain events of bankruptcy, insolvency or analogous proceedings; and
- (g) upon an order being made or an effective resolution passed for the winding-up or liquidation of Emera (other than pursuant to and in compliance with provisions in the Indenture relating to successor companies).

Acceleration on and Waiver of Default

If an Event of Default has occurred under an Indenture, the Trustee may in its discretion and shall upon the requisition in writing of the holders of at least 25% of the principal amount of the debt securities issued and outstanding under that Indenture, subject to any waiver of default under the Indenture, by notice in writing to Emera declare the principal and interest on all debt securities then outstanding under the Indenture and other money payable thereunder to be due and payable.

If an Event of Default has occurred under the Indenture, (otherwise than by default in payment of principal monies at maturity) the holders of not less than 50% of the principal amount of the debt securities issued and outstanding under that Indenture, acting by extraordinary resolution, shall have the power to instruct the Trustee to waive the default (provided that if the Event of Default relates to a covenant applicable to a particular series of debt securities only, then the holders of 50% of the principal amount of outstanding debt securities of that series only, acting by extraordinary resolution, shall be entitled to waive the default). In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

If Emera fails to pay promptly any principal and interest declared by the Trustee to be due and payable following an Event of Default, the Trustee may in its discretion or shall upon receiving notice of and being directed by a request, signed by the holder or holders of not less than 25% in principal amount of the outstanding debt securities, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under the Indenture by such proceedings as are authorized under the Indenture or by law or equity as the Trustee shall have been directed to take or if a holder of debt securities' request does not contain any direction, then by such proceedings authorized by the Indenture or by suit at law or at equity as the Trustee deems expedient. Holders of debt securities issued under the Indenture may not enforce the Indenture or the debt securities except as provided in the Indenture.

Modification of Rights

The rights of holders of debt securities under the Indenture may be modified. For that purpose, among others, the Indentures contain provisions to render binding on holders of debt securities (a) instruments in writing signed by the holders of 66 2/3% of the aggregate principal amount of debt securities issued and outstanding; and (b) extraordinary resolutions passed by the votes of holders representing 66 2/3% of the principal amount of debt securities present and voting on a basis of one vote per \$1,000 of principal amount of debt securities at meetings of holders of debt securities for which, in the first instance, the quorum shall be holders representing more than 50% of the aggregate principal amount of debt securities outstanding and, failing such quorum, at an adjourned meeting the quorum shall be the holders of debt securities present, all upon compliance with the procedures specified in the Indenture. If the business to be transacted at any meeting especially affects

the rights of holders of any series of debt securities, the approval of a like proportion of such holders is also required.

Any Securities that are registered under the U.S. Securities Act pursuant to the Registration Statement will be subject to the requirements of Section 316(b) of the Trust Indenture Act of 1939, as amended, which provides that the right of any holder of Securities to receive payment of principal and interest when due, or to institute suit for the enforcement of payment, shall not be impaired or affected without the consent of the holder except to the extent permitted by that section.

Definitions

The Indenture contains definitions including the following:

"Capital Lease Obligations" means the obligation of a person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such person in accordance with generally accepted accounting principles;

"Debt" means all indebtedness issued, assumed or guaranteed for borrowed money or for the deferred purchase price of property;

"Financial Instrument Obligations" means obligations arising under

- (i) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is dependent or based upon interest rates in effect from time to time or fluctuations in interest rates occurring from time to time (excluding obligations which are considered to be Indebtedness of such person by virtue of any provision of the definition of Indebtedness other than clause (ii) thereof);
- (ii) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is currency exchange rates or pursuant to which the price, value or amount payable thereunder is dependent or based upon currency exchange rates in effect from time to time or fluctuations in currency exchange rates occurring from time to time; and
- (iii) commodity swap agreements, floor, cap or collar agreements, commodity futures or options or other similar agreements or arrangements, or any combination thereof, entered into by a person of which the subject matter is one or more commodities or pursuant to which the price, value or amount payable thereunder is dependent or based upon the price of one or more commodities in effect from time to time or fluctuations in the price of one or more commodities occurring from time to time;

"Indebtedness" means, with respect to any person, without duplication,

- (i) all obligations of such person for borrowed money, including obligations with respect to bankers' acceptances and contingent reimbursement obligations relating to letters of credit and other financial instruments;
- (ii) all Financial Instrument Obligations;
- (iii) all obligations issued or assumed by such person in connection with the acquisition of property in respect of the deferred purchase price of property;
- (iv) all Capital Lease Obligations and Purchase Money Obligations of such person, and
- (v) all obligations of the type referred to in clauses (i) through (iv) of this definition of another person, the payment of which such person has guaranteed or for which such person is responsible or liable,

provided that obligations of such person or of another person of the type referred to in clauses (i) through (iii) of this definition shall exclude trade accounts payable, dividends and other distributions payable to shareholders, future income taxes, obligations in respect of preferred shares, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested by such person or such other person in good faith, and non-monetary obligations in respect of performance guarantees;

"Non-Recourse Debt" means any Indebtedness incurred to finance the creation, development, construction or acquisition of assets and any increases in or extensions, renewals or refunding of any such Indebtedness, provided that the recourse of the lender thereof or any agent, trustee, receiver or other person acting on behalf of the lender in respect of such Indebtedness or any judgment in respect thereof is limited in all circumstances (other than in respect of false or misleading representation or warranties) to the assets created, developed, constructed or acquired in respect of which such Indebtedness has been incurred and to any receivables, inventory, equipment, chattel paper, intangibles and other rights or collateral arising from or connected with the assets created, developed, constructed or acquired and to which the lender has recourse;

"Purchase Money Obligation" means Debt of Emera incurred or assumed to finance the purchase price, in whole or in part, of any property or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any property; provided that such Debt is incurred or assumed substantially concurrently with the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Debt so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

Covenants

The Indenture contains various covenants of a general nature including covenants relating to the payment of principal and interest, and covenants to the following effect, that so long as any of the debt securities remain outstanding:

Emera will not encumber any of its assets to secure any obligations unless at the same time all the debt securities then outstanding shall be secured equally and ratably with such obligations; provided that this covenant will not apply to nor operate to prevent, among other things, the giving or assumption of (i) any Purchase Money Obligations and Capital Lease Obligations; (ii) Non-Recourse Debt; (iii) encumbrances on property of a corporation existing at the time it is merged or consolidated with Emera or existing upon Emera's acquisition, by sale or lease of property; (iv) certain permitted liens specified in the Indenture; (v) encumbrances on Emera's property which do not exceed 5% of Emera's consolidated net assets; or (vi) extensions, renewals, substitutions of the liens referred to in (i) through (v).

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement, legal matters in connection with the issuance of the Securities will be passed upon on behalf of Emera by Stephen D. Aftanas, Corporate Secretary and by Cox & Palmer. As of February 18, 2011, Mr. Aftanas and partners and associates of Cox & Palmer, as a group, beneficially owned, directly or indirectly, less than one percent of each series of outstanding securities of Emera.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Ernst & Young LLP, Chartered Accountants, Halifax, Nova Scotia, are the auditors of Emera. Ernst & Young LLP report that they are independent of Emera in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia and the requirements of the SEC and the United States Public Company Accounting Oversight Board.

The Trustee is the registrar and transfer agent. Registers for the registration and transfer of the securities in registered form of Emera are kept at the principal offices of the Trustee in the City of Toronto, Ontario.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this Prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in Securities offered under this Prospectus. The Securities will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the Securities or financial matters in general. A purchaser should not purchase Securities unless the purchaser understands, and can bear, all of the investment risks involving the Securities. For a discussion of the risks to which Emera, its operations and its financial results and conditions are subject, see the sections

entitled “Forward-Looking Information” and “Risk Factors” in the Company’s Annual Information Form and “Risk Management and Financial Instruments” and “Business Risks” in the Company’s Management’s Discussion and Analysis, each of which is incorporated by reference in this Prospectus. In addition to such risks, an investment in the Securities is subject to any other risks identified in a Prospectus Supplement or in any document incorporated by reference subsequent to the date of this Prospectus during the currency of this Prospectus.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company exists under the laws of the province of Nova Scotia. Certain of the Company’s directors and officers and all of the experts named in this Prospectus are residents of Canada or otherwise reside outside the United States, and certain of the Company’s assets are located outside the United States. The Company has appointed an agent for service of process in the United States, but it may be difficult for holders of Securities who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for holders of Securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon the civil liability of the Company and the civil liability of the directors, officers and experts under the United States federal securities laws. The Company has filed with the SEC, concurrently with the Registration Statement, an appointment of agent for service of process on Form F-X. Under the Form F-X, the Company appointed CT Corporation System as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving the Company in a United States court arising out of or related to or concerning an offering of Securities.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the amended and restated short form base shelf prospectus of Emera Incorporated (the "Company") dated February 18, 2011 relating to the issue and sale of up to \$650,000,000 of preferred shares and debt securities (unsecured) of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form base shelf prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of earnings, cash flows, and changes in shareholders' equity for each of the years in the two year period ended December 31, 2010. Our report is dated February 11, 2011.

Halifax, Canada
February 18, 2011

(Signed) "*Ernst & Young LLP*"
Chartered Accountants

CERTIFICATE OF EMERA INCORPORATED

Dated: February 18, 2011

This amended and restated short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Christopher G. Huskison*"
President and Chief Executive Officer

(Signed) "*Nancy G. Tower*"
Executive Vice President
and Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*John T. McLennan*"
Director

(Signed) "*George A. Caines*"
Director

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-2:**

2

3 **Please provide copy of the Standard & Poor's Global Portal Ratings Direct for Nova Scotia**
4 **Power, as cited in footnote 21 on page 95 of the Rate Application.**

5

6 Response IR-2:

7

8 Please refer to the Application, OP-12, Attachment 3, pages 38-46.

CONFIDENTIAL (Attachment Only)

1 **Request IR-3:**

2

3 **Please provide copies of the DBRS and S&P reports on Nova Scotia Power, as cited on**

4 **Figure 6.1 on page 98 of the Rate Application.**

5

6 Response IR-3:

7

8 Please refer to the Application, OP-12, Attachment 3, pages 23-31 and Confidential Attachment

9 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-4:**

2

3 **Please provide a schedule that shows the DBRS and S&P ratings of Nova Scotia Power for**
4 **the period 2000 to the present.**

5

6 Response IR-4:

7

8 Please refer to Attachment 1 for the DBRS and S&P ratings of NSPI for the period 2000 to the
9 present.

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
DBRS*											
<i>Commercial Paper</i>	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
<i>Long-Term Debt</i>	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
<i>Preferred Shares</i>	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)
*All ratings have been obtained from the DBRS reports issued on NSPI. Please refer to CA IR-06.											
S&P **											
<i>Corporate Credit Rating</i>	BBB+	BBB+	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
<i>Commercial Paper</i>	A-1 (low)	A-1 (low)	A-2 (Cdn)	A-2 (Cdn)	A-2 (Cdn)	A-2 (Cdn)	A-1 (low)	A-1 (low)	A-1 (low)	A-1 (low)	A-1 (low)
<i>Senior unsecured debt</i>	BBB+	BBB+	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
<i>Preferred Shares</i>	P-2 (low)	P-2 (low)	P-3 (high)	P-3 (high)	P-3 (high)	P-2 (low)	P-2 (low)	P-2 (low)	N/A	N/A	N/A
<i>Preferred Shares</i>	BBB-	BBB-	BB+	BB+	BB+	BBB-	BBB-	BBB-	BBB-	N/A	N/A
**All ratings are as at the end of the fiscal year. Please refer to CA IR-06 for S&P reports issued on NSPI.											
*** S&P's initial rating of NSPI was on March 14, 2001											
N/A = Not applicable											

NON-CONFIDENTIAL

1 **Request IR-5:**

2

3 **RE: statement on page 9, lines 1216 of Rate Application. Please indicate the FFO/debt and**
4 **FFO/interest ratios that would result if no changes are made to the return on equity and**
5 **capital structure in the proceeding.**

6

7 Response IR-5:

8

9 If no changes were made to the return on equity in the proceeding, there would be a 0.02 times
10 reduction in the FFO/interest ratio, and FFO/debt would decrease by 0.1 of a percentage point.
11 There are no proposed changes in the capital structure with common equity of 37.5 percent
12 maintained for purposes of setting customer rates.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-6:**

2

3 **Please provide a copy of all reports on Nova Scotia Power by DBRS and S&P for the**
4 **period 2002 to the present.**

5

6 Response IR-6:

7

8 Please refer to the Application, OP-12, Confidential Attachment 3 and Confidential Attachments
9 1 and 2.

NON-CONFIDENTIAL

1 **Request IR-7:**

2

3 **Please provide a schedule that indicates the capital structures (in dollars and percentages,**
4 **including short-term debt) of Nova Scotia Power and Emera for each year 2006-2010.**

5

6 Response IR-7:

7

8 Please refer to Attachment 1 for Nova Scotia Power.

9

10 Please refer to Attachment 2 for Emera.

11

Nova Scotia Power Inc.
Historical Capital Structure
Years Ended December 31st
Millions of Dollars

	2006		2007		2008		2009		2010	
	\$	%	\$	%	\$	%	\$	%	\$	%
Short-term debt	\$52.9	1.9%	\$58.0	2.1%	\$15.4	0.5%	\$199.5	6.6%	\$48.3	1.4%
Long-term debt	1,348.8	48.0%	1,335.3	49.2%	1,368.8	48.3%	1,497.7	49.7%	1,933.8	57.3%
Total debt	\$1,401.8	49.9%	\$1,393.3	51.3%	\$1,384.2	48.8%	\$1,697.2	56.3%	\$1,982.1	58.7%
Preferred shares	260.0	9.2%	260.0	9.6%	260.0	9.2%	135.0	4.5%	135.0	4.0%
Common shares	830.6	29.5%	830.6	30.6%	930.6	32.8%	934.7	31.0%	984.7	29.2%
Retained earnings	319.7	11.4%	229.7	8.5%	261.0	9.2%	246.8	8.2%	273.6	8.1%
Total common equity	\$1,150.3	40.9%	\$1,060.3	39.1%	\$1,191.6	42.0%	\$1,181.5	39.2%	\$1,258.3	37.3%
Total	\$2,812.0	100.0%	\$2,713.6	100.0%	\$2,835.7	100.0%	\$3,013.7	100.0%	\$3,375.4	100.0%

Notes:

- 1) Figures presented reflect whole numbers which may cause \$0.1M in rounding differences on some line items.
- 2) Figures presented reflect regulated balances.

Emera Incorporated
Historical Capital Structure
Years Ended December 31st
Millions of Dollars

	2006		2007		2008		2009		2010	
	\$	%	\$	%	\$	%	\$	%	\$	%
Short-term debt	\$133.2	3.7%	\$104.6	2.9%	\$157.9	3.6%	\$301.6	6.6%	\$228.1	4.3%
Long-term debt	1,660.8	46.6%	1,721.2	47.1%	2,290.6	52.5%	2,428.0	52.9%	3,019.6	56.5%
Total debt	\$1,794.0	50.4%	\$1,825.8	50.0%	\$2,448.5	56.1%	\$2,729.6	59.5%	\$3,247.7	60.8%
Preferred shares issued by subsidiary	-	0.0%	260.0	7.1%	260.0	6.0%	135.0	2.9%	135.0	2.5%
Non-controlling interest	260.7	7.3%	0.6	0.0%	39.6	0.9%	34.5	0.8%	20.7	0.4%
Common shares	1,055.2	29.6%	1,066.2	29.2%	1,081.4	24.8%	1,096.7	23.9%	1,136.5	21.3%
Preferred shares	-	0.0%	-	0.0%	-	0.0%	-	0.0%	146.7	2.7%
Contributed surplus	2.2	0.1%	3.0	0.1%	3.4	0.1%	3.6	0.1%	3.7	0.1%
Retained earnings	450.9	12.7%	499.6	13.7%	530.6	12.2%	589.9	12.9%	651.4	12.2%
Total shareholder equity	\$1,508.3	42.4%	\$1,568.8	43.0%	\$1,615.4	37.1%	\$1,690.2	36.9%	\$1,938.3	36.3%
Total	\$3,563.0	100.0%	\$3,655.2	100.0%	\$4,363.5	100.0%	\$4,589.3	100.0%	\$5,341.7	100.0%

Notes:

1) Figures presented reflect whole numbers which may cause \$0.1M in rounding differences on some line items.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-8:**

2

3 **RE: Page 13, lines 353-355. Please provide copy of the February 2011 Consensus**
4 **Forecasts cited. Also please provide copy of the most recent Consensus Forecasts.**

5

6 Response IR-8:

7

8 Please refer to Confidential Attachment 1 for the relevant pages from the February 2011
9 Consensus Forecasts and the most recent May 2011 Consensus Forecasts.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-9:**

2

3 **RE: Page 24, lines 638-650. Please provide copy of the RBC Capital Markets report cited.**

4

5 Response IR-9:

6

7 Please refer to Confidential Attachment 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-10:**

2

3 **RE: Page 24, lines 652-654. Please provide copy of the Macquarie Research report cited.**

4

5 Response IR-10:

6

7 Please refer to Confidential Attachment 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-11:**

2

3 **RE: Page 26, lines 700-406. Please provide copy of the BMO Capital Markets report cited.**

4

5 Response IR-11:

6

7 Please refer to Confidential Attachment 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-12:**

2

3 **RE: Page 26, lines 707-724 and page 27, lines 725-744. Please provide copy of the**
4 **ScotiaBank Group report cited.**

5

6 Response IR-12:

7

8 Please refer to Confidential Attachment 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-13:**

2

3 **RE: Footnote 23 on page 38. Please provide copy of the Standard & Poor's report cited.**

4

5 Response IR-13:

6

7 Please refer to the Application, OP-12, Attachment 3, pages 12-22.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-14:**

2

3 **RE: Page 41, lines 1148-1155. Please provide copy of the DBRS and Standard & Poor's**
4 **reports cited.**

5

6 Response IR-14:

7

8 Please refer to Confidential Attachment 1 for the DBRS report. Please refer to, CA IR-3,
9 Attachment 1; and to the Application OP-12, Attachment 3, pages 38-46 for the Standard &
10 Poor's reports cited.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-15:**

2

3 **RE: Page 42. Please provide copy of the DBRS and Standard & Poor's reports cited.**

4

5 Response IR-15:

6

7 Please refer to the Application OP-12, Attachment 3, pages 1-2 for the DBRS report. Please
8 refer to the Application OP-12, Attachment 3, pages 12-22 for the Standard & Poor's report cited
9 on page 42.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-16:**

2

3 **RE: Footnote 27 on page 43. Please provide copy of the Standard & Poor's report.**

4

5 Response IR-16:

6

7 Please refer to Confidential Attachment 1.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-17:**

2

3 **RE: Footnote 28 on page 43. Please provide copy of the DBRS report cited.**

4

5 Response IR-17:

6

7 Please refer to CA IR-14.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-18:**

2

3 **RE: Footnote 30 on page 44. Please provide copy of the Standard & Poor's report.**

4

5 Response IR-18:

6

7 Please refer to the Application OP-12, Attachment 3, pages 12-22.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-19:**

2

3 **RE: Footnote 31 on page 44. Please provide copy of the Moody's report.**

4

5 Response IR-19:

6

7 Please refer to the Application OP-12, Attachment 3, pages 47-51.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

NON-CONFIDENTIAL

1 **Request IR-20:**

2

3 **RE: Footnote 34 on page 45. Please provide copy of the Standard & Poor's report cited.**

4

5 Response IR-20:

6

7 Please refer to the Application OP-12, Attachment 3, pages 38-46.

2012 General Rate Application (NSUARB P-892)
NSPI Responses to CA Information Requests

CONFIDENTIAL (Attachment Only)

1 **Request IR-21:**

2

3 **RE: Footnote 48 on page 55. Please provide copy of the source documents cited.**

4

5 Response IR-21:

6

7 Please refer to Confidential Attachment 1.