Actuarial Valuation for Accounting Purposes as at December 31, 2007 of the

Post-Employment Benefits for Employees of Nova Scotia Power Incorporated

February 2008

MORNEAU SOBECO

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Executive Summary

Purpose

This report presents the results of the actuarial valuation of Nova Scotia Power Incorporated ("NSPI") post-employment benefit plans for accounting purposes as at December 31, 2007. NSPI retained the services of Morneau Sobeco to perform this actuarial valuation.

This report presents the results of our calculations, and was prepared:

- to determine the benefit cost for fiscal 2007 and the Accrued Benefit Obligation for post-employment benefits as at December 31, 2007;
- to estimate the benefit cost to be recognized for financial statement purposes for fiscal 2008; and
- to provide the information and the actuarial opinion required by NSPI's auditor under Section 3461 of the CICA Handbook.

The following post-employment plans are included as part of this report:

Pension: a) Employees' Pension Plan, b) the Acquired Companies Pension Plan, c) Supplementary, Executive and Discretionary pensions, and d) War Service, ERIP 86 and 91 pensions.

Non Pension: a) Long Service Award, and b) Post-Retirement Health Benefits which includes the Post-Retirement Life Insurance Plan.

We are not aware of any other post-employment benefit plan sponsored by NSPI.

Summary of Results

The following table shows the Accrued Benefit Obligation, balances of unamortized amounts and the Accrued Benefit Liability as at December 31, 2007 and December 31, 2006 with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI"). All figures in thousands.

	December 31, 2007	December 31, 2006
Discount and Inflation Rate end of year	5.75% / 2.50%	5.25% / 2.50%
Market Value of Assets	$640,717	$656,503
Accrued Benefit Obligation	819,276	842,267
Surplus (Deficit)	**($178,559)**	**($185,764)**
Aggregate Unamortized Losses (Gains)		
> Transitional	11,297	13,556
> Past Service	1,601	1,786
> Actuarial Experience	192,077	213,735
Accrued Benefit Asset prior to Accrued Valuation Allowance	**$26,416**	**$43,313**
(Accrued Valuation Allowance)	0	0
Carrying Amount of Accrued Benefit Asset net of Accrued Valuation Allowance	**$26,416**	**$43,313**

Figures may not add up exactly due to rounding.

A reconciliation of the change in the Accrued Benefit Asset is as follows:

Accrued Benefit Asset as at December 31, 2006	**$43,313**
(Benefit Cost) Income for 2007	(34,935)
Company Contributions for 2007	18,038
Accrued Benefit Asset as at December 31, 2007	**$26,416**
(Accrued Valuation Allowance)*	0
Carrying Amount of Accrued Benefit Asset as at December 31, 2007	**$26,416**

Figures may not add up exactly due to rounding.

* *As at December 31, 2007, no Valuation Allowance is required*

The following table shows the estimated benefit cost for 2008 as compared to the actual benefit cost for 2007. The benefit cost figures shown exclude the costs in respect of employees who have been transferred to Emera on or after January 1, 2007. The figures in respect of the employees transferred to Emera are presented in a separate report. All figures in thousands.

	Estimated 2008	Actual 2007
Costs Arising in the Period		
Employer Current Service Cost	$12,863	$14,558
Interest Cost	46,447	43,688
(Actual Return on Plan Assets) [1]	(47,384)	(1,555)
Amounts Arising from Events in the Period:		
> Past Service Costs / (Gains)	0	0
> Actuarial Losses / (Gains) on ABO [1]	0	(45,858)
Future Benefit Costs Before Adjustments	**$11,926**	**$10,833**
Adjustments to Recognize Long-Term Nature of Costs		
> Transitional Obligation / (Asset)	2,259	2,259
> Current Year Return on Assets [1]	559	(43,061)
> Past Service Costs / (Gains)	185	185
> Actuarial Losses / (Gains) other than current year return on assets [1]	12,070	64,719
Total Benefit Cost / (Income) Recognized for the Period	**$26,999**	**$34,935**

Figures may not add up exactly due to rounding.

1. Although the sum of these four items will not change when the benefit cost for 2008 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2008.

Changes since the Previous Valuation

The following was the only change to the post-retirement plans during fiscal 2007:

> Effective August 1, 2007 the long service award was closed to all new hires.

We are not aware of any other material changes to the post-retirement plans during 2007. Furthermore, we are not aware of any planned amendments for 2008.

NSPI's management reviewed the accounting methods and assumptions and has made the following revision since the previous valuation as at December 31, 2006:

> The discount rate of 5.75% per annum as at December 31, 2007 is based on the annualized yield of A rated bonds with the same duration as the obligations (14 years) at the valuation date. The prior valuation used a 5.25% discount rate.

There were no other changes to the actuarial assumptions since the last valuation.

Section 1 – Balance Sheet

Statement of Financial Position

The financial position of each benefit plan providing post-employment benefits is determined by comparing the value of assets available to the actuarial liability (referred to as the Accrued Benefit Obligation or ABO) for the benefits earned up to the valuation date, assuming the benefit plan continues indefinitely. We note that, as is commonly the case in Canada, NSPI has no assets backing up any of its plans providing post-employment benefits other than those in NSPI's registered pension plans.

The following table shows the Accrued Benefit Obligation as at December 31, 2007 for active employees and retirees based on the plan provisions in effect at the date this report was prepared, as summarized in Appendix C. Appendix A provides the actuarial assumptions used and details on the methodology used to determine the Accrued Benefit Obligation for active employees and retirees.

Table 1.1 Balance Sheet as at December 31, 2007 (thousands)

	Employee Plan (DC) Pension[1]	Employee Plan (DB) Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Assets (MV)	$0	$600,462	$40,255	$0	$0	$0	$0	$640,717
Accrued Benefit Obligation	144	693,631	40,624	30,971	13,051	17,295	23,560	819,276
Surplus	**($144)**	**($93,169)**	**($369)**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($178,559)**
Unamortized Transitional Losses (Gains)	0	(3,928)	(2,048)	2,983	3,099	4,079	7,112	11,297
Unamortized Past Service	0	(999)	0	530	0	0	2,070	1,601
Unamortized Actuarial Losses (Gains)	0	165,869	16,136	5,891	2,295	2,719	(833)	192,077
Accrued Benefit Asset	**($144)**	**$67,774**	**$13,719**	**($21,567)**	**($7,657)**	**($10,498)**	**($15,211)**	**$26,416**

Figures may not add up exactly due to rounding.

There is no accrued valuation allowance as at December 31, 2007.

1. *Normally there is no balance sheet asset or liability in respect of the DC component of the Employee Pension Plan. However, an ABL has emerged because actual company contributions credited to individual member accounts under the DC Provision in 2007 exceeded the contributions allocated as NSPI contributions to the DC Provision for accounting purposes.*

Appendix A summarizes the assumptions used for this valuation, determined by NSPI in accordance with CICA 3461. Detailed figures are presented in Appendix D.

Section 2 – Income Statement

Plan Benefit cost

The net benefit cost of a post-employment plan for a fiscal year is the sum of the following components:

(A) Costs Arising in the Period

> Current service cost;
> Interest cost on liabilities;
> (Actual return on the market value of Plan assets) [1];
> Past service costs / (gains) [2];
> Actuarial losses / (gains) on liabilities [3];
> Other costs such as special termination benefits

(B) Adjustments to Recognize Long-Term Nature of Costs

> Amortization of the transitional obligation (asset);
> Impact of deferred recognition on the current year return on Plan assets [1];
> Impact of deferred recognition on past service costs [2];
> Impact of deferred recognition on actuarial losses / (gains) on liabilities [3];
> Amortization of initial valuation allowance; and
> Current year change in required valuation allowance

Notes:

As a result of changes to CICA 3461 during 2004, a number of expense components shown previously must now be shown separately as two components to derive the benefit cost:

1. *The sum of these components previously shown as Expected Return on Assets.*
2. *The sum of these components previously shown as Amortization of Past Service Costs.*
3. *The sum of these components previously shown as Amortization of Net Actuarial Loss (Gain).*

Table 2.1 shows the reported benefit cost (in thousands) for fiscal year 2007.

Table 2.1 Benefit cost (Income) for 2007 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$12,801[1]	$0	$249	$0	$923	$585	$14,558
Interest Cost	37,156	2,222	1,575	692	924	1,119	43,688
(Actual Return on Assets)	(900)	(655)	0	0	0	0	(1,555)
Events in the Period:							
> Past Service Costs / (Gains)	0	0	0	0	0	0	0
> Actuarial Losses / (Gains) on ABO	(43,659)	(1,796)	(1,673)	(192)	(68)	1,530	(45,858)
Future Benefit Costs Before Adjustments	**$5,398**	**($229)**	**$151**	**$500**	**$1,779**	**$3,234**	**$10,833**
Adjustments to Recognize Long-Term Nature of Costs							
> Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
> Current Year Return on Assets[2]	(40,626)	(2,435)	0	0	0	0	(43,061)
> Past Service Costs[3]	(134)	0	89	0	0	230	185
> Actuarial Losses / (Gains) on ABO[3]	60,602	3,024	2,151	314	179	(1,551)	64,719
Total Benefit Cost (Income)	**$24,454**	**($49)**	**$2,987**	**$1,434**	**$2,774**	**$3,335**	**$34,935**

Figures may not add up exactly due to rounding.

1. *Employee Plan current service cost shown above includes both DB and DC components.*
2. *Actual return on plan assets, less expected return on plan assets determined on a market related basis.*
3. *Equal to (a) current year amortization of (gain)/loss less (b) (gain)/loss incurred in the current year.*

There is no Valuation Allowance required in respect of 2007 reporting.

Table 2.2 shows the development of projected benefit cost (in thousands) for fiscal year 2008.

Table 2.2 Estimated Benefit Cost (Income) for 2008 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$11,034[1]	$0	$250	$0	$916	$663	$12,863
Interest Cost	39,502	2,212	1,735	713	963	1,322	46,447
(Actual Return on Assets) [2]	(44,486)	(2,898)	0	0	0	0	(47,384)
Events in the Period:							
> Past Service Costs / (Gains)	0	0	0	0	0	0	0
> Actuarial Losses / (Gains) on ABO [2]	0	0	0	0	0	0	0
Future Benefit Costs Before Adjustments	**$6,050**	**($686)**	**$1,985**	**$713**	**$1,879**	**$1,985**	**$11,926**
Adjustments to Recognize Long-Term Nature of Costs							
> Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
> Current Year Return on Assets [2]	671	(112)	0	0	0	0	559
> Past Service Costs	(134)	0	89	0	0	230	185
> Actuarial Losses / (Gains) on ABO [2]	10,546	1,047	279	99	99	0	12,070
Total Benefit Cost (Income)	**$16,347**	**($160)**	**$2,949**	**$1,432**	**$2,794**	**$3,637**	**$26,999**

Figures may not add up exactly due to rounding.

1. Employee Plan current service cost shown above includes both DB and DC components.

2. Although the sum of these four items will not change when the benefit cost for 2008 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2008.

There is no valuation allowance expected in respect of 2008 reporting.

Please refer to Appendix D for additional details for projected 2008 benefit cost and the sensitivity of the ABO and current service cost to a 25 basis point discount rate change. Appendix D also contains the sensitivity of the ABO as at December 31, 2007 and combined current service and interest cost for 2008 to a 100 basis point change in the health care trend rate.

Aside from applying consistent methodology and assumptions, the calculation of benefit cost for each of NSPI's post-employment plans was determined independently from all other post-employment plans. Detailed benefit cost calculations and details of amortization schedules are presented in Appendix D. The following is a brief explanation of accounting terms.

As a result of new CICA 3461 accounting disclosure requirements, effective July 1, 2004, the presentation of the benefit cost (previously known as benefit expense) was changed in the December 31, 2004 accounting report. The new disclosure separates some terms in the benefit cost into two items (one relating to the cost of any event arising in the period and the second the adjustment to arrive at the cost recognized during the period) where one disclosure item was used previously. The following descriptions relate to the prior disclosure and additional comments are provided, where appropriate, to indicate where this item has been split into two components under the new disclosure requirements.

Employer Current Service Cost

The employer current service cost for the year is determined as follows:

> in respect of active members who are at or past the full eligibility date, and in respect of retirees: none, and

> in respect of active members who have not reached the full eligibility date: the portion of the actuarial present value of all future benefits payable by the employer on behalf of the member and his/her dependants which is attributed to the year following the valuation date. The actuarial present value is attributed uniformly over the years from the date of hire to the full eligibility date.

The actuarial methodology and assumptions summarized in Appendix A indicate how employer current service costs were computed for each of fiscal 2007 and 2008.

Interest Cost

To calculate the interest cost, interest for one year is credited on the Accrued Benefit Obligation, and interest for one-half of one year is credited on the total current service cost. Pension and claim payments are assumed to be made in the middle of the fiscal year.

Expected Return on Assets

To calculate the expected return on a Plan's assets, investment income for one year is credited based on the 5-year market related value of assets, and investment income for one-half of one year is credited on pension or claim payments, and contributions expected to be made during the fiscal year.

In the benefit cost tables shown above, the sum of the actual return on assets and the impact of deferred recognition on the current year return on assets is equal to the expected return on assets.

Amortization of Transitional Obligation

In accordance with the accounting standards, the value of the surplus less any Accrued Benefit Asset at the date of application of the standards is the transitional asset, or if negative, the transitional obligation. Under the prospective approach, this transitional obligation is normally amortized over the average remaining service period ("ARSP") of active employees. For NSPI, the ARSP as at January 1, 2000, the date of adoption of CICA 3461, was 13 years.

Amortization of Past Service Costs

Past service costs arising from plan amendments are amortized over the ARSP until full eligibility. The same ARSP was used for all benefit plans as the membership is materially the same.

In the benefit cost tables shown above, the sum of the past service costs arising in the period and the impact of deferred recognition on the past service costs is equal to the amortization of past service costs during the period.

Amortization of Net Actuarial Loss (Gain)

Under the accounting standards, actuarial gains and losses in a year may be combined with the unamortized balance of gains or losses from prior years. As discussed in CICA Section 3461.090, actuarial gains and losses on investments that are not yet reflected in the market related value of assets are not subject to amortization. The amount of unamortized gain or loss (net of the investment gain or loss not yet subject to amortization) that exceeds 10% of the greater of the plan's market related value of assets or Accrued Benefit Obligation is divided by ARSP and recognized in the current year benefit cost. The ARSP as at December 31, 2007 is 10 years.

In the benefit cost tables shown above, the sum of the actuarial loss on the ABO arising in the period and the impact of deferred recognition on the actuarial loss on the ABO is equal to the amortization of net actuarial losses during the period.

Amortization of Change in Carrying Amount of Accrued Benefit Asset on Adoption of CICA 3461 ("Initial Valuation Allowance")

In accordance with the accounting standards, the change in the limit on the carrying amount of the Accrued Benefit Asset on adoption of CICA 3461("Initial Valuation Allowance") may be amortized on the same basis as the transitional obligation.

Valuation Allowance

In accordance with CICA 3461, there may be limits on the carrying amount of an Accrued Benefit Asset. Currently, under the Employees' plan, NSPI's Accrued Benefit Asset will, upon full amortization of the Initial Valuation Allowance, be limited to half of the plan surplus.

Our understanding of CICA 3461 is that the difference between

> the Adjusted Benefit Asset (equal to surplus if there are net unamortized losses, or the Accrued Benefit Asset if there are net unamortized gains), and

> the expected future benefit

is equal to the sum of:

> the accrued Valuation Allowance, and

> the unamortized Initial Valuation Allowance.

Any change in the Valuation Allowance (other than the Initial Valuation Allowance) must be recognized immediately in income. The required Valuation Allowance for 2008 is based on figures projected to the end of 2008. Based on these projections, a Valuation Allowance will not be required; however the necessity of a Valuation Allowance should be reviewed at the time December 31, 2008 disclosure figures are prepared.

The permitted carrying amount of the Accrued Benefit Asset is equal to the Accrued Benefit Asset less the accrued Valuation Allowance.

Section 3 – Actuarial Opinion

The following opinion is with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI").

Valuations of the Employee and Acquired Companies pension plans, supplemental and executive benefits, ERIP 86 and 91 and War Service pensions, long service award, post-employment health benefits, and post-employment life insurance were performed as at December 31, 2007. Each valuation was based on the plan provisions and data as at December 31, 2007. We are not aware of any other post-employment plans sponsored by NSPI.

We have confirmed with NSPI that since the valuation date, there are neither plan modifications nor any extraordinary changes to the membership that would materially affect the results of the actuarial valuations.

We hereby certify that, in our opinion, as at December 31, 2007:

a) The post-employment benefits for employees of NSPI are defined benefits for purposes of Section 3461 of the *CICA Handbook*.

b) Our valuation and extrapolation thereof has been made in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from our valuation and extrapolation thereof have been determined in accordance with our understanding of Section 3461 of the *CICA Handbook*.

c) Our valuation thereof was performed using best-estimate assumptions developed by NSPI as at December 31, 2007. These assumptions are described in our valuation report and are summarized in Appendix A.

d) The total Accrued Benefit Obligation is $819.276 million and the total market value of assets is $640.717 million for a deficit of $178.559 million. The unamortized loss, past service cost and transitional obligations, net of unamortized gains and transitional assets is $204.975 million. The accrued Valuation Allowance is $0. The Carrying Amount of the Accrued Benefit Asset is $26.416 million. (Figures are rounded and may not add up exactly due to rounding.)

e) The average remaining service period for active members is 10 years. This is also a reasonable proxy of the average expected life expectancy in benefits plans that are comprised primarily of retirees. After application of the 10% corridor, actuarial gains and losses for each benefit plans is amortized over 10 years.

f) We have confirmed with NSPI that the plan provisions are up to date as at the date of this report. We are not aware of any events that could have a significant effect on our valuation or on NSPI's financial statements.

g) Fiscal 2007 benefit cost is $34.935 million.

h) Fiscal 2008 benefit cost is estimated to be $26.999 million.

i) We are aware that NSPI's auditors may rely on this report for the preparation of NSPI's financial statements.

Furthermore, we hereby declare that in our opinion:

> The data upon which this valuation is based are sufficient and reliable for the purposes of the valuation; and

> NSPI management have selected the assumptions and they are in accordance with accepted actuarial practice; and

> This report has been prepared, and our opinion given, in accordance with generally accepted actuarial practice.

Emerging experience, differing from assumptions will result in gains and losses, which will be revealed in future valuations.

We are available, at your convenience, to provide you with any additional information that you may require.

Respectfully submitted,

Paul Chang, F.S.A., F.C.I.A.

Michael Delaney, A.S.A.

MORNEAU SOBECO
February 15, 2008

Appendix A – Actuarial Assumptions and Methods

Actuarial Cost Method

For all active employees, the Accrued Benefit Obligation and the current service cost were calculated using the "projected benefit method pro-rated on service".

According to this method, the Accrued Benefit Obligation is equal to the actuarial present value of all future benefits (net of any employee cost sharing for OPEBs), taking into account the assumptions described below, multiplied by the ratio of an employee's service at the valuation date to total service at the retirement date. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in that period.

To determine the actuarial present value of post-retirement health benefits, the expected true costs were projected into the future in respect of each member applying both age-related utilization rates and the assumed trend (i.e., health care inflation) rates. In addition, each member's expected contributions (i.e., premium) was projected into the future based on health care inflation. The actuarial present value of NSPI's portion of the cost of the post-employment health plan is the difference between the actuarial present value of the total cost and the actuarial present value of the member's contributions.

Assets

Employee and Acquired pension plan assets are taken at market value from the draft audited financial statements. There are no assets in respect of the other plans.

To determine the expected return on assets, we used a 5 year market-related value of assets and assumed that all cash flows would occur at mid-year.

Actuarial Assumptions

The actuarial assumptions used for the valuation are summarized in the following table. All rates and percentages are annualized unless otherwise noted. All assumptions used are management's best estimates. The discount rate was based on the annualized yield of A rated bonds at the valuation date with the same duration as the obligations (14 years).

Table A.1 Actuarial Assumptions – Economic Factors

	December 31, 2007 Disclosure and 2008 Benefit Cost	December 31, 2006 Disclosure and 2007 Benefit Cost
Discount Rate	5.75%	5.25%
General Inflation	2.50%	2.50%
YMPE	3.00%	3.00%
Salary Increases	Under 30: 5.50% 30 to 34: 5.00% 35 to 39: 4.50% 40 to 44: 4.00% 45 to 49: 3.50% 50 and above: 3.00%	Under 30: 5.50% 30 to 34: 5.00% 35 to 39: 4.50% 40 to 44: 4.00% 45 to 49: 3.50% 50 and above: 3.00%
Increase in maximum Pension in registered plan per year of service	$2,222 for 2007, $2,333 for 2008, $2,444 for 2009 and $2,444 indexed starting in 2010 at 3.00% per annum	$2,222 for 2007, $2,333 for 2008, $2,444 for 2009 and $2,444 indexed starting in 2010 at 3.00% per annum
Return on Employee Plan Assets	7.50%	7.50%
Return on Acquired Plan Assets	7.50%	7.50%
Extended Health Care Inflation	7.00% for next year (premium increase effective Jan 2009), decreasing in years 2 through 4 by 1% per year with a long-term ultimate rate of 4.00%	8.00% for next year (premium increase effective Jan 2008), decreasing in years 2 through 5 by 1% per year with a long-term ultimate rate of 4.00%
Dental Inflation	4.00%	4.00%

Table A.2 Actuarial Assumptions – Demographic Factors

	December 31, 2007 Disclosure and 2008 Benefit cost	December 31, 2006 Disclosure and 2007 Benefit cost
Mortality	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Sex Distinct Post-retirement only	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Sex Distinct Post-retirement only
Termination	5% per annum up to age 50	5% per annum up to age 50
Disability Rates	None assumed	None assumed
Retirement Rates	Age 59*, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 59 would be eligible for the long service award *Age 58 was used for the valuation of the new post- retirement health plan and life insurance benefits [3]	Age 59*, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 59 would be eligible for the long service award *Age 58 was used for the valuation of the new post- retirement health plan and life insurance benefits [3]
Spouse Age Difference	Women 3 years younger	Women 3 years younger
Health Care Relative Utilization [1]	Please see table A.3 below	Please see table A.3 below
Percentage Married	85% at retirement	85% at retirement
Members Electing Life Insurance Benefits at Retirement	100% for any member who has more than 15 years of service at retirement	100% for any member who has more than 15 years of service at retirement
Members Electing Health Coverage at Retirement	For members who currently have coverage: 100% for members with 35 or more years of service, 85% for all other members [2]	For members who currently have coverage: 100% for members with 35 or more years of service, 85% for all other members [2]
Coverage Elected at Retirement	Old Plan: 85% Family, 15% Single New Plan: 35% Family, 50% Couple, 15% Single	Old Plan: 85% Family, 15% Single New Plan: 35% Family, 50% Couple, 15% Single

1. Used to estimate average medical and drug costs at different ages (drug coverage ceases at age 65).

2. The data used for the post-employment health care valuation includes only those active members who currently have health coverage – such members represent 90% of all active employees at NSPI – the assumed likelihood that an active employee who currently has coverage and who retires from NSPI takes post-retirement coverage is 85% resulting in an overall take up rate for all employees (with or without current coverage) of 75% (approximately equal to 0.85 x 0.9).

3. It is advantageous to move to the new health plan only if an employee intends to retire early; therefore we assume such members will retire, on average, at an earlier age.

Table A.3 Health Care Relative Utilization Factors

Age	Hospital & EHB	Drug Coverage	Dental Coverage
40	46%	42%	90%
45	53%	56%	88%
50	61%	74%	86%
55	78%	86%	83%
60	100%	100%	81%
64	122%	113%	80%
65	128%	N/A	N/A
70	163%	N/A	N/A
75	239%	N/A	N/A
80	352%	N/A	N/A
85	517%	N/A	N/A

Example: The cost for Hospital and EHB for a 64 year old is 122% of the cost for a 60 year old.

Calculation of Medical Cost

Development of Utilization Factors

Manulife Financial provided claims amounts for hospital & EHB, and drugs for the period from August 1, 2001 to July 31, 2002 by quinquennial age bands. Using the number of members within each age band, we determined the amount of claims per member for each age band. From this we found the relative age based utilization factors for each quinquennial age band. We then extrapolated integer age based utilization factors from the quinquennial results. As there were insufficient post-1991 retirees over age 75 to establish a reliable utilization scale over such age, the utilization scales beyond age 75 were estimated based on industry statistics. We did not have details of the dental claims amount and have used utilization factors which are based on industry statistics.

Existing Post-Retirement Health Plan - NSPI members

Effective 2003, the annualized premiums for retirees are experience rated amongst retirees only. Previously the actives and retiree premiums were experience rated as a single group, and the same premium was paid by both retirees and actives. The member's portion (50% of total cost) of the annualized premiums charged as at January 1, 2008 (including the approximate 20% increase as at January 1, 2008) for the NSPI Health plan is $818 for single coverage and $2,047 for family coverage. The experience report also shows that approximately 85% of claims are related to drugs, with the remaining 15% for hospital and extended health care.

Based on the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total expected claims at each age less member's paid premium) for 2008 at each age:

Age	Single	Family
50	$987	$2,465
55	$1,288	$3,218
60	$1,642	$4,102
65	($568)	($1,423)
70	($499)	($1,251)
75	($350)	($877)
80	($130)	($328)
85	$193	$479

Based on the premiums provided by Manulife, we updated the estimated employer cost (as compared to our prior valuation). Based on the ratio of the family to the single premium being charged by Manulife, and a fully experienced retiree only group, we continue to assume that the total cost for family coverage is approximately 2.5 times the single cost. A negative amount means that the retiree's premium exceeds the estimated average claims at that particular age.

New Post-Retirement Health Plan - NSPI members

Effective January 1, 2004, a new health benefit plan for retirees was introduced. Please refer to Appendix C for details of the new retiree health plan. We understand that this plan will be rated separately from the existing plan and retirees and actives will be rated as one group within the new plan. As there are currently an insufficient number of retirees under the new plan, we have used the same drug and hospital utilization factors as for the old plan. The dental utilization factors were developed based on the experience under the new plan only.

NSPI provided us with the total annualized premiums charged as at January 1, 2008 for the new NSPI Health plan as $1,034 for single coverage and $3,169 for family coverage, and new Dental plan as $381 for single coverage and $845 for family coverage. This represents a 26% increase in the Health plan premiums and no change in the Dental plan premiums from the premiums charged as at January 1, 2007. Based on the premiums provided, and the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total cost less member's premium) for 2008 at each age for an employee who will pay 50% of the benefit plan premium in retirement:

Age	Health Single	Health Family*	Dental Single	Dental Family*
50	$694	$2,050	$183	$398
55	$905	$2,683	$173	$377
60	$1,155	$3,431	$164	$358
64	$1,387	$4,128	$157	$342
65**	$0	$0	$0	$0

* *In addition to family coverage, there is "couple coverage", employer health and dental costs for couple coverage is approximately 2 times the single health cost shown.*

** *No coverage after age 65.*

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Note that under the new post-retirement benefit plan, the actual percentage of the costs paid by the employer varies by the member's years of service at retirement. The costs shown above would need to be adjusted accordingly for members who do not receive 50% cost sharing. (Please contact us if you require such figures).

Pre-1992 Retirees

Since NSPI's liability in respect of former NSPI employees who retired under the PSSP is based on the amount of premium assessed by the Province, we have determined the accrued benefit obligation in respect of these members by determining the present value of premiums. Such premiums are assumed to increase at the health inflation rates, but no age utilization factor is applied. Annualized employer (65% of total) premiums as at January 1, 2008 (this represents no change from the January 1, 2007 premiums) are as follows:

	Policy 5138	Policy 6000	Policy 6500
Single	$202	$675	$359
Family	$514	$1,498	$720

We assumed that the above premiums for pre-1992 retirees would follow the extended health care inflation assumption set out in table A.1 for future years.

Calculation of Life Insurance Cost

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. We were not provided with specific data relating to this life insurance coverage however we have complied membership data as at December 31, 2007 using the data provided by NSPI for the new health plan and earnings provided for the long service award valuation.

We determined the actuarial present value of the true cost of the future post-retirement life insurance for each member. For active employees this value was multiplied by the ratio of their service at the valuation date to total service at their retirement date. The actuarial present value of NSPI's portion of the cost of post-retirement life insurance coverage was determined for each individual based on the plan's cost-sharing formula which uses the employee's expected service at retirement, or the actual cost-sharing percentage as provided by NSPI in the case of the retired members. Please refer to Appendix D for a more detailed description of the provisions of the subsidized post-retirement life insurance.

Valuation Allowance

For purposes of estimating the Valuation Allowance required for fiscal 2008, we estimated the December 31, 2008 ABO for the Employee's Pension Plan (DB component only) to be $719.84 million. This was based on the December 31, 2007 ABO figure of $693.631 million projected forward with estimated current service cost, interest, less benefit payments. The Employee's Pension Plan assets (DB component only), on a market value basis, projected to December 31, 2008 is estimated to be $630.33 million.

As a result, the Plan's ABO exceeds the assets as at December 31, 2008 (i.e., the Plan's "adjusted benefit asset" is less than 0 and there is no "expected future benefit" – as those terms are defined in CICA subsections 3461.101) and no Valuation Allowance is projected to be required. A determination based on actual December 31, 2008 ABO and assets will be required to finalize the amount of Valuation Allowance for 2008.

Appendix B – Membership Data

Description of Pension Plan Membership Data

Our valuation of the pension plans as at December 31, 2007 was based on valuation data as at December 31, 2007.

We have performed tests to verify reasonableness and internal consistency and are satisfied that the data is sufficient and reliable for the purposes of this valuation. Basic statistics on the Employee and Acquired plan data are shown in the table below:

Table B.1

	Employee Plan (DB)	Acquired Companies	Exec, Discretionary	War Svc, ERIP 1986, ERIP 1991
Actives (including LTD)				
Number	1,516*	6	20	N/A
Average age	45.7	57.4	49.1	N/A
Average credited service	15.9	3.3	14.5	N/A
Average 2007 earnings	$58,689	$70,316	< >	N/A
Pensioners (including survivors)				
Number	972	684	320	333
Average age	62.5	76.2	67.0	78.8
Average annual lifetime pension	$20,656	$6,291	$5,004	$3,923
Average annual bridge (averaged over all pensioners)	$4,491	$0	$780	$0

** Includes 54 members on LTD and 41 members who switched to the DC component of the Plan in respect of service after July 1, 2001. Also includes 18 members who have been transferred to Emera on or after January 1, 2007 and whose benefits accrued after the date of transfer will be the sole responsibility of Emera as a participating employer under the Employee Plan. Note that 1 of the 18 Emera employees is a member who switched to DC in 2001.*

< > Some earning figures not shown to protect confidentiality.

Pension figures include the January 1, 2008 cost of living adjustment.

Data for the War Service, Executive Plan, Discretionary Plan, and ERIP 1986 and 1991 were provided by NSPI. Please refer to the actuarial reports for funding purposes as at December 31, 2007 for additional data information for the Employees' Pension Plan and the Acquired Companies Pension Plan.

The following tables summarize the key data used in our valuation.

Table B.2 Employee Plan Active Members

Age	Credited Service	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 plus	Total
Under 25	Count	37							**37**
	Avg Credited	0.7							**0.7**
	Avg 2007 Earnings	35,344							**35,344**
25 to 29	Count	57	10						**67**
	Avg Credited	1.4	6.5						**2.2**
	Avg 2007 Earnings	42,604	47,362						**43,314**
30 to 34	Count	81	44						**125**
	Avg Credited	1.7	6.9						**3.5**
	Avg 2007 Earnings	50,600	46,878						**49,290**
35 to 39	Count	85	46	14	28				**173**
	Avg Credited	1.9	7.5	11.7	17.4				**6.7**
	Avg 2007 Earnings	53,249	55,226	59,201	60,334				**55,403**
40 to 44	Count	46	50	11	70	43	4		**224**
	Avg Credited	2.0	7.5	11.4	17.9	21.6	25.5		**12.8**
	Avg 2007 Earnings	53,590	60,812	54,404	64,706	65,462	47,771		**60,891**
45 to 49	Count	36	69	13	46	78	61	6	**309**
	Avg Credited	2.1	7.5	11.1	18.0	22.0	27.0	30.5	**16.5**
	Avg 2007 Earnings	52,563	59,300	74,436	66,551	63,728	67,112	59,410	**62,893**
50 to 54	Count	13	36	7	30	53	85	157	**381**
	Avg Credited	2.4	7.4	11.5	17.5	22.5	27.7	32.4	**25.0**
	Avg 2007 Earnings	83,854	59,428	44,019	59,188	59,941	70,949	63,921	**64,453**
55 to 59	Count	10	14	4	14	22	36	57	**157**
	Avg Credited	1.4	7.3	12.5	18.1	22.2	27.3	32.9	**24.0**
	Avg 2007 Earnings	55,083	51,192	53,016	48,065	57,157	56,225	64,723	**58,110**
60 plus	Count	1	5	1	10	5	9	12	**43**
	Avg Credited	< >	8.1	< >	18.3	21.8	27.8	32.9	**23.1**
	Avg 2007 Earnings	< >	50,558	< >	54,365	43,042	44,451	59,422	**52,649**
Total	**Count**	**366**	**274**	**50**	**198**	**201**	**195**	**232**	**1,516**
	Avg Credited	**1.7**	**7.3**	**11.5**	**17.8**	**22.1**	**27.4**	**32.5**	**15.9**
	Avg 2007 Earnings	**50,366**	**55,905**	**59,590**	**61,981**	**61,867**	**65,332**	**63,769**	**58,689**

Some earnings figures hidden to protect confidentiality.

Age is rounded down to the nearest birthday.

Avg. Credited is the number of years credited for pension plan purposes (rounded down to the nearest integer).

The salary used is the annualized pensionable salary for the year ending December 31, 2007.

Includes 54 members on LTD and 41 members who switched to the DC component of the Plan in respect of service after July 1, 2001.

Table B.3 Employees' Plan Pensioners

Nearest Age	Count	Average Annual Pension	Average Annual Bridge	Average Annual Benefit	Total Benefit Payable
Under 25	16	-	1,701	1,701	27,209
25 to 49	10	10,035	1,196	11,231	112,312
50	3	15,476	2,496	17,972	53,915
51	4	12,683	739	13,422	53,686
52	3	6,291	849	7,140	21,420
53	3	15,762	3,321	19,083	57,250
54	5	10,549	1,428	11,977	59,884
55	19	22,954	6,978	29,932	568,710
56	42	28,505	8,617	37,122	1,559,108
57	37	25,234	8,685	33,919	1,255,001
58	53	25,233	8,100	33,333	1,766,641
59	73	23,141	7,179	30,320	2,213,354
60	90	22,731	7,664	30,396	2,735,605
61	81	21,323	7,395	28,718	2,326,170
62	60	23,769	7,183	30,952	1,857,110
63	61	19,686	6,691	26,377	1,608,969
64	41	21,170	6,713	27,884	1,143,224
65	44	18,769	2,469	21,237	934,447
66	47	18,156	111*	18,266	858,520
67	42	19,258	-	19,258	808,839
68	45	18,190	97*	18,286	822,875
69	47	19,523	109*	19,632	922,722
70	35	22,869	-	22,869	800,398
71	33	19,433	-	19,433	641,296
72	23	13,803	-	13,803	317,470
73	9	14,968	-	14,968	134,709
74	13	21,292	-	21,292	276,791
75	12	12,749	-	12,749	152,988
76	3	13,316	-	13,316	39,947
77	5	16,408	-	16,408	82,039
78	3	20,591	-	20,591	61,774
79	6	18,665	-	18,665	111,991
80	3	16,383	-	16,383	49,148
81	1	< >	< >	< >	< >
Average		**$20,656**	**$4,491**	**$25,147**	
Total	**972**				**$24,442,796**

Figures shown above include January 1, 2008 cost of living adjustment.

** Bridge payable to surviving spouse.*

< > Some figures not shown to protect confidentiality.

Table B.4 Acquired Plan Pensioners

	PART 1			PART II		
Nearest Age	Count	Average Annual Benefit	Total Benefit Payable	Count	Average Annual Benefit	Total Benefit Payable
Less than 55	2	< >	< >	0	-	-
55 to 59	14	813	11,383	9	1,571	14,137
60	16	634	10,150	1	< >	< >
61	21	1,182	24,814	3	623	1,868
62	13	1,995	25,934	5	1,961	9,807
63	17	2,238	38,044	2	< >	< >
64	12	2,940	35,281	4	2,240	8,959
65	11	2,665	29,316	4	5,445	21,782
66	8	3,720	29,759	1	< >	< >
67	9	3,250	29,252	1	< >	< >
68	7	4,241	29,685	4	4,384	17,537
69	14	4,178	58,488	12	4,987	59,842
70	10	4,029	40,286	6	5,767	34,603
71	13	5,483	71,283	8	3,126	25,009
72	15	6,063	90,944	7	3,839	26,876
73	11	4,552	50,074	5	5,778	28,890
74	21	8,304	174,384	5	7,264	36,321
75	11	8,907	97,980	5	4,939	24,695
76	19	8,561	162,653	7	5,785	40,497
77	18	9,753	175,562	8	8,432	67,459
78	17	5,987	101,778	11	5,061	55,675
79	14	11,535	161,486	10	6,691	66,908
80	21	10,924	229,412	5	3,873	19,366
81	18	9,629	173,330	5	8,677	43,386
82	23	8,511	195,760	9	9,293	83,636
83	14	11,256	157,584	9	5,020	45,184
84	16	11,685	186,960	6	5,134	30,803
85 to 89	58	9,429	546,875	24	6,604	158,495
90 to 94	36	7,535	271,266	11	4,222	46,439
95 and over	12	6,141	73,688	6	5,036	30,216
AVERAGE		**$6,696**			**$5,261**	
TOTAL	**491**		**$3,287,679**	**193**		**$1,015,397**

Figures shown above include January 1, 2008 cost of living adjustment.
< > Some figures not shown to protect confidentiality.

Table B.5 Exec and Discretionary Pensions

Nearest Age	Count	Avg. Annual Pension	Avg. Bridge Pension	Avg. Benefit	Total Benefit
50 to 54	1	< >	< >	< >	< >
55 to 59	24	4,719	1,159	5,878	141,083
60	26	3,877	1,435	5,312	138,101
61	40	4,553	1,387	5,940	237,595
62	29	6,272	1,380	7,651	221,888
63	33	3,537	1,355	4,893	161,457
64	24	4,116	1,354	5,470	131,284
65	19	3,613	439	4,052	76,987
66	15	4,174	60*	4,234	63,507
67	11	7,201	-	7,201	79,209
68	12	< >	< >	< >	< >
69	9	3,173	99*	3,273	29,453
70	5	3,748	-	3,748	18,739
71	7	2,872	-	2,872	20,101
72	3	2,410	-	2,410	7,229
73	2	< >	< >	< >	< >
74	2	< >	< >	< >	< >
75	2	< >	< >	< >	< >
76	3	1,670	-	1,670	5,010
77	0	-	-	-	-
78	4	4,896	-	4,896	19,583
79	6	4,063	-	4,063	24,376
80	4	1,523	-	1,523	6,091
81	5	3,465	-	3,465	17,327
82	2	< >	< >	< >	< >
83	5	1,854	-	1,854	9,270
84	5	3,046	-	3,046	15,231
85 to 89	18	2,243	-	2,243	40,378
90 to 94	3	4,519	-	4,519	13,558
95 plus	1	< >	< >	< >	< >
AVERAGE		**$5,004**	**$780**	**$5,784**	
TOTAL	**320**				**$1,850,786**

Figures shown above include January 1, 2008 cost of living adjustment.

** Bridge payable to surviving spouse.*

< > Some figures not shown to protect confidentiality.

Table B.6 War Service and ERIP 1986 and 1991 as at December 31, 2007

War Service				ERIP 1986 and 1991			
Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable	Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable
74	1	< >	< >	65	1	< >	< >
76	7	1,746	12,225	66	1	< >	< >
77	1	< >	< >	67	1	< >	< >
78	2	< >	< >	69	3	3,148	9,444
79	3	1,051	3,153	70	1	< >	< >
80	3	1,305	3,914	71	9	4,148	37,335
81	2	< >	< >	72	20	4,331	86,626
82	7	3,036	21,250	73	15	4,366	65,488
83	4	1,347	5,388	74	21	5,015	105,305
84	13	2,826	36,732	75	18	4,647	83,651
85	6	2,984	17,906	76	27	4,531	122,349
86	5	3,109	15,546	77	36	3,857	138,866
87	8	3,417	27,340	78	14	3,556	49,790
88	4	6,337	25,347	79	20	3,630	72,591
89	5	4,156	20,780	80	18	3,756	67,601
90	7	4,538	31,768	81	13	4,143	53,860
91	3	9,891	29,672	82	11	5,389	59,278
92	1	< >	< >	83	9	3,772	33,944
93	1	< >	< >	84	6	2,697	16,184
98	1	< >	< >	85	3	1,886	5,658
100	1	< >	< >	86	1	< >	< >
Average		**$3,330**		**Average**		**$4,127**	
Total	**85**		**$283,009**	**Total**	**248**		**$1,023,396**

Figures shown above include indexing as at January 1, 2008.

There are no bridge benefits.

< > Some figures not shown to protect confidentiality.

Description of Health Plan Membership Data

Employee data for health benefits was provided by NSPI as at December 31, 2007. We have taken the following steps to review the data to ensure sufficiency and reliability:

> The data for actives and post 1991 pensioners was compared to the pension valuation data as at December 31, 2007 for reasonableness. Approximately 90% of pension plan active members are enrolled in the health program, and 75% of pension plan retirees are enrolled in the health coverage. This is reasonable since there is an employee cost share component for the coverage.

> The data for selected active members and post 1991 pensioners were cross-referenced with the pension plan data and found to be consistent.

> We reviewed the data counts and age distributions in respect of pre-1992 retirees for whom NSPI reimburses the Province of Nova Scotia for health benefits, against actual data as at December 31, 2004 and they are consistent.

Table B.7 NSPI Active Members Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	8	7	26.8
30 – 34	11	16	33.1
35 – 39	11	30	37.9
40 – 44	16	65	42.6
45 – 49	15	90	47.6
50 – 54	13	107	52.5
55 – 59	9	44	57.0
60 – 64	4	22	62.0
Total	**87**	**381**	**47.5**

Includes 7 members who have been transferred to Emera on or after January 1, 2007 and have a total of 6 years of service with Emera.

Table B.8 NSPI (Post – 91) Pensioners Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
< 50	0	3	44.6
50 – 54	8	4	52.8
55 – 59	23	97	58.3
60 – 64	55	165	62.2
65 – 69	31	108	67.3
70 – 74	18	37	71.9
75 – 79	7	6	77.2
> 80	2	0	84.3
Total	**144**	**420**	**62.9**

Table B.9 NSPI Active Members Enrolled in New Health Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	65	20	9	25.9
30 – 34	26	23	52	32.4
35 – 39	33	17	83	37.5
40 – 44	24	13	88	42.7
45 – 49	28	39	108	47.3
50 – 54	36	84	118	52.8
55 – 59	9	61	22	57.0
60 – 64	5	8	0	61.6
Total	**226**	**265**	**480**	**44.2**

Includes 16 members who have been transferred to Emera on or after January 1, 2007 and have a total of 12.5 years of service with Emera.

Table B.10 NSPI Active Members Enrolled in New Dental Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	64	21	10	25.9
30 – 34	24	28	50	32.4
35 – 39	33	18	83	37.5
40 – 44	23	16	87	42.6
45 – 49	28	39	111	47.3
50 – 54	35	78	117	52.8
55 – 59	13	59	19	57.0
60 – 64	5	7	0	61.6
Total	**225**	**266**	**477**	**44.1**

Includes 16 members who have been transferred to Emera on or after January 1, 2007 and have a total of 12.5 years of service with Emera.

Table B.11 NSPI (Post – 91) Pensioners Enrolled in New Program

	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age
Total Health	**9**	**79**	**26**	**58.1**
Total Dental	**11**	**79**	**24**	**58.1**

Pre-92 Pensioners – Premium Reimbursement to Province of NS

We were provided with the counts of members with single and family coverage enrolled in policies 5138, 6000, and 6500 under Province of NS post retirement health plan for who NSPI reimburses the Province of NS for a portion of the premiums. We gathered data provided by the Province of Nova Scotia as at December 31, 2004 for all of the retirees under policies 5138, 6000 and 6500 with single or family coverage who were still enrolled as at that date. We determined the present value of the future premiums as at December 31, 2007 assuming there was no change in the membership during 2005, 2006 or 2007. We then pro-rated the total present value for each group and coverage type based on the membership counts provided by NSPI as at December 31, 2007.

The following table presents the age distribution based on the membership as at December 31, 2004 and also provides the membership counts as at December 31, 2007:

Table B.12 Distribution of Pre–92 Pensioners based on December 31, 2004 Membership

Age Band	5138 Single	5138 Family	6000 and 6500 Single	6000 and 6500 Family
50 – 54	0	0	0	0
55 – 59	1	2	0	3
60 – 64	2	0	4	3
65 – 69	1	0	13	2
70 – 74	2	0	47	71
75 – 79	2	0	100	131
80 – 84	8	4	71	75
85 – 89	16	6	72	41
90 – 94	10	1	25	10
95 – 99	2	0	9	4
Total	**44**	**13**	**341**	**340**
Number as at Dec. 31, 2007 (provided by NSPI)	**39**	**10**	**352**	**267**

Dental

In addition to the employee data for health benefits under the old post-retirement health plan, NSPI provided data for retiree dental benefits. Retiree dental benefits are provided in special circumstances under the old post-retirement health plan, and do not form part of the standard benefits package. (Under the new post retirement benefit plan, dental coverage is provided). There are approximately 22 retirees as at December 31, 2007 who are entitled to dental benefits on a 50/50 cost share under the old post-retirement health plan until they reach age 65. The average age of the 22 retirees is 61.0.

Life Insurance

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. We were not provided with specific data relating to this life insurance coverage, however we have complied membership data as at December 31, 2007 using the data provided by NSPI for the new health plan and earnings provided for the long service award valuation. (The previous year's long service award data was used to estimate the life coverage for the retired members.)

The following table summarizes the data as at December 31, 2007 which was used to determine the Accrued Benefit Obligation in respect of the life insurance benefits. Note that active members who are projected to have less than 15 years of service at the assumed retirement age were not included in the valuation because, based on the plan's cost-sharing formula, the post-retirement life insurance premiums would be entirely paid by the retiree.

Table B.13 NSPI Active Members Assumed to have Subsidized Post-Retirement Life Insurance

Age Band	Count	Average Service	Average Projected Coverage at Retirement
Less than 30	94	1.9	461,053
30 – 34	101	3.6	400,545
35 – 39	131	6.9	352,634
40 – 44	122	13.2	311,467
45 – 49	152	19.6	277,500
50 – 54	214	28.5	230,481
55 – 59	82	29.0	191,598
60 – 64	11	24.5	181,909
Total	**907**	**16.3**	**305,626**

Includes 16 members who have been transferred to Emera on or after January 1, 2007 and have a total of 12.5 years of service with Emera.

Table B.14 NSPI Retired Members Assumed to have Subsidized Post-Retirement Life Insurance

Age Band	Count	Average Coverage
Less than 55	3	130,667
55 – 59	85	183,906
60 – 64	25	175,440
Total	**113**	**179,921**

Appendix C – Summary of Plan Provisions

Employees' Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2007 for a summary of plan terms. Effective July 1, 2001, a defined contribution option was offered under the Employee's pension plan. Members who elected to participate in the defined contribution portion of the plan ceased to accrue service under the defined benefit portion of the plan, but retain a defined benefit pension based on final average earnings at termination or retirement in respect of credited service to July 1, 2001.

Acquired Companies Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2007 for a summary of plan terms. Included in the liability is the value of cost of living adjustment and survivor benefits in respect of member's paid up Government of Canada pensions. We note that this is a closed plan and there are no members accruing service.

Executive Supplements, and Discretionary Benefits

NSPI introduced a Supplementary Executive Retirement Plan ("SERP") as at January 1, 2001 to top-up benefits for all members who are capped under the Employees' Pension Plan by the maximum pension limits set out in the *Income Tax Act*. Previously, only certain executives were covered by the SERP. Generally speaking, the SERP has the same terms as the registered Employees' Pension Plan and pays a pension equal to (a) minus (b):

a) the pension determined under the Employees' Pension Plan without reference to the *Income Tax Act* limits,

b) the pension payable under the Employees' Pension Plan.

The SERP benefits cover both defined benefit and defined contribution amounts that would otherwise exceed *Income Tax Act* limits. For the DC SERP, the word "contribution" would replace the word "pension" in the formula above. In addition, the annual rate of return on the DC SERP balances are deemed to be equal to the annual rate of return on the member's actual Employees' Pension Plan DC account balance.

Certain members in the SERP have a different definition of pensionable earnings than that defined in the Employees' Pension Plan. For such members, this would be used to determine (a) above. There is no pre-funding of SERP benefits. Please refer to the SERP plan document for additional information.

In addition to the SERP, any discretionary benefits granted by NSPI are included in this component. Such benefits are not pre-funded.

War Service, ERIPs of 1986 and 1991

War Service liability is in respect of service granted under the Nova Scotia Public Service Superannuation Plan ("PSSP") to members of Nova Scotia Power Corporation (the predecessor to Nova Scotia Power Incorporated). PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to war service on a pay as you go basis.

The ERIP 1986 and 1991 liability is in respect of certain additional benefits provided to members who retired under the early retirement incentive program (ERIP) offered in 1986 and 1991. The PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to additional service granted under the ERIP on a pay as you go basis.

Long Service Award

Employees who retire from active service on an unreduced pension are eligible for a Long Service Award benefit. This benefit is also paid in the event of death in service. No benefit is payable to employees who terminate prior to retirement, or to those who retire early with a reduced pension. A member's benefit is based on his rate of pay on his retirement date. The benefit amount is 1 week's salary for each year of service, up to a maximum of 26 years of service. Effective August 1, 2007 the long service award is closed to all new hires.

Post-Retirement Health Care Benefits

Existing ("Old") Post-Retirement Health Care Plan

All NSPI employees who retired between privatization and December 31, 2003 receive benefits under the Old post retirement health care plan. Members who were active as at January 1, 2004 may receive benefits based on either the Old or New Plan depending on a one-time coverage election.

The Old Plan provides retired employees and their spouses (and eligible dependent children, if any) with 100% coverage for all prescription drugs up to age 65, 100% of eligible hospital benefit costs, and 80% of extended health benefits. To be entitled to this post-retirement health benefit, employees must retire from active service and be eligible for an unreduced pension from the NSPI Employee's Pension Plan. Benefits are not provided to those who terminate prior to retirement. It is noted that the Prior Plan documents suggest that spouses and dependents are not eligible for coverage after the death of the member; however, we understand that the practice is to continue to provide coverage, and charge the applicable premium, in any such instance. We have therefore included the cost of lifetime benefits for surviving spouses, in accordance with Company practice.

The cost of the Old Plan is shared on a 50-50 basis between the retired employees (and eligible spouses) and the Company. The premium charged is set by the insurance company considering total expected claims in respect of retired members only. The premium does not reduce at age 65, although drug coverage ceases at that time. Premiums differ between employees only in respect of coverage type, i.e., single or family coverage.

New Post-Retirement Health Care Plan

This Plan applies to all employees hired on or after January 1, 2004. However, all active employees as at January 1, 2004 had a one time option to convert to the New Plan.

Compared to the Old Plan, the New Plan adds orthodontic coverage, and caps drug dispensing fees at $7 per prescription and drug costs to the generic brand cost. Members who enroll in the New Plan are entitled to continue with both health and dental coverage after retirement up to age 65 if they meet eligibility requirements:

> The member must have at least 10 years of continuous service with the Company to be eligible for the post-retirement benefit.

> Benefits are not provided to those who terminate prior to retirement.

> The cost of the New Plan is shared between the employee and the Company, based on the retired member's continuous service at their date of retirement:

Years of Continuous Service at Retirement	Employer Paid Portion
1 – 9	Not eligible to enroll in the Plan
10 – 14	0% paid for by the Employer
15 – 29	50% paid for by the Employer
30 – 34	75% paid for by the Employer
35 +	100% paid for by the Employer

In addition to single and family coverage, the New Plan offers "couple" coverage, whereby any two family members may obtain health and dental coverage. Under the New Plan, no coverage is provided after the former employee attains age 65 (even if the spouse is still under age 65).

Post-Retirement Health Benefits for pre-privatization retirees

The cost to NSPI of benefits payable in respect of retired NSPC (the predecessor to Nova Scotia Power Incorporated) members who receive a pension from the PSSA is based on the premium assessed by the Province of Nova Scotia.

Subsidized Post-Retirement Life Insurance

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. The cost-sharing of the life insurance premiums is based on the retired member's continuous service at their date of retirement as shown in the table above for the new post-retirement health care plan.

For non-executives the coverage is equal to 3 times the employee's salary at retirement up to a maximum of $500,000. For executives the coverage is 5 times salary at retirement up to a maximum of $1,000,000.

Appendix D – Detailed Calculation Sheets Fiscal 2007 & Projected Fiscal 2008

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2007 to December 31, 2007
All figures in thousands.

"VA" means Valuation Allowance

Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	4.1%	2.0%	3.3%	2.0%	1.8%	2.5%
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	7.6%	N/A	5.3%	N/A	2.4%	3.4%
Sensitivity to 100 basis points change in health trend rates:							
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	11.2%
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	9.8%

1. EXPENSE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
ASSUMED RETURN ON ASSETS	*N/A*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	*N/A*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	
ASSUMED DISCOUNT RATE AT END OF PERIOD	*N/A*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	
CURRENT SERVICE COST	$797	$12,004	$0	$249	$0	$923	$585	$14,558
INTEREST ON ACCRUED BENEFITS	0	37,156	2,222	1,575	692	924	1,119	43,688
EXPECTED RETURN ON ASSETS	0	(41,526)	(3,090)	0	0	0	0	(44,616)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	230	185
- Actuarial Losses / (Gains)	0	16,943	1,228	478	122	111	(21)	18,861
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION								0
EXPENSE (INCOME)	**$797**	**$23,657**	**($49)**	**$2,987**	**$1,434**	**$2,774**	**$3,335**	**$34,935**

2. ACCRUED BENEFIT (ASSET) LIABILITY

OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($81,950)**	**($12,636)**	**$20,415**	**$7,537**	**$10,049**	**$13,272**	**($43,313)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	0	0	0	0	0	0	0	0
OPENING BALANCE (not adjusted for VA)	**$0**	**($81,950)**	**($12,636)**	**$20,415**	**$7,537**	**$10,049**	**$13,272**	**($43,313)**
EXPENSE (INCOME) (including current year VA)	797	23,657	(49)	2,987	1,434	2,774	3,335	34,935
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(653)	(9,481)	(1,034)	(1,835)	(1,314)	(2,325)	(1,396)	(18,038)
CLOSING BALANCE (not adjusted for VA)	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**
ACCRUED VALUATION ALLOWANCE (EOY)	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**

Note: DC expense for NSPI (and certain affiliated companies) is $797,000 based on company contributions to the DC Provision. However, only $652,000 in contributions were allocated to DC Provision.
As such, an accrued benefit liability exisits under the DC Provision in respect of company contributions allocated elsewhere on the company's balance sheets.

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$600,462	$40,255	$0	$0	$0	$0	$640,717
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	$144	693,631	40,624	30,971	13,051	17,295	23,560	819,276
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**($144)**	**($93,169)**	**($369)**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($178,559)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(3,928)	(2,048)	2,983	3,099	4,079	7,112	11,297
- Unamortized Past Service	N/A	(999)	0	530	0	0	2,070	1,601
- Unamortized Actuarial Losses (Gains)	N/A	165,869	16,136	5,891	2,295	2,719	(833)	192,077
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	160,942	14,088	9,404	5,394	6,798	8,349	204,975
CLOSING BALANCE (not adjusted for VA)	**($144)**	**$67,773**	**$13,719**	**($21,567)**	**($7,657)**	**($10,497)**	**($15,211)**	**$26,416**
ACCRUED VALUATION ALLOWANCE - EOY	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF VA	**($144)**	**$67,773**	**$13,719**	**($21,567)**	**($7,657)**	**($10,497)**	**($15,211)**	**$26,416**

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NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2007 to December 31, 2007
All figures in thousands.

"VA" means Valuation Allowance **4. WORKSHEETS**	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
A. FINANCIAL POSITION OF THE PLAN AT BEGINNING OF PERIOD								
Assets (Market Value)	N/A	$613,623	$42,880	$0	$0	$0	$0	$656,503
Accrued Benefit Obligations	N/A	711,672	44,512	32,655	13,865	17,841	21,722	842,267
Surplus (Deficit)	**$0**	**($98,049)**	**($1,632)**	**($32,655)**	**($13,865)**	**($17,841)**	**($21,722)**	**($185,764)**
B. PLAN COSTS FOR BENEFITS ACCRUING DURING THE PERIOD								
Employee Contributions	N/A	$4,869	$0	$0	$0	$0	$0	$4,869
Company Normal Cost	797	12,004	0	249	0	923	585	14,558
Cost of Benefits Accruing	**$797**	**$16,873**	**$0**	**$249**	**$0**	**$923**	**$585**	**$19,427**
C. MARKET-RELATED VALUE OF ASSETS (5 years)								
Annual Adjustment in respect of Year -5	$0	($12,771)	($1,166)	$0	$0	$0	$0	
Annual Adjustment in respect of Year -4	0	5,799	210	0	0	0	0	
Annual Adjustment in respect of Year -3	0	128	(356)	0	0	0	0	
Annual Adjustment in respect of Year -2	0	4,515	83	0	0	0	0	
Annual Adjustment in respect of Year -1	0	7,496	298	0	0	0	0	

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2007 to December 31, 2007
All figures in thousands.
"VA" means Valuation Allowance

4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$558,875	$42,870	$0	$0	$0	$0	$601,745
Member Contributions	N/A	4,869	0	0	0	0	0	4,869
Company Contributions	N/A	9,481	1,034	1,835	1,314	2,325	1,396	17,385
Interest	N/A	41,526	3,090	0	0	0	0	44,616
Benefit Payouts	N/A	(28,411)	(4,314)	(1,835)	(1,314)	(2,325)	(1,396)	(39,595)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	5,167	(930)	0	0	0	0	4,237
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	**N/A**	**$591,507**	**$41,750**	**$0**	**$0**	**$0**	**$0**	**$633,256**
ACCRUED BENEFIT OBLIGATION								
Opening Value	N/A	$711,672	$44,512	$32,655	$13,865	$17,841	$21,722	$842,267
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	16,873	0	249	0	923	585	18,630
Interest	N/A	37,156	2,222	1,575	692	924	1,119	43,688
Benefit Payouts	N/A	(28,411)	(4,314)	(1,835)	(1,314)	(2,325)	(1,396)	(39,595)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled	N/A	0	0	0	0	0	0	0
Projected Closing Accrued Benefit Obligation	**$144**	**$737,290**	**$42,420**	**$32,644**	**$13,243**	**$17,363**	**$22,030**	**$865,134**
Gain (Loss) on Accrued Benefit Obligation arising at end of period	$0	43,659	1,796	1,673	192	68	(1,530)	45,858
Actual Accrued Benefit Obligation at end of period	**$144**	**$693,631**	**$40,624**	**$30,971**	**$13,051**	**$17,295**	**$23,560**	**$819,276**
PROJECTED SURPLUS END OF PERIOD (MRV)	**($144)**	**($145,783)**	**($670)**	**($32,644)**	**($13,243)**	**($17,363)**	**($22,030)**	**($231,878)**
ACTUAL SURPLUS END OF PERIOD (MRV)	**($144)**	**($102,124)**	**$1,126**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($186,020)**
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$613,623	$42,880	$0	$0	$0	$0	$656,503
Member Contributions	N/A	4,869	0	0	0	0	0	4,869
Company Contributions	N/A	9,481	1,034	1,835	1,314	2,325	1,396	17,385
Expected Interest	N/A	45,494	3,093	0	0	0	0	48,587
Benefit Payouts	N/A	(28,411)	(4,314)	(1,835)	(1,314)	(2,325)	(1,396)	(39,595)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	**N/A**	**$645,056**	**$42,693**	**$0**	**$0**	**$0**	**$0**	**$687,749**
Gain (Loss) on Market Value of Asset return during period	N/A	(44,594)	(2,438)	0	0	0	0	(47,032)
Actual Market Value of Assets at end of period	**N/A**	**$600,462**	**$40,255**	**$0**	**$0**	**$0**	**$0**	**$640,717**
PROJECTED SURPLUS END OF PERIOD (Market Value)	**($144)**	**($92,234)**	**$273**	**($32,644)**	**($13,243)**	**($17,363)**	**($22,030)**	**($177,385)**
ACTUAL SURPLUS END OF PERIOD (Market Value)	**($144)**	**($93,169)**	**($369)**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($178,559)**
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$41,526	$3,090	$0	$0	$0	$0	$44,616
Actual Return (MV)	$0	$900	$655	$0	$0	$0	$0	$1,555
Gain (Loss)	**$0**	**($40,626)**	**($2,435)**	**$0**	**$0**	**$0**	**$0**	**($43,061)**
F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$144	($67,774)	($13,719)	$21,567	$7,657	$10,498	$15,211	($26,416)
(a) Expected Future Benefit	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(88,050)	N/A	N/A	N/A	N/A	N/A	(88,050)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	**N/A**	**0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0**

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2007 to December 31, 2007
All figures in thousands.
"VA" means Valuation Allowance

5. AMORTIZATION SCHEDULE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
AMORTIZATIONS ESTABLISHED AS AT JANUARY 1, 2000								
ARSP as at January 1, 2000	0.00	13.00	13.00	13.00	13.00	13.00	13.00	
TRANSITIONAL OBLIGATION / (ASSET) (Jan 1, 2000)	$0	($10,216)	($5,320)	$8,616	$7,198	$10,607	$18,488	$29,373
Opening Balance	0	(4,714)	(2,457)	3,579	3,719	4,895	8,534	13,556
Annual Component	0	(786)	(409)	596	620	816	1,422	2,259
Closing Balance	0	(3,928)	(2,048)	2,983	3,099	4,079	7,112	11,297
Remaining Duration as at EOY (years)	0.00	5.00	5.00	5.00	5.00	5.00	5.00	
CHANGE in VA on ADOPTING CICA 3461 (Jan 1, 2000)	N/A	$10,880	N/A	N/A	N/A	N/A	N/A	$10,880
Opening Balance	N/A	5,021	N/A	N/A	N/A	N/A	N/A	5,021
Annual Component	N/A	837	N/A	N/A	N/A	N/A	N/A	837
Closing Balance	N/A	4,184	N/A	N/A	N/A	N/A	N/A	4,184
Remaining Duration as at EOY (years)	N/A	5.00	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2000								
ARSP as at December 31, 2000	0.00	12.00	12.00	12.00	12.00	12.00	12.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2000)	N/A	$869	N/A	$503	N/A	N/A	N/A	$1,372
Opening Balance	N/A	0	N/A	251	N/A	N/A	N/A	251
Annual Component	N/A	0	N/A	42	N/A	N/A	N/A	42
Closing Balance	N/A	0	N/A	209	N/A	N/A	N/A	209
Remaining Duration as at EOY (years)	N/A	0.00	N/A	5.00	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT OCTOBER 31, 2003								
	N/A	11.00	N/A	11.00	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (October 1, 2003)	N/A	$5,580	N/A	$521	N/A	N/A	N/A	$6,101
Opening Balance	N/A	0	N/A	368	N/A	N/A	N/A	368
Annual Component	N/A	0	N/A	47	N/A	N/A	N/A	47
Closing Balance	N/A	0	N/A	321	N/A	N/A	N/A	321
Remaining Duration as at EOY (years)	N/A	0.00	N/A	6.75	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT JULY 1, 2004								
ARSP as at July 1, 2004	N/A	11.00	N/A	N/A	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (July 1, 2004)	N/A	($7,283)	N/A	N/A	N/A	N/A	N/A	($7,283)
Opening Balance	N/A	(1,133)	N/A	N/A	N/A	N/A	N/A	(1,133)
Annual Component (half-year starting July 1)	N/A	(134)	N/A	N/A	N/A	N/A	N/A	(134)
Closing Balance	N/A	(999)	N/A	N/A	N/A	N/A	N/A	(999)
Remaining Duration as at EOY (years)	N/A	7.50	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DEC 31, 2006								
ARSP as at Dec 31, 2006	N/A	N/A	N/A	N/A	N/A	N/A	10.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2006)	N/A	N/A	N/A	N/A	N/A	N/A	2300	$2,300
Opening Balance	N/A	N/A	N/A	N/A	N/A	N/A	2,300	2,300
Annual Component	N/A	N/A	N/A	N/A	N/A	N/A	230	230
Closing Balance	N/A	N/A	N/A	N/A	N/A	N/A	2,070	2,070
Remaining Duration as at EOY (years)	N/A	N/A	N/A	N/A	N/A	N/A	9.00	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2006								
Updated ARSP as at December 31, 2006	0.00	10.00	10.00	10.00	10.00	10.00	10.00	
AGGREGATE NET ACTUARIAL LOSS / (GAIN)	$0	$185,845	$16,725	$8,042	$2,609	$2,898	($2,384)	$213,735
Actuarial loss (gain) not yet included in MRV	0	(54,748)	(10)	0	0	0	0	(54,758)
Amount subject to amortization	0	240,593	16,735	8,042	2,609	2,898	(2,384)	268,493
10% Corridor	0	71,167	4,451	3,266	1,387	1,784	(2,172)	79,882
Opening Balance to Amortize	0	169,426	12,284	4,777	1,223	1,114	(212)	188,611
Annual Component	0	16,943	1,228	478	122	111	(21)	18,861
Remaining amount to be amortized	0	168,902	15,497	7,564	2,487	2,787	(2,363)	194,874
Actuarial loss (gain) at end of period on								
- Asset Return	0	40,626	2,435	0	0	0	0	43,061
- Accrued Benefit Obligation	0	(43,659)	(1,796)	(1,673)	(192)	(68)	1,530	(45,858)
Total actuarial loss (gain) not amortized	**$0**	**$165,869**	**$16,136**	**$5,891**	**$2,295**	**$2,719**	**($833)**	**$192,077**
Total Closing Unamortized Losses (Gains) (excluding VA)	$0	$160,942	$14,088	$9,404	$5,394	$6,798	$8,349	$204,975

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6. EXPENSE - *NEW DISCLOSURE REQUIREMENTS*	**Pension Plan for Employees (DC only)**	**Pension Plan for Employees (DB only)**	**Pension Plan for Certain Acquired Companies**	**SERP Exec Supp Discretionary**	**War Service ERIP 1986 and ERIP 1991**	**Long Service Award**	**Post Retirement Employees (ER Only)**	**Total**
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$797	$12,004	$0	$249	$0	$923	$585	$14,558
INTEREST ON ACCRUED BENEFITS	0	37,156	2,222	1,575	692	924	1,119	43,688
ACTUAL RETURN ON ASSETS	0	(900)	(655)	0	0	0	0	(1,555)
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	(43,659)	(1,796)	(1,673)	(192)	(68)	1,530	(45,858)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$797**	**$4,601**	**($229)**	**$151**	**$500**	**$1,779**	**$3,234**	**$10,833**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	(40,626)	(2,435)	0	0	0	0	(43,061)
- Past Service Costs*	0	(134)	0	89	0	0	230	185
- Actuarial Loss (Gain) other than the current year return on assets*	0	60,602	3,024	2,151	314	179	(1,551)	64,719
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$797**	**$23,657**	**($49)**	**$2,987**	**$1,434**	**$2,774**	**$3,335**	**$34,935**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

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Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	4.1%	2.0%	3.3%	1.8%	3.4%	2.2%
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	7.6%	N/A	5.3%	N/A	3.1%	3.5%
Sensitivity to 100 basis points change in health trend rates:							
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	10.4%
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	8.6%

Adjustment for change in discount rate

1. EXPENSE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
ASSUMED RETURN ON ASSETS	***N/A***	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	***N/A***	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	
ASSUMED DISCOUNT RATE AT END OF PERIOD	***N/A***	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	
CURRENT SERVICE COST	$872	$10,162	$0	$250	$0	$916	$663	$12,863
INTEREST ON ACCRUED BENEFITS	0	39,502	2,212	1,735	713	963	1,322	46,447
EXPECTED RETURN ON ASSETS	0	(43,815)	(3,010)	0	0	0	0	(46,825)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	230	185
- Actuarial Losses / (Gains)	0	10,546	1,047	279	99	99	0	12,070
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION								0
EXPENSE (INCOME)	**$872**	**$15,475**	**($160)**	**$2,949**	**$1,432**	**$2,794**	**$3,637**	**$26,999**

2. ACCRUED BENEFIT (ASSET) LIABILITY

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OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	0	0	0	0	0	0	0	0
OPENING BALANCE (not adjusted for VA)	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**
EXPENSE (INCOME) (including current year VA)	872	15,475	(160)	2,949	1,432	2,794	3,637	26,999
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(1,016)	(8,831)	(1,079)	(1,851)	(1,297)	(2,004)	(1,813)	(17,891)
CLOSING BALANCE (not adjusted for VA)	**$0**	**($61,130)**	**($14,958)**	**$22,665**	**$7,792**	**$11,288**	**$17,035**	**($17,308)**
ACCRUED VALUATION ALLOWANCE (EOY)	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($61,130)**	**($14,958)**	**$22,665**	**$7,792**	**$11,288**	**$17,035**	**($17,308)**

Note: DC expense for NSPI (and certain affiliated companies) is $872,000 based on company contributions to the DC Provision. However, $1,016,000 in contributions were allocated to DC Provision. This is a correction for fiscal 2007 in which an accrued benefit liability exisited under the DC Provision as a result of company contributions allocated elsewhere on the company's balance sheets.

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$630,328	$39,929	$0	$0	$0	$0	$670,257
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	N/A	734,517	38,533	31,229	12,467	17,884	25,418	860,048
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**N/A**	**($104,189)**	**$1,396**	**($31,229)**	**($12,467)**	**($17,884)**	**($25,418)**	**($189,791)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
- Unamortized Past Service	N/A	(865)	0	441	0	0	1,840	1,416
- Unamortized Actuarial Losses (Gains)	N/A	169,325	15,201	5,736	2,196	3,334	853	196,645
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	165,318	13,562	8,564	4,675	6,597	8,383	207,099
CLOSING BALANCE (not adjusted for VA)	**$0**	**$61,129**	**$14,958**	**($22,665)**	**($7,792)**	**($11,287)**	**($17,035)**	**$17,308**
ACCRUED VALUATION ALLOWANCE - EOY	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF	**$0**	**$61,129**	**$14,958**	**($22,665)**	**($7,792)**	**($11,287)**	**($17,035)**	**$17,308**

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4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
A. FINANCIAL POSITION OF THE PLAN AT BEGINNING OF PERIOD								
Assets (Market Value)	N/A	$600,462	$40,255	$0	$0	$0	$0	$640,717
Accrued Benefit Obligations	144	693,631	40,624	30,971	13,051	17,295	23,560	819,276
Surplus (Deficit)	**($144)**	**($93,169)**	**($369)**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($178,559)**
B. PLAN COSTS FOR BENEFITS ACCRUING DURING THE PERIOD								
Employee Contributions	N/A	$5,025	$0	$0	$0	$0	$0	$5,025
Company Normal Cost	872	10,162	0	250	0	916	663	12,863
Cost of Benefits Accruing	**$872**	**$15,187**	**$0**	**$250**	**$0**	**$916**	**$663**	**$17,888**
C. MARKET-RELATED VALUE OF ASSETS (5 years)								
Annual Adjustment in respect of Year -5	$0	$5,799	$210	$0	$0	$0	$0	
Annual Adjustment in respect of Year -4	0	128	(356)	0	0	0	0	
Annual Adjustment in respect of Year -3	0	4,515	83	0	0	0	0	
Annual Adjustment in respect of Year -2	0	7,496	298	0	0	0	0	
Annual Adjustment in respect of Year -1	0	(8,125)	(487)	0	0	0	0	

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4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$591,507	$41,750	$0	$0	$0	$0	$633,256
Member Contributions	N/A	5,025	0	0	0	0	0	5,025
Company Contributions	N/A	8,831	1,079	1,851	1,297	2,004	1,813	16,875
Interest	N/A	43,815	3,010	0	0	0	0	46,825
Benefit Payouts	N/A	(28,476)	(4,303)	(1,851)	(1,297)	(2,004)	(1,813)	(39,744)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	9,812	(251)	0	0	0	0	9,561
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	**N/A**	**$630,514**	**$41,284**	**$0**	**$0**	**$0**	**$0**	**$671,798**
ACCRUED BENEFIT OBLIGATION								
Opening Value	$144	$693,631	$40,624	$30,971	$13,051	$17,295	$23,560	$819,276
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	15,187	0	250	0	916	663	17,016
Interest	N/A	39,502	2,212	1,735	713	963	1,322	46,447
Benefit Payouts	N/A	(28,476)	(4,303)	(1,851)	(1,297)	(2,004)	(1,813)	(39,744)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled	(144)	0	0	0	0	0	0	(144)
Projected Closing Accrued Benefit Obligation	**N/A**	**$719,844**	**$38,533**	**$31,105**	**$12,467**	**$17,170**	**$23,732**	**$842,851**
Gain (Loss) on Accrued Benefit Obligation arising at end of period	N/A	(14,673)	0	(124)	0	(714)	(1,686)	(17,197)
Actual Accrued Benefit Obligation at end of period	**N/A**	**$734,517**	**$38,533**	**$31,229**	**$12,467**	**$17,884**	**$25,418**	**$860,048**
PROJECTED SURPLUS END OF PERIOD (MRV)	**$0**	**($89,330)**	**$2,751**	**($31,105)**	**($12,467)**	**($17,170)**	**($23,732)**	**($171,053)**
ACTUAL SURPLUS END OF PERIOD (MRV)	**$0**	**($104,003)**	**$2,751**	**($31,229)**	**($12,467)**	**($17,884)**	**($25,418)**	**($188,249)**
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$600,462	$40,255	$0	$0	$0	$0	$640,717
Member Contributions	N/A	5,025	0	0	0	0	0	5,025
Company Contributions	N/A	8,831	1,079	1,851	1,297	2,004	1,813	16,875
Expected Interest	N/A	44,486	2,898	0	0	0	0	47,384
Benefit Payouts	N/A	(28,476)	(4,303)	(1,851)	(1,297)	(2,004)	(1,813)	(39,744)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	**N/A**	**$630,328**	**$39,929**	**$0**	**$0**	**$0**	**$0**	**$670,257**
Gain (Loss) on Market Value of Asset return during period	N/A	0	0	0	0	0	0	0
Actual Market Value of Assets at end of period	**N/A**	**$630,328**	**$39,929**	**$0**	**$0**	**$0**	**$0**	**$670,257**
PROJECTED SURPLUS END OF PERIOD (Market Value)	**$0**	**($89,516)**	**$1,396**	**($31,105)**	**($12,467)**	**($17,170)**	**($23,732)**	**($172,594)**
ACTUAL SURPLUS END OF PERIOD (Market Value)	**$0**	**($104,189)**	**$1,396**	**($31,229)**	**($12,467)**	**($17,884)**	**($25,418)**	**($189,791)**
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$43,815	$3,010	$0	$0	$0	$0	$46,825
Actual Return (MV)	$0	$44,486	$2,898	$0	$0	$0	$0	$47,384
Gain (Loss)	**$0**	**$671**	**($112)**	**$0**	**$0**	**$0**	**$0**	**$559**
F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$0	($61,130)	($14,958)	$22,665	$7,792	$11,288	$17,035	($17,308)
(a) Expected Future Benefit	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(86,169)	N/A	N/A	N/A	N/A	N/A	(86,169)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	**N/A**	**0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0**

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5. AMORTIZATION SCHEDULE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
AMORTIZATIONS ESTABLISHED AS AT JANUARY 1, 2000								
ARSP as at January 1, 2000	0.00	13.00	13.00	13.00	13.00	13.00	13.00	
TRANSITIONAL OBLIGATION / (ASSET) (Jan 1, 2000)	$0	($10,216)	($5,320)	$8,616	$7,198	$10,607	$18,488	$29,373
Opening Balance	0	(3,928)	(2,048)	2,983	3,099	4,079	7,112	11,297
Annual Component	0	(786)	(409)	596	620	816	1,422	2,259
Closing Balance	0	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
Remaining Duration as at EOY (years)	0.00	4.00	4.00	4.00	4.00	4.00	4.00	
CHANGE in VA on ADOPTING CICA 3461 (Jan 1, 2000)	N/A	$10,880	N/A	N/A	N/A	N/A	N/A	$10,880
Opening Balance	N/A	4,184	N/A	N/A	N/A	N/A	N/A	4,184
Annual Component	N/A	837	N/A	N/A	N/A	N/A	N/A	837
Closing Balance	N/A	3,347	N/A	N/A	N/A	N/A	N/A	3,347
Remaining Duration as at EOY (years)	N/A	4.00	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2000								
ARSP as at December 31, 2000	0.00	12.00	12.00	12.00	12.00	12.00	12.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2000)	N/A	$869	N/A	$503	N/A	N/A	N/A	$1,372
Opening Balance	N/A	0	N/A	209	N/A	N/A	N/A	209
Annual Component	N/A	0	N/A	42	N/A	N/A	N/A	42
Closing Balance	N/A	0	N/A	167	N/A	N/A	N/A	167
Remaining Duration as at EOY (years)	N/A	0.00	N/A	4.00	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT OCTOBER 31, 2003								
	N/A	11.00	N/A	11.00	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (October 1, 2003)	N/A	$5,580	N/A	$521	N/A	N/A	N/A	$6,101
Opening Balance	N/A	0	N/A	321	N/A	N/A	N/A	321
Annual Component	N/A	0	N/A	47	N/A	N/A	N/A	47
Closing Balance	N/A	0	N/A	274	N/A	N/A	N/A	274
Remaining Duration as at EOY (years)	N/A	0.00	N/A	5.75	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT JULY 1, 2004								
ARSP as at July 1, 2004	N/A	11.00	N/A	N/A	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (July 1, 2004)	N/A	($7,283)	N/A	N/A	N/A	N/A	N/A	($7,283)
Opening Balance	N/A	(999)	N/A	N/A	N/A	N/A	N/A	(999)
Annual Component (half-year starting July 1)	N/A	(134)	N/A	N/A	N/A	N/A	N/A	(134)
Closing Balance	N/A	(865)	N/A	N/A	N/A	N/A	N/A	(865)
Remaining Duration as at EOY (years)	N/A	6.50	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DEC 31, 2006								
ARSP as at Dec 31, 2006	N/A	N/A	N/A	N/A	N/A	N/A	10.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2006)	N/A	N/A	N/A	N/A	N/A	N/A	2300	$2,300
Opening Balance	N/A	N/A	N/A	N/A	N/A	N/A	2,070	2,070
Annual Component	N/A	N/A	N/A	N/A	N/A	N/A	230	230
Closing Balance	N/A	N/A	N/A	N/A	N/A	N/A	1,840	1,840
Remaining Duration as at EOY (years)	N/A	N/A	N/A	N/A	N/A	N/A	8.00	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2007								
Updated ARSP as at December 31, 2007	0.00	10.00	10.00	10.00	10.00	10.00	10.00	
AGGREGATE NET ACTUARIAL LOSS / (GAIN)	$0	$165,869	$16,136	$5,891	$2,295	$2,719	($833)	$192,077
Actuarial loss (gain) not yet included in MRV	0	(8,955)	1,495	0	0	0	0	(7,461)
Amount subject to amortization	0	174,824	14,641	5,891	2,295	2,719	(833)	199,538
10% Corridor	(14)	69,363	4,175	3,097	1,305	1,730	(2,356)	77,299
Opening Balance to Amortize	0	105,461	10,466	2,794	990	990	0	120,701
Annual Component	0	10,546	1,047	279	99	99	0	12,070
Remaining amount to be amortized	0	155,323	15,089	5,612	2,196	2,620	(833)	180,007
Actuarial loss (gain) at end of period on								
- Asset Return	0	(671)	112	0	0	0	0	(559)
- Accrued Benefit Obligation	0	14,673	0	124	0	714	1,686	17,197
Total actuarial loss (gain) not amortized	**$0**	**$169,325**	**$15,201**	**$5,736**	**$2,196**	**$3,334**	**$853**	**$196,645**
Total Closing Unamortized Losses (Gains) (excluding VA)	**$0**	**$165,318**	**$13,562**	**$8,564**	**$4,675**	**$6,597**	**$8,383**	**$207,099**

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NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2008 to December 31, 2008 - Projection for 2008
All figures in thousands.
"VA" means Valuation Allowance

6. EXPENSE - *NEW DISCLOSURE REQUIREMENTS*	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$872	$10,162	$0	$250	$0	$916	$663	$12,863
INTEREST ON ACCRUED BENEFITS	0	39,502	2,212	1,735	713	963	1,322	46,447
ACTUAL RETURN ON ASSETS	0	(44,486)	(2,898)	0	0	0	0	(47,384)
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	14,673	0	124	0	714	1,686	17,197
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$872**	**$19,851**	**($686)**	**$2,109**	**$713**	**$2,593**	**$3,671**	**$29,123**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	671	(112)	0	0	0	0	559
- Past Service Costs*	0	(134)	0	89	0	0	230	185
- Actuarial Loss (Gain) other than the current year return on assets*	0	(4,127)	1,047	155	99	(615)	(1,686)	(5,127)
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$872**	**$15,475**	**($160)**	**$2,949**	**$1,432**	**$2,794**	**$3,637**	**$26,999**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

Actuarial Valuation for Accounting Purposes as at December 31, 2008 of the

Post-Employment Benefits for Employees of Nova Scotia Power Incorporated

April 2009

MORNEAU SOBECO

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MORNEAU SOBECO

Executive Summary

Purpose

This report presents the results of the actuarial valuation of Nova Scotia Power Incorporated ("NSPI") post-employment benefit plans for accounting purposes as at December 31, 2008. NSPI retained the services of Morneau Sobeco to perform this actuarial valuation.

This report presents the results of our calculations, and was prepared:

> to determine the benefit cost for fiscal 2008 and the Accrued Benefit Obligation for post-employment benefits as at December 31, 2008;
> to estimate the benefit cost to be recognized for financial statement purposes for fiscal 2009; and
> to provide the information and the actuarial opinion required by NSPI's auditor under Section 3461 of the CICA Handbook.

The following post-employment plans are included as part of this report:

Pension: a) Employees' Pension Plan (both defined contribution and defined benefit), b) the Acquired Companies Pension Plan, c) Supplementary, Executive and Discretionary pensions, and d) War Service, ERIP 86 and 91 pensions.

Non Pension: a) Long Service Award, and b) Post-Retirement Health Benefits which includes the Post-Retirement Life Insurance Plan.

We are not aware of any other post-employment benefit plan sponsored by NSPI.

Summary of Results

The following table shows the Accrued Benefit Obligation, balances of unamortized amounts and the Accrued Benefit Liability as at December 31, 2008 and December 31, 2007 with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI"). All figures in thousands.

	December 31, 2008	December 31, 2007
Discount and Inflation Rate end of year	7.50% / 2.50%	5.75% / 2.50%
Market Value of Assets	$508,817	$640,717
Accrued Benefit Obligation	703,204	819,276
Surplus (Deficit)	**($194,387)**	**($178,559)**
Aggregate Unamortized Losses (Gains)		
> Transitional	9,038	11,297
> Past Service	1,416	1,601
> Actuarial Experience	200,065	192,077
Accrued Benefit Asset prior to Accrued Valuation Allowance	**$16,132**	**$26,416**
(Accrued Valuation Allowance)	**0**	0
Carrying Amount of Accrued Benefit Asset net of Accrued Valuation Allowance	**$16,132**	**$26,416**

Figures may not add up exactly due to rounding.

A reconciliation of the change in the Accrued Benefit Asset is as follows:

Accrued Benefit Asset as at December 31, 2007	**$26,416**
(Benefit Cost) Income for 2008	(26,961)
Company Contributions for 2008	16,677
Accrued Benefit Asset as at December 31, 2008	**$16,132**
(Accrued Valuation Allowance)*	0
Carrying Amount of Accrued Benefit Asset as at December 31, 2008	**$16,132**

Figures may not add up exactly due to rounding.

* *As at December 31, 2008, no Valuation Allowance is required*

The following table shows the estimated benefit cost for 2009 as compared to the actual benefit cost for 2008. The benefit cost figures shown exclude the costs in respect of service after January 1, 2007 for employees who have been transferred to Emera Inc. The figures in respect of Emera Inc. are presented in a separate report. All figures in thousands.

	Estimated 2009	Actual 2008
Costs Arising in the Period		
Employer Current Service Cost	$8,749	$12,723
Interest Cost	51,582	46,549
(Actual Return on Plan Assets) [1]	(36,651)	112,794
Amounts Arising from Events in the Period:		
> Past Service Costs / (Gains)	0	0
> Actuarial Losses / (Gains) on ABO [1]	0	(139,561)
Future Benefit Costs Before Adjustments	**$23,680**	**$32,505**
Adjustments to Recognize Long-Term Nature of Costs		
> Transitional Obligation / (Asset)	2,259	2,259
> Current Year Return on Assets [1]	(11,725)	(159,619)
> Past Service Costs / (Gains)	185	185
> Actuarial Losses / (Gains) other than current year return on assets [1]	368	151,631
Total Benefit Cost / (Income) Recognized for the Period	**$14,767**	**$26,961**

Figures may not add up exactly due to rounding.

1. *Although the sum of these four items will not change when the benefit cost for 2009 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2009.*

Changes since the Previous Valuation

We are not aware of any material changes to the post-retirement plans during 2008. Furthermore, we are not aware of any planned material changes for 2009.

NSPI's management reviewed the accounting methods and assumptions and has made the following revision since the previous valuation as at December 31, 2007:

> The discount rate of 7.50% per annum as at December 31, 2008 is based on the annualized yield of A rated bonds with the same duration as the obligations (12 years duration based on 7.50% discount rate) at the valuation date. The prior valuation used a 5.75% discount rate and the duration was 14 years.

> The assumed return on assets has been revised to 7.25% starting fiscal 2009. For fiscal 2008, 7.50% was the assumed return on assets.

> Based on recent experience, the assumed retirement age for active members has been updated to age 58. Previously age 59 was assumed.

There were no other changes to the actuarial assumptions since the last valuation.

Section 1 – Balance Sheet

Statement of Financial Position

The financial position of each benefit plan providing post-employment benefits is determined by comparing the value of assets available to the actuarial liability (referred to as the Accrued Benefit Obligation or ABO) for the benefits earned up to the valuation date, assuming the benefit plan continues indefinitely. We note that, as is commonly the case in Canada, NSPI has no assets backing up any of its plans providing post-employment benefits other than those in NSPI's registered pension plans.

The following table shows the Accrued Benefit Obligation as at December 31, 2008 for active employees and retirees based on the plan provisions in effect at the date this report was prepared, as summarized in Appendix C. Appendix A provides the actuarial assumptions used and details on the methodology used to determine the Accrued Benefit Obligation for active employees and retirees.

Table 1.1 Balance Sheet as at December 31, 2008 (thousands)

	Employee Plan (DC) Pension	Employee Plan (DB) Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Assets (Market)	N/A	$477,876	$30,941	$0	$0	$0	$0	$508,817
Accrued Benefit Obligation	N/A	595,203	34,519	26,441	11,008	15,773	20,260	703,204
Surplus	**N/A**	**($117,327)**	**($3,578)**	**($26,441)**	**($11,008)**	**($15,773)**	**($20,260)**	**($194,387)**
Unamortized Transitional Losses (Gains)	N/A	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
Unamortized Past Service	N/A	(865)	0	441	0	0	1,840	1,416
Unamortized Actuarial Losses (Gains)	N/A	181,201	20,175	909	732	1,465	(4,417)	200,065
Accrued Benefit Asset	**N/A**	**$59,867**	**$14,958**	**($22,704)**	**($7,797)**	**($11,045)**	**($17,147)**	**$16,132**

Figures may not add up exactly due to rounding.

There is no accrued valuation allowance as at December 31, 2008.

Appendix A summarizes the assumptions used for this valuation, determined by NSPI in accordance with CICA 3461. Detailed figures are presented in Appendix D.

Section 2 – Income Statement

Plan Benefit Cost

The net benefit cost of a post-employment plan for a fiscal year is the sum of the following components:

(A) Costs Arising in the Period

> Current service cost;
> Interest cost on liabilities;
> (Actual return on the market value of Plan assets) [1];
> Past service costs / (gains) [2];
> Actuarial losses / (gains) on liabilities [3];
> Other costs such as special termination benefits

(B) Adjustments to Recognize Long-Term Nature of Costs

> Amortization of the transitional obligation (asset);
> Impact of deferred recognition on the current year return on Plan assets [1];
> Impact of deferred recognition on past service costs [2];
> Impact of deferred recognition on actuarial losses / (gains) on liabilities [3];
> Amortization of initial valuation allowance; and
> Current year change in required valuation allowance

Notes:

As a result of changes to CICA 3461 during 2004, a number of expense components shown previously must now be shown separately as two components to derive the benefit cost:

1. *The sum of these components previously shown as Expected Return on Assets.*
2. *The sum of these components previously shown as Amortization of Past Service Costs.*
3. *The sum of these components previously shown as Amortization of Net Actuarial Loss (Gain).*

Table 2.1 shows the reported benefit cost (in thousands) for fiscal year 2008.

Table 2.1 Benefit Cost (Income) for 2008 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$10,894 [1]	$0	$250	$0	$916	$663	$12,723
Interest Cost	39,502	2,212	1,837	713	963	1,322	46,549
(Actual Return on Assets) [2]	106,704	6,090	0	0	0	0	112,794
Events in the Period:							
> Past Service Costs / (Gains)	0	0	0	0	0	0	0
> Actuarial Losses / (Gains) on ABO	(124,641)	(4,014)	(4,703)	(1,464)	(1,155)	(3,584)	(139,561)
Future Benefit Costs Before Adjustments	**$32,459**	**$4,288**	**($2,616)**	**($751)**	**$724**	**($1,599)**	**$32,505**
Adjustments to Recognize Long-Term Nature of Costs							
> Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
> Current Year Return on Assets [3]	(150,519)	(9,100)	0	0	0	0	(159,619)
> Past Service Costs [4]	(134)	0	89	0	0	230	185
> Actuarial Losses / (Gains) on ABO [4]	135,187	5,061	4,982	1,563	1,254	3,584	151,631
Total Benefit Cost (Income)	**$16,207**	**($160)**	**$3,051**	**$1,432**	**$2,794**	**$3,637**	**$26,961**

Figures may not add up exactly due to rounding.

1. *Employee Plan current service cost shown above includes both DB and DC components.*
2. *A positive figure represents a negative return for the year. Conversely, a negative figure denotes a positive return for the year.*
3. *Actual return on plan assets, less expected return on plan assets determined on a market related basis.*
4. *Equal to (a) current year amortization of (gain)/loss less (b) (gain)/loss incurred in the current year.*

There is no Valuation Allowance required in respect of 2008 reporting.

Table 2.2 shows the development of projected benefit cost (in thousands) for fiscal year 2009.

Table 2.2 Estimated Benefit Cost (Income) for 2009 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$7,207[1]	$0	$197	$0	$798	$547	$8,749
Interest Cost	43,868	2,433	1,915	778	1,122	1,466	51,582
(Actual Return on Assets) [2]	(34,511)	(2,140)	0	0	0	0	(36,651)
Events in the Period:							
> Past Service Costs / (Gains)	0	0	0	0	0	0	0
> Actuarial Losses / (Gains) on ABO [2]	0	0	0	0	0	0	0
Future Benefit Costs Before Adjustments	**$16,564**	**$293**	**$2,112**	**$778**	**$1,920**	**$2,013**	**$23,680**
Adjustments to Recognize Long-Term Nature of Costs							
> Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
> Current Year Return on Assets [2]	(10,975)	(750)	0	0	0	0	(11,725)
> Past Service Costs	(134)	0	89	0	0	230	185
> Actuarial Losses / (Gains) on ABO [2]	0	634	0	0	0	(266)	368
Total Benefit Cost (Income)	**$4,669**	**($232)**	**$2,797**	**$1,398**	**$2,736**	**$3,399**	**$14,767**

Figures may not add up exactly due to rounding.

1. Employee Plan current service cost shown above includes both DB and DC components.

2. Although the sum of these four items will not change when the benefit cost for 2009 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2009.

There is no valuation allowance expected in respect of 2009 reporting.

Please refer to Appendix D for additional details for projected 2009 benefit cost and the sensitivity of the ABO and current service cost to a 25 basis point discount rate change. Appendix D also contains the sensitivity of the ABO as at December 31, 2008 and combined current service and interest cost for 2009 to a 100 basis point change in the health care trend rate.

Aside from applying consistent methodology and assumptions, the calculation of benefit cost for each of NSPI's post-employment plans was determined independently from all other post-employment plans. Detailed benefit cost calculations and details of amortization schedules are presented in Appendix D. The following is a brief explanation of accounting terms.

As a result of new CICA 3461 accounting disclosure requirements, effective July 1, 2004, the presentation of the benefit cost (previously known as benefit expense) was changed in the December 31, 2004 accounting report. The new disclosure separates some terms in the benefit cost into two items (one relating to the cost of any event arising in the period and the second the adjustment to arrive at the cost recognized during the period) where one disclosure item was used previously. The following descriptions relate to the prior disclosure and additional comments are provided, where appropriate, to indicate where this item has been split into two components under the new disclosure requirements.

Employer Current Service Cost

The employer current service cost for the year is determined as follows:

> in respect of active members who are at or past the full eligibility date, and in respect of retirees: none, and

> in respect of active members who have not reached the full eligibility date: the portion of the actuarial present value of all future benefits payable by the employer on behalf of the member and his/her dependants which is attributed to the year following the valuation date. The actuarial present value is attributed uniformly over the years from the date of hire to the full eligibility date.

The actuarial methodology and assumptions summarized in Appendix A indicate how employer current service costs were computed for each of fiscal 2008 and 2009.

Interest Cost

To calculate the interest cost, interest for one year is credited on the Accrued Benefit Obligation, and interest for one-half of one year is credited on the total current service cost. Pension and claim payments are assumed to be made in the middle of the fiscal year.

Expected Return on Assets

To calculate the expected return on a Plan's assets, investment income for one year is credited based on the 5-year market related value of assets, and investment income for one-half of one year is credited on pension or claim payments, and contributions expected to be made during the fiscal year.

In the benefit cost tables shown above, the sum of the actual return on assets and the impact of deferred recognition on the current year return on assets is equal to the expected return on assets.

Amortization of Transitional Obligation

In accordance with the accounting standards, the value of the surplus less any Accrued Benefit Asset at the date of application of the standards is the transitional asset, or if negative, the transitional obligation. Under the prospective approach, this transitional obligation is normally amortized over the average remaining service period ("ARSP") of active employees. For NSPI, the ARSP as at January 1, 2000, the date of adoption of CICA 3461, was 13 years.

Amortization of Past Service Costs

Past service costs arising from plan amendments are amortized over the ARSP until full eligibility. The same ARSP was used for all benefit plans as the membership is materially the same.

In the benefit cost tables shown above, the sum of the past service costs arising in the period and the impact of deferred recognition on the past service costs is equal to the amortization of past service costs during the period.

Amortization of Net Actuarial Loss (Gain)

Under the accounting standards, actuarial gains and losses in a year may be combined with the unamortized balance of gains or losses from prior years. As discussed in CICA Section 3461.090, actuarial gains and losses on investments that are not yet reflected in the market related value of assets are not subject to amortization. The amount of unamortized gain or loss (net of the investment gain or loss not yet subject to amortization) that exceeds 10% of the greater of the plan's market related value of assets or Accrued Benefit Obligation is divided by ARSP and recognized in the current year benefit cost. The ARSP as at December 31, 2008 is 9 years.

In the benefit cost tables shown above, the sum of the actuarial loss on the ABO arising in the period and the impact of deferred recognition on the actuarial loss on the ABO is equal to the amortization of net actuarial losses during the period.

Amortization of Change in Carrying Amount of Accrued Benefit Asset on Adoption of CICA 3461 ("Initial Valuation Allowance")

In accordance with the accounting standards, the change in the limit on the carrying amount of the Accrued Benefit Asset on adoption of CICA 3461("Initial Valuation Allowance") may be amortized on the same basis as the transitional obligation.

Valuation Allowance

In accordance with CICA 3461, there may be limits on the carrying amount of an Accrued Benefit Asset. Currently, under the Employees' plan, NSPI's Accrued Benefit Asset will, upon full amortization of the Initial Valuation Allowance, be limited to half of the plan surplus.

Our understanding of CICA 3461 is that the difference between

> the Adjusted Benefit Asset (equal to surplus if there are net unamortized losses, or the Accrued Benefit Asset if there are net unamortized gains), and

> the expected future benefit

is equal to the sum of:

> the accrued Valuation Allowance, and

> the unamortized Initial Valuation Allowance.

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Any change in the Valuation Allowance (other than the Initial Valuation Allowance) must be recognized immediately in income. The required Valuation Allowance for 2009 is based on figures projected to the end of 2009. Based on these projections, a Valuation Allowance will not be required; however the necessity of a Valuation Allowance should be reviewed at the time December 31, 2009 disclosure figures are prepared.

The permitted carrying amount of the Accrued Benefit Asset is equal to the Accrued Benefit Asset less the accrued Valuation Allowance.

Section 3 – Actuarial Opinion

The following opinion is with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI").

Valuations of the Employee and Acquired Companies pension plans, supplemental and executive benefits, long service award, and post-employment health benefits were performed as at December 31, 2008. Each valuation was based on the plan provisions and data as at December 31, 2008. A valuation of the ERIP 86 and 91 and War Service pensions, and post-employment life insurance was performed as at December 31, 2007 and extrapolated to December 31, 2008. We are not aware of any other post-employment plans sponsored by NSPI.

We have confirmed with NSPI that since the valuation date, there are neither plan modifications nor any extraordinary changes to the membership that would materially affect the results of the actuarial valuations.

We hereby certify that, in our opinion, as at December 31, 2008:

a) The post-employment benefits for employees of NSPI are defined benefits for purposes of Section 3461 of the *CICA Handbook*.

b) Our valuation and extrapolation thereof has been made in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from our valuation and extrapolation thereof have been determined in accordance with our understanding of Section 3461 of the *CICA Handbook*.

c) Our valuation thereof was performed using best-estimate assumptions developed by NSPI as at December 31, 2008. These assumptions are described in our valuation report and are summarized in Appendix A.

d) The total Accrued Benefit Obligation is $703.204 million and the total market value of assets is $508.817 million for a deficit of $194.387 million. The unamortized loss, past service cost and transitional obligations, net of unamortized gains and transitional assets is $210.519 million. The accrued Valuation Allowance is $0. The Carrying Amount of the Accrued Benefit Asset is $16.132 million. (Figures are rounded and may not add up exactly due to rounding.)

e) The average remaining service period for active members is 9 years. This is also a reasonable proxy of the average expected life expectancy in benefits plans that are comprised primarily of retirees. After application of the 10% corridor, actuarial gains and losses (other than those amounts not yet included in the market related value of assets) for each benefit plan is amortized over 9 years.

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f) We have confirmed with NSPI that the plan provisions are up to date as at the date of this report. We are not aware of any events that could have a significant effect on our valuation or on NSPI's financial statements.

g) Fiscal 2008 benefit cost is $26.961 million.

h) Fiscal 2009 benefit cost is estimated to be $14.767 million.

i) We are aware that NSPI's auditors may rely on this report for the preparation of NSPI's financial statements.

Furthermore, we hereby declare that in our opinion:

> The data upon which this valuation is based are sufficient and reliable for the purposes of the valuation; and

> NSPI management have selected the assumptions and they are in accordance with accepted actuarial practice; and

> This report has been prepared, and our opinion given, in accordance with generally accepted actuarial practice.

Emerging experience, differing from assumptions will result in gains and losses, which will be revealed in future valuations.

We are available, at your convenience, to provide you with any additional information that you may require.

Respectfully submitted,

Paul Chang, F.S.A., F.C.I.A.

Michael Delaney, F.S.A., F.C.I.A.

MORNEAU SOBECO
April 2009

Appendix A – Actuarial Assumptions and Methods

Actuarial Cost Method

For all active employees, the Accrued Benefit Obligation and the current service cost were calculated using the "projected benefit method pro-rated on service".

According to this method, the Accrued Benefit Obligation is equal to the actuarial present value of all future benefits (net of any employee cost sharing for OPEBs), taking into account the assumptions described below, multiplied by the ratio of an employee's service at the valuation date to total service at the retirement date. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in that period.

To determine the actuarial present value of post-retirement health benefits, the expected true costs were projected into the future in respect of each member applying both age-related utilization rates and the assumed trend (i.e., health care inflation) rates. In addition, each member's expected contributions (i.e., premium) was projected into the future based on health care inflation. The actuarial present value of NSPI's portion of the cost of the post-employment health plan is the difference between the actuarial present value of the total cost and the actuarial present value of the member's contributions.

Assets

Employee and Acquired pension plan assets are taken at market value from the draft audited financial statements. There are no assets in respect of the other plans.

To determine the expected return on assets, we used a 5 year market-related value of assets and assumed that all cash flows would occur at mid-year.

Actuarial Assumptions

The actuarial assumptions used for the valuation are summarized in the following table. All rates and percentages are annualized unless otherwise noted. All assumptions used are management's best estimates. The discount rate was based on the annualized yield of A rated bonds at the valuation date with the same duration as the obligations (14 years at December 31, 2007 and 12 years at December 31, 2008).

Table A.1 Actuarial Assumptions – Economic Factors

	December 31, 2008 Disclosure and 2009 Benefit Cost	December 31, 2007 Disclosure and 2008 Benefit Cost
Discount Rate	**7.50%**	5.75%
General Inflation	2.50%	Same
YMPE	3.00%	Same
Salary Increases	Under 30: 5.50% 30 to 34: 5.00% 35 to 39: 4.50% 40 to 44: 4.00% 45 to 49: 3.50% 50 and above: 3.00%	Same
Increase in maximum Pension in registered plan per year of service	$2,222 for 2007, $2,333 for 2008, $2,444 for 2009 and $2,444 indexed starting in 2010 at 3.00% per annum	Same
Return on Employee Plan Assets	**7.25%**	7.50%
Return on Acquired Plan Assets	**7.25%**	7.50%
Extended Health Care Inflation	6.00% for next year (premium increase effective Jan 2010), decreasing in years 2 through 3 by 1% per year with a long-term ultimate rate of 4.00%	7.00% for next year (premium increase effective Jan 2009), decreasing in years 2 through 4 by 1% per year with a long-term ultimate rate of 4.00%
Dental Inflation	4.00%	Same

Table A.2 Actuarial Assumptions – Demographic Factors

	December 31, 2008 Disclosure and 2009 Benefit cost	December 31, 2007 Disclosure and 2008 Benefit cost
Mortality	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Sex Distinct Post-retirement only	Same
Termination	5% per annum up to age 50	Same
Disability Rates	None assumed	Same
Retirement Rates	Age 58, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 58 would be eligible for the long service award	Age 59*, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 59 would be eligible for the long service award *Age 58 was used for the valuation of the new post- retirement health plan and life insurance benefits [3]
Spouse Age Difference	Women 3 years younger	Same
Health Care Relative Utilization [1]	Please see table A.3 below	Same
Percentage Married	85% at retirement	Same
Members Electing Life Insurance Benefits at Retirement	100% for any member who has more than 15 years of service at retirement	Same
Members Electing Health Coverage at Retirement	For members who currently have coverage: 100% for members with 35 or more years of service, 85% for all other members [2]	Same
Coverage Elected at Retirement	Old Plan: 85% Family, 15% Single New Plan: 35% Family, 50% Couple, 15% Single	Same

1. Used to estimate average medical and drug costs at different ages (drug coverage ceases at age 65). As we did not have reliable data to perform a utilization review, we have continued to use the utilization table from our 2002 study.

2. The data used for the post-employment health care valuation includes only those active members who currently have health coverage – such members represent 90% of all active employees at NSPI – the assumed likelihood that an active employee who currently has coverage and who retires from NSPI takes post-retirement coverage is 85% resulting in an overall take up rate for all employees (with or without current coverage) of 75% (approximately equal to 0.85 x 0.9).

Table A.3 Health Care Relative Utilization Factors

Age	Hospital & EHB	Drug Coverage	Dental Coverage
40	46%	42%	90%
45	53%	56%	88%
50	61%	74%	86%
55	78%	86%	83%
60	100%	100%	81%
64	122%	113%	80%
65	128%	N/A	N/A
70	163%	N/A	N/A
75	239%	N/A	N/A
80	352%	N/A	N/A
85	517%	N/A	N/A

Example: The cost for Hospital and EHB for a 64 year old is 122% of the cost for a 60 year old.

Calculation of Medical Cost

Development of Utilization Factors

We did not have reliable data as at December 31, 2008 to perform a utilization review; therefore, we have continued to rely on the utilization table established from our 2002 study.

Manulife Financial provided claims amounts for hospital & EHB, and drugs for the period from August 1, 2001 to July 31, 2002 by quinquennial age bands. Using the number of members within each age band, we determined the amount of claims per member for each age band. From this we found the relative age based utilization factors for each quinquennial age band. We then extrapolated integer age based utilization factors from the quinquennial results. As there were insufficient post-1991 retirees over age 75 to establish a reliable utilization scale over such age, the utilization scales beyond age 75 were estimated based on industry statistics. We did not have details of the dental claims amount and have used utilization factors which are based on industry statistics.

Existing Post-Retirement Health Plan - NSPI members

Effective 2003, the annualized premiums for retirees are experience rated amongst retirees only. Previously the actives and retiree premiums were experience rated as a single group, and the same premium was paid by both retirees and actives. The member's portion (50% of total cost) of the annualized premiums charged as at January 1, 2009 for the NSPI Health plan is $818 for single coverage and $2,047 for family coverage. The experience report also shows that approximately 85% of claims are related to drugs, with the remaining 15% for hospital and extended health care.

Based on the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total expected claims at each age less member's paid premium) for 2009 at each age:

Age	Single	Family
50	$1,013	$2,529
55	$1,318	$3,291
60	$1,675	$4,185
65	($576)	($1,444)
70	($510)	($1,277)
75	($365)	($915)
80	($152)	($384)
85	$160	$397

Based on the premiums provided by Manulife, we updated the estimated employer cost (as compared to our prior valuation). Based on the ratio of the family to the single premium being charged by Manulife, and a fully experienced retiree only group, we continue to assume that the total cost for family coverage is approximately 2.5 times the single cost. A negative amount means that the retiree's premium exceeds the estimated average claims at that particular age.

New Post-Retirement Health Plan - NSPI members

Effective January 1, 2004, a new health benefit plan for retirees was introduced. Please refer to Appendix C for details of the new retiree health plan. We understand that this plan will be rated separately from the existing plan and retirees and actives will be rated as one group within the new plan. As there are currently an insufficient number of retirees under the new plan, we have used the same drug and hospital utilization factors as for the old plan. The dental utilization factors were developed based on the experience under the new plan only.

NSPI provided us with the total annualized premiums charged as at January 1, 2009 for the new NSPI Health plan as $1,034 for single coverage and $3,169 for family coverage, and new Dental plan as $381 for single coverage and $845 for family coverage. These are the same as the premiums charged as at January 1, 2008. Based on the premiums provided, and the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total cost less member's premium) for 2009 at each age for an employee who will pay 50% of the benefit plan premium in retirement:

Age	Health Single	Health Family*	Dental Single	Dental Family*
50	$685	$2,021	$183	$398
55	$894	$2,648	$173	$378
60	$1,141	$3,390	$164	$358
64	$1,371	$4,081	$157	$342
65**	$0	$0	$0	$0

* *In addition to family coverage, there is "couple coverage", employer health and dental costs for couple coverage is approximately 2 times the single health cost shown.*

** *No coverage after age 65.*

Note that under the new post-retirement benefit plan, the actual percentage of the costs paid by the employer varies by the member's years of service at retirement. The costs shown above would need to be adjusted accordingly for members who do not receive 50% cost sharing. (Please contact us if you require such figures).

Pre-1992 Retirees

Since NSPI's liability in respect of former NSPI employees who retired under the PSSP is based on the amount of premium assessed by the Province, we have determined the accrued benefit obligation in respect of these members by determining the present value of premiums. Such premiums are assumed to increase at the health inflation rates, but no age utilization factor is applied. Annualized employer (65% of total) premiums as at January 1, 2009 (this represents a 7.8% increase from the January 1, 2008 premiums) are as follows:

	Policy 5138	Policy 6000	Policy 6500
Single	$217	$728	$387
Family	$554	$1,615	$776

We assumed that the above premiums for pre-1992 retirees would follow the extended health care inflation assumption set out in table A.1 for future years.

Calculation of Life Insurance Cost

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. We were not provided with specific data relating to this life insurance coverage however we have complied membership data as at December 31, 2008 using the data provided by NSPI for the new health plan and earnings provided for the long service award valuation.

We determined the actuarial present value of the true cost of the future post-retirement life insurance for each member. For active employees this value was multiplied by the ratio of their service at the valuation date to total service at their retirement date. The actuarial present value of NSPI's portion of the cost of post-retirement life insurance coverage was determined for each individual based on the plan's cost-sharing formula which uses the employee's expected service at retirement, or the actual cost-sharing percentage as provided by NSPI in the case of the retired members. Please refer to Appendix D for a more detailed description of the provisions of the subsidized post-retirement life insurance.

Valuation Allowance

For purposes of estimating the Valuation Allowance required for fiscal 2009, we estimated the December 31, 2009 ABO for the Employee's Pension Plan (DB component only) to be $618.482 million. This was based on the December 31, 2008 ABO figure of $595.203 million projected forward with estimated current service cost, interest, less benefit payments. The Employee's Pension Plan assets (DB component only), on a market value basis, projected to December 31, 2009 is estimated to be $508.667 million.

As a result, the Plan's ABO exceeds the assets as at December 31, 2009 (i.e., the Plan's "adjusted benefit asset" is less than 0 and there is no "expected future benefit" – as those terms are defined in CICA subsections 3461.101) and no Valuation Allowance is projected to be required. A determination based on actual December 31, 2009 ABO and assets will be required to finalize the amount of Valuation Allowance for 2009.

Appendix B – Membership Data

Description of Pension Plan Membership Data

Our valuation of the pension plans as at December 31, 2008 was based on valuation data as at December 31, 2008.

We have performed tests to verify reasonableness and internal consistency and are satisfied that the data is sufficient and reliable for the purposes of this valuation. Basic statistics on the Employee and Acquired plan data are shown in the table below:

Table B.1

	Employee Plan (DB)	Acquired Companies Division 1 / 2	Exec, Discretionary	War Svc, ERIP 1986, ERIP 1991
Actives (including LTD)				
Number	1,514*	0 / 3	22	N/A
Average age	45.3	57.6	49.2	N/A
Average credited service	14.8	5.3	15.7	N/A
Average 2008 earnings	$61,054	$55,760	< >	N/A
Pensioners (including survivors)				
Number	1,070	477 / 184	316	333
Average age	62.7	76.3 / 76.9	67.7	78.8
Average annual lifetime pension	$21,472	$6,792 / $5,390	$5,149	$3,923
Average annual bridge (averaged over all pensioners)	$4,622	$0 / $0	$777	$0

** Includes 46 members on LTD and 39 members who switched to the DC component of the Plan in respect of service after July 1, 2001. Also includes the data for 29 members who have service with Emera on or after January 1, 2007.*

< > Some earning figures not shown to protect confidentiality.

Data for the War Service, and ERIP 1986 and 1991 were provided by NSPI as at December 31, 2007.

Pension figures include the January 1, 2009 cost of living adjustment.

Please refer to the actuarial reports for funding purposes as at December 31, 2008 for additional data information for the Employees' Pension Plan and the Acquired Companies Pension Plan.

The following tables summarize the key data used in our valuation.

Table B.2 Employee Plan Active Members

Age	Credited Service	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 plus	Total
Under 25	Count	40							40
	Avg Credited	1.2							1.2
	Avg 2008 Earnings	41,046							41,046
25 to 29	Count	77	6						83
	Avg Credited	1.6	6.8						2.0
	Avg 2008 Earnings	43,620	54,703						44,421
30 to 34	Count	92	37						129
	Avg Credited	1.9	7.4						3.5
	Avg 2008 Earnings	51,211	47,011						50,007
35 to 39	Count	90	50	18	17	1			176
	Avg Credited	2.0	7.7	11.1	17.6	20.3			6.1
	Avg 2008 Earnings	58,921	60,802	60,533	61,960	<>			59,878
40 to 44	Count	63	44	18	47	43	2		217
	Avg Credited	2.0	7.8	11.8	18.4	21.5	25.6		11.6
	Avg 2008 Earnings	54,952	60,158	59,927	67,926	68,748	<>		62,065
45 to 49	Count	43	56	25	43	85	56	2	310
	Avg Credited	1.9	7.7	11.1	18.4	22.4	27.2	30.9	16.3
	Avg 2008 Earnings	57,028	66,017	68,719	67,943	70,379	70,314	<>	67,199
50 to 54	Count	28	29	18	23	52	71	129	350
	Avg Credited	1.8	7.6	11.3	18.2	22.7	27.9	32.6	23.6
	Avg 2008 Earnings	50,984	54,691	59,775	63,382	65,492	75,248	67,392	65,683
55 to 59	Count	10	23	6	13	29	36	57	174
	Avg Credited	1.7	7.9	12.6	18.3	22.8	27.7	33.3	23.4
	Avg 2008 Earnings	59,469	71,516	48,103	51,543	57,949	61,845	70,049	63,781
60 plus	Count	1	3	3	6	7	6	9	35
	Avg Credited	4.5	6.9	10.1	17.9	22.1	27.9	33.4	22.4
	Avg 2008 Earnings	<>	51,818	57,447	55,862	46,695	48,851	45,759	49,474
Total	Count	444	248	88	149	217	171	197	1514
	Avg Credited	1.8	7.6	11.4	18.2	22.3	27.6	32.8	14.8
	Avg 2008 Earnings	51,775	59,831	61,627	64,633	66,378	69,775	67,114	61,054

Some earnings figures hidden to protect confidentiality.

Age is rounded down to the nearest birthday.

Avg. Credited is the number of years credited for pension plan purposes (rounded down to the nearest integer).

The salary used is the annualized pensionable salary for the year ending December 31, 2008.

Includes 46 members on LTD and 39 members who switched to the DC component of the Plan in respect of service after July 1, 2001.

Table B.3 Employees' Plan Pensioners

Nearest Age	Count	Average Annual Pension	Average Annual Bridge	Average Annual Benefit	Total Benefit Payable
Under 25	21	-	2,339	2,339	49,125
25 to 54	29	11,157	2,125	13,282	385,175
55	24	25,124	7,248	32,372	776,935
56	39	26,940	8,050	34,989	1,364,588
57	49	29,492	8,773	38,265	1,874,971
58	43	25,680	8,913	34,593	1,487,503
59	62	25,668	8,241	33,909	2,102,376
60	80	23,504	7,242	30,745	2,459,629
61	100	23,677	7,862	31,538	3,153,843
62	84	21,713	7,444	29,158	2,449,242
63	64	25,193	7,192	32,385	2,072,659
64	62	19,912	6,604	26,516	1,643,969
65	41	21,392	3,327	24,719	1,013,499
66	47	19,301	233	19,534	918,086
67	47	18,423	-	18,423	865,873
68	45	19,121	108	19,229	865,316
69	44	18,798	97	18,895	831,362
70	46	20,113	115	20,228	930,466
71	33	24,085	-	24,085	794,793
72	32	20,314	-	20,314	650,049
73	21	14,225	-	14,225	298,734
74	9	15,342	-	15,342	138,077
75	14	20,577	-	20,577	288,078
76	13	13,612	-	13,612	176,955
77	3	13,649	-	13,649	40,946
78	5	16,818	-	16,818	84,090
79	2	< >	-	< >	< >
80	7	17,485	-	17,485	122,397
81	3	16,792	-	16,792	50,377
82	1	< >	-	< >	< >
Average		**21,472**	**4,622**	**26,094**	
Total	**1070**				**27,920,613**

Figures shown above include January 1, 2009 cost of living adjustment.

** Bridge payable to surviving spouse.*

< > Some figures are not shown to protect confidentiality.

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Table B.4 Acquired Plan Pensioners

	PART 1			PART II		
Nearest Age	Count	Average Annual Benefit	Total Benefit Payable	Count	Average Annual Benefit	Total Benefit Payable
Less than 55	2	< >	< >	-	-	-
55 to 59	13	597	7,762	4	2,213	8,851
60	4	1,304	5,216	6	1,664	9,981
61	16	650	10,404	1	< >	< >
62	20	1,241	24,825	3	638	1,915
63	14	2,217	31,040	4	2,404	9,617
64	17	2,294	38,995	3	3,477	10,431
65	13	2,835	36,851	4	2,296	9,183
66	11	2,732	30,049	4	5,595	22,381
67	7	3,646	25,519	1	< >	< >
68	9	3,332	29,984	1	< >	< >
69	7	4,347	30,427	4	4,497	17,988
70	13	4,523	58,802	12	5,111	61,338
71	10	4,129	41,293	6	5,911	35,468
72	12	5,961	71,538	8	3,207	25,657
73	15	6,215	93,218	7	3,948	27,635
74	11	4,666	51,326	5	5,927	29,637
75	23	8,522	196,001	5	7,446	37,229
76	11	9,130	100,430	5	5,064	25,318
77	19	8,777	166,771	7	5,930	41,509
78	19	10,291	195,524	8	8,650	69,197
79	17	6,519	110,818	11	5,189	57,077
80	14	11,037	154,515	10	6,858	68,580
81	21	11,197	235,147	5	3,981	19,903
82	17	10,092	171,569	6	7,789	46,733
83	21	8,031	168,661	9	9,678	87,098
84	12	10,776	129,311	7	6,525	45,673
85 to 89	58	10,837	628,531	24	6,242	149,809
90 to 94	38	7,659	291,054	12	5,352	64,227
95 and over	13	7,674	99,762	2	< >	< >
AVERAGE		**6,792**			**5,390**	
TOTAL	**477**		**3,239,717**	**184**		**991,843**

Figures shown above include January 1, 2009 cost of living adjustment.
< > Some figures are not shown to protect confidentiality.

Table B.5 Exec and Discretionary Pensions

Nearest Age	Count	Avg. Annual Pension	Avg. Bridge Pension	Avg. Benefit	Total Benefit
Less than 55	1	< >	< >	< >	< >
55 to 59	7	4,821	796	5,617	39,319
60	19	4,543	1,263	5,806	110,309
61	25	3,931	1,467	5,397	134,931
62	39	4,690	1,418	6,108	238,206
63	30	6,158	1,316	7,474	224,208
64	33	3,645	1,389	5,035	166,145
65	24	4,233	631	4,865	116,752
66	20	3,670	92	3,762	75,236
67	15	4,278	-	4,278	64,177
68	11	7,381	-	7,381	81,189
69	11	30,887	69	30,957	340,524
70	9	3,252	102	3,354	30,189
71	5	3,841	-	3,841	19,207
72	7	2,943	-	2,943	20,603
73	2	< >	-	< >	< >
74	2	< >	-	< >	< >
75	2	< >	-	< >	< >
76	2	< >	-	< >	< >
77	3	1,712	-	1,712	5,135
78	1	< >	-	< >	< >
79	4	5,018	-	5,018	20,073
80	5	4,563	-	4,563	22,816
81	4	1,561	-	1,561	6,243
82	5	3,552	-	3,552	17,760
83	1	< >	-	< >	< >
84	5	1,562	-	1,562	7,812
85 to 89	19	2,755	-	2,755	52,353
90 to 94	4	3,566	-	3,566	14,263
95 and over	1	< >	-	< >	< >
Average		**5,149**	**717**	**5,866**	
Grand Total	**316**				**1,853,581**

Figures shown above include January 1, 2009 cost of living adjustment.

** Bridge payable to surviving spouse.*

< > Some figures are not shown to protect confidentiality.

Table B.6 War Service and ERIP 1986 and 1991 as at December 31, 2007

War Service				ERIP 1986 and 1991			
Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable	Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable
74	1	< >	< >	65	1	< >	< >
76	7	1,746	12,225	66	1	< >	< >
77	1	< >	< >	67	1	< >	< >
78	2	< >	< >	69	3	3,148	9,444
79	3	1,051	3,153	70	1	< >	< >
80	3	1,305	3,914	71	9	4,148	37,335
81	2	< >	< >	72	20	4,331	86,626
82	7	3,036	21,250	73	15	4,366	65,488
83	4	1,347	5,388	74	21	5,015	105,305
84	13	2,826	36,732	75	18	4,647	83,651
85	6	2,984	17,906	76	27	4,531	122,349
86	5	3,109	15,546	77	36	3,857	138,866
87	8	3,417	27,340	78	14	3,556	49,790
88	4	6,337	25,347	79	20	3,630	72,591
89	5	4,156	20,780	80	18	3,756	67,601
90	7	4,538	31,768	81	13	4,143	53,860
91	3	9,891	29,672	82	11	5,389	59,278
92	1	< >	< >	83	9	3,772	33,944
93	1	< >	< >	84	6	2,697	16,184
98	1	< >	< >	85	3	1,886	5,658
100	1	< >	< >	86	1	< >	< >
Average		**$3,330**		**Average**		**$4,127**	
Total	**85**		**$283,009**	**Total**	**248**		**$1,023,396**

Figures shown above include indexing up to and including January 1, 2008. The January 1, 2009 pension increases are not included in the figures shown.

There are no bridge benefits.

< > Some figures are not shown to protect confidentiality.

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Description of Health Plan Membership Data

Employee data for health benefits was provided by NSPI as at December 31, 2008. We have taken the following steps to review the data to ensure sufficiency and reliability:

> The data for actives and post 1991 pensioners was compared to the pension valuation data as at December 31, 2008 for reasonableness. Approximately 70% of pension plan retirees are enrolled in the health coverage. This is reasonable since there is an employee cost share component for the coverage.

> The data for selected active members and post 1991 pensioners were cross-referenced with the pension plan data and found to be consistent.

> We reviewed the data counts and age distributions in respect of pre-1992 retirees for whom NSPI reimburses the Province of Nova Scotia for health benefits, against actual data as at December 31, 2004 and they are consistent.

Table B.7 NSPI Active Members Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	6	6	25.9
30 – 34	6	16	32.6
35 – 39	13	27	37.5
40 – 44	13	57	42.5
45 – 49	15	87	47.7
50 – 54	16	95	52.6
55 – 59	8	49	56.9
60 – 64	4	16	62.7
Total	**81**	**353**	**47.7**

Includes the data for 6 members who have service with Emera on or after January 1, 2007.

Table B.8 NSPI (Post – 91) Pensioners Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
< 50	0	3	45.6
50 – 54	5	5	53.1
55 – 59	23	72	58.1
60 – 64	63	180	62.4
65 – 69	31	100	67.4
70 – 74	19	44	71.9
75 – 79	9	9	76.8
> 80	2	2	82.9
Total	**152**	**415**	**64.2**

Table B.9 NSPI Active Members Enrolled in New Health Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	82	23	8	25.9
30 – 34	39	22	58	32.7
35 – 39	29	14	89	37.6
40 – 44	21	14	94	42.5
45 – 49	31	32	115	47.4
50 – 54	31	85	95	52.8
55 – 59	14	56	33	56.7
60 – 64	5	7	0	61.5
Total	**252**	**253**	**492**	**43.5**

Includes the data for 30 members who have service with Emera on or after January 1, 2007.

Table B.10 NSPI Active Members Enrolled in New Dental Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	82	25	9	26.0
30 – 34	36	28	57	32.6
35 – 39	28	17	85	37.6
40 – 44	21	17	98	42.5
45 – 49	31	34	116	47.4
50 – 54	29	78	99	52.7
55 – 59	18	54	30	56.7
60 – 64	5	6	0	61.4
Total	**250**	**259**	**494**	**43.4**

Includes the data for 31 members who have service with Emera on or after January 1, 2007.

Table B.11 NSPI (Post – 91) Pensioners Enrolled in New Health Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
< 50	0	0	1	44.3
50 – 54	0	2	0	52.4
55 – 59	8	69	26	57.5
60 – 64	4	43	8	61.4
65 – 69	2	0	0	65.6
Total	**14**	**114**	**35**	**58.7**

Table B.12 NSPI (Post – 91) Pensioners Enrolled in New Dental Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
< 50	0	0	1	44.3
50 – 54	0	2	0	52.4
55 – 59	8	66	24	57.4
60 – 64	5	43	7	61.4
65 – 69	2	0	0	65.6
Total	**15**	**111**	**32**	**58.8**

Pre-92 Pensioners – Premium Reimbursement to Province of NS

We were provided with the counts of members with single and family coverage enrolled in policies 5138, 6000, and 6500 under Province of NS post retirement health plan for who NSPI reimburses the Province of NS for a portion of the premiums. We gathered data provided by the Province of Nova Scotia as at December 31, 2004 for all of the retirees under policies 5138, 6000 and 6500 with single or family coverage who were still enrolled as at that date. We determined the present value of the future premiums as at December 31, 2008 assuming there was no change in the membership during 2005, 2006, 2007, or 2008. We then pro-rated the total present value for each group and coverage type based on the membership counts provided by NSPI as at December 31, 2008.

The following table presents the age distribution based on the membership as at December 31, 2004 and also provides the membership counts as at December 31, 2008:

Table B.13 Distribution of Pre–92 Pensioners based on December 31, 2004 Membership

Age Band	5138 Single	5138 Family	6000 and 6500 Single	6000 and 6500 Family
50 – 54	0	0	0	0
55 – 59	1	2	0	3
60 – 64	2	0	4	3
65 – 69	1	0	13	2
70 – 74	2	0	47	71
75 – 79	2	0	100	131
80 – 84	8	4	71	75
85 – 89	16	6	72	41
90 – 94	10	1	25	10
95 – 99	2	0	9	4
Total Dec 31, 2004	**44**	**13**	**341**	**340**
Total Dec. 31, 2008	**33**	**7**	**350**	**249**

Dental

In addition to the employee data for health benefits under the old post-retirement health plan, NSPI provided data for retiree dental benefits. Retiree dental benefits are provided in special circumstances under the old post-retirement health plan, and do not form part of the standard benefits package. (Under the new post retirement benefit plan, dental coverage is provided). There are approximately 22 retirees as at December 31, 2008 who are entitled to dental benefits on a 50/50 cost share under the old post-retirement health plan until they reach age 65. The average age of the 22 retirees is 61.7.

Life Insurance

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. We were not provided with specific data relating to this life insurance coverage, however we have complied membership data as at December 31, 2007 using the data provided by NSPI for the new health plan and earnings provided for the long service award valuation.

The following table summarizes the data as at December 31, 2007 which was used to determine the Accrued Benefit Obligation in respect of the life insurance benefits. Note that active members who are projected to have less than 15 years of service at the assumed retirement age (and assumed not to elect coverage) are excluded from the data shown below.

Table B.14 NSPI Active Members Assumed to have Subsidized Post-Retirement Life Insurance

Age Band	Count	Average Service	Average Projected Coverage at Retirement
Less than 30	94	1.9	461,053
30 – 34	101	3.6	400,545
35 – 39	131	6.9	352,634
40 – 44	122	13.2	311,467
45 – 49	152	19.6	277,500
50 – 54	214	28.5	230,481
55 – 59	82	29.0	191,598
60 – 64	11	24.5	181,909
Total	**907**	**16.3**	**305,626**

Includes the data for 16 members who have service with Emera on or after January 1, 2007.

Table B.15 NSPI Retired Members Assumed to have Subsidized Post-Retirement Life Insurance

Age Band	Count	Average Coverage
Less than 55	Less than 55	3
55 – 59	55 – 59	85
60 – 64	60 – 64	25
Total	**Total**	**113**

Long Service Award

The following table summarizes the data as at December 31, 2008 which was used to determine the Accrued Benefit Obligation in respect of the Long Service Award.

Table B.16 Employees eligible for Long Service Award

Age and Service	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 or more	Total
20 to 24	23						23
Average Service	2.1						2.1
Average Earnings	$43,836						$43,836
25 to 29	50	13					63
Average Service	2.3	7.0					3.3
Average Earnings	$48,240	$52,047					$49,026
30 to 34	70	59	7				136
Average Service	2.8	7.6	10.9				5.3
Average Earnings	$51,012	$48,188	$40,665				$49,254
35 to 39	50	78	33	19	1		181
Average Service	2.8	7.9	11.6	17.6	< >		8.3
Average Earnings	$58,082	$57,934	$57,061	$60,105	< >		$58,007
40 to 44	36	47	27	46	47	2	205
Average Service	3.0	7.8	12.1	18.4	21.8	< >	13.3
Average Earnings	$56,690	$62,943	$56,158	$67,334	$65,646	< >	$62,577
45 to 49	20	64	32	42	85	59	302
Average Service	2.6	7.8	11.3	18.5	22.4	27.4	17.3
Average Earnings	$58,439	$66,466	$63,176	$68,643	$66,428	$66,911	$65,965
50 to 54	19	35	17	25	55	198	349
Average Service	2.9	8.1	11.5	18.1	22.8	31.1	24.1
Average Earnings	$59,882	$54,034	$60,398	$57,759	$63,210	$64,820	$62,495
55 to 59	5	19	10	13	29	102	178
Average Service	3.6	8.2	11.7	18.3	22.6	31.5	24.7
Average Earnings	$126,897	$51,114	$46,324	$52,582	$57,447	$64,603	$61,843
60 to 65		5	2	6	8	16	37
Average Service		7.9	< >	18.0	22.6	32.9	23.7
Average Earnings		$52,906	< >	$54,349	$47,910	$51,224	$51,144
Total	**273**	**320**	**128**	**151**	**225**	**377**	**1,474**
Average Service	**2.7**	**7.8**	**11.6**	**18.3**	**22.4**	**30.7**	**16.3**
Average Earnings	**$54,495**	**$57,430**	**$56,987**	**$63,417**	**$63,596**	**$64,513**	**$60,214**

Includes the data for 31 members who have service with Emera on or after January 1, 2007.

NSPI retains the obligation in respect of all NSPI service.

Appendix C – Summary of Plan Provisions

Employees' Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2008 for a summary of plan terms. Effective July 1, 2001, a defined contribution option was offered under the Employee's pension plan. Members who elected to participate in the defined contribution portion of the plan ceased to accrue service under the defined benefit portion of the plan, but retain a defined benefit pension based on final average earnings at termination or retirement in respect of credited service to July 1, 2001.

Acquired Companies Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2008 for a summary of plan terms. Included in the liability is the value of cost of living adjustment and survivor benefits in respect of member's paid up Government of Canada pensions. We note that this is a closed plan and there are no members accruing service.

Executive Supplements, and Discretionary Benefits

NSPI introduced a Supplementary Executive Retirement Plan ("SERP") as at January 1, 2001 to top-up benefits for all members who are capped under the Employees' Pension Plan by the maximum pension limits set out in the *Income Tax Act*. Previously, only certain executives were covered by the SERP. Generally speaking, the SERP has the same terms as the registered Employees' Pension Plan and pays a pension equal to (a) minus (b):

a) the pension determined under the Employees' Pension Plan without reference to the *Income Tax Act* limits,

b) the pension payable under the Employees' Pension Plan.

The SERP benefits cover both defined benefit and defined contribution amounts that would otherwise exceed *Income Tax Act* limits. For the DC SERP, the word "contribution" would replace the word "pension" in the formula above. In addition, the annual rate of return on the DC SERP balances are deemed to be equal to the annual rate of return on the member's actual Employees' Pension Plan DC account balance.

Certain members in the SERP have a different definition of pensionable earnings than that defined in the Employees' Pension Plan. For such members, this would be used to determine (a) above. There is no pre-funding of SERP benefits. Please refer to the SERP plan document for additional information.

In addition to the SERP, any discretionary benefits granted by NSPI are included in this component. Such benefits are not pre-funded.

War Service, ERIPs of 1986 and 1991

War Service liability is in respect of service granted under the Nova Scotia Public Service Superannuation Plan ("PSSP") to members of Nova Scotia Power Corporation (the predecessor to Nova Scotia Power Incorporated). PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to war service on a pay as you go basis.

The ERIP 1986 and 1991 liability is in respect of certain additional benefits provided to members who retired under the early retirement incentive program (ERIP) offered in 1986 and 1991. The PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to additional service granted under the ERIP on a pay as you go basis.

Long Service Award

Employees who retire from active service on an unreduced pension are eligible for a Long Service Award benefit. This benefit is also paid in the event of death in service. No benefit is payable to employees who terminate prior to retirement, or to those who retire early with a reduced pension. A member's benefit is based on his rate of pay on his retirement date. The benefit amount is 1 week's salary for each year of service, up to a maximum of 26 years of service. Effective August 1, 2007 the long service award is closed to all new hires.

Post-Retirement Health Care Benefits

Existing ("Old") Post-Retirement Health Care Plan

All NSPI employees who retired between privatization and December 31, 2003 receive benefits under the Old post retirement health care plan. Members who were active as at January 1, 2004 may receive benefits based on either the Old or New Plan depending on a one-time coverage election.

The Old Plan provides retired employees and their spouses (and eligible dependent children, if any) with 100% coverage for all prescription drugs up to age 65, 100% of eligible hospital benefit costs, and 80% of extended health benefits. To be entitled to this post-retirement health benefit, employees must retire from active service and be eligible for an unreduced pension from the NSPI Employee's Pension Plan. Benefits are not provided to those who terminate prior to retirement. It is noted that the Prior Plan documents suggest that spouses and dependents are not eligible for coverage after the death of the member; however, we understand that the practice is to continue to provide coverage, and charge the applicable premium, in any such instance. We have therefore included the cost of lifetime benefits for surviving spouses, in accordance with Company practice.

The cost of the Old Plan is shared on a 50-50 basis between the retired employees (and eligible spouses) and the Company. The premium charged is set by the insurance company considering total expected claims in respect of retired members only. The premium does not reduce at age 65, although drug coverage ceases at that time. Premiums differ between employees only in respect of coverage type, i.e., single or family coverage.

New Post-Retirement Health Care Plan

This Plan applies to all employees hired on or after January 1, 2004. However, all active employees as at January 1, 2004 had a one time option to convert to the New Plan.

Compared to the Old Plan, the New Plan adds orthodontic coverage, and caps drug dispensing fees at $7 per prescription and drug costs to the generic brand cost. Members who enroll in the New Plan are entitled to continue with both health and dental coverage after retirement up to age 65 if they meet eligibility requirements:

> The member must have at least 10 years of continuous service with the Company to be eligible for the post-retirement benefit.

> Benefits are not provided to those who terminate prior to retirement.

> The cost of the New Plan is shared between the employee and the Company, based on the retired member's continuous service at their date of retirement:

Years of Continuous Service at Retirement	Employer Paid Portion
1 – 9	Not eligible to enroll in the Plan
10 – 14	0% paid for by the Employer
15 – 29	50% paid for by the Employer
30 – 34	75% paid for by the Employer
35 +	100% paid for by the Employer

In addition to single and family coverage, the New Plan offers "couple" coverage, whereby any two family members may obtain health and dental coverage. Under the New Plan, no coverage is provided after the former employee attains age 65 (even if the spouse is still under age 65).

Post-Retirement Health Benefits for pre-privatization retirees

The cost to NSPI of benefits payable in respect of retired NSPC (the predecessor to Nova Scotia Power Incorporated) members who receive a pension from the PSSA is based on the premium assessed by the Province of Nova Scotia.

Subsidized Post-Retirement Life Insurance

NSPI provides subsidized post-retirement life insurance up to age 65 for employees who elect to participate under the new health plan. The cost-sharing of the life insurance premiums is based on the retired member's continuous service at their date of retirement as shown in the table above for the new post-retirement health care plan.

For non-executives the coverage is equal to 3 times the employee's salary at retirement up to a maximum of $500,000. For executives the coverage is 5 times salary at retirement up to a maximum of $1,000,000.

Appendix D – Detailed Calculation Sheets Fiscal 2008 & Projected Fiscal 2009

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2008 to December 31, 2008
All figures in thousands. L:\Pension\n_z\NSPC\EMPL\Account\2009\[0901 ACC 2001-2008, Proj 2009-13.xls]2008

"VA" means Valuation Allowance

Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	4.1%	2.0%	3.3%	1.8%	3.4%	2.2%
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	7.6%	N/A	5.3%	N/A	3.1%	3.5%
Sensitivity to 100 basis points change in health trend rates:							
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	10.4%
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	8.6%

1. EXPENSE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
ASSUMED RETURN ON ASSETS	*N/A*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	*N/A*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	*5.75%*	
ASSUMED DISCOUNT RATE AT END OF PERIOD	*N/A*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*	
CURRENT SERVICE COST	$732	$10,162	$0	$250	$0	$916	$663	$12,723
INTEREST ON ACCRUED BENEFITS	0	39,502	2,212	1,837	713	963	1,322	46,549
EXPECTED RETURN ON ASSETS	0	(43,815)	(3,010)	0	0	0	0	(46,825)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	230	185
- Actuarial Losses / (Gains)	0	10,546	1,047	279	99	99	0	12,070
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION								0
EXPENSE (INCOME)	**$732**	**$15,475**	**($160)**	**$3,051**	**$1,432**	**$2,794**	**$3,637**	**$26,961**

2. ACCRUED BENEFIT (ASSET) LIABILITY

OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	-	-	-	-	-	-	-	-
OPENING BALANCE (not adjusted for VA)	**$144**	**($67,774)**	**($13,719)**	**$21,567**	**$7,657**	**$10,498**	**$15,211**	**($26,416)**
EXPENSE (INCOME) (including current year VA)	732	15,475	(160)	3,051	1,432	2,794	3,637	26,961
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(876)	(7,569)	(1,079)	(1,914)	(1,292)	(2,246)	(1,701)	(16,677)
CLOSING BALANCE (not adjusted for VA)	**$0**	**($59,868)**	**($14,958)**	**$22,704**	**$7,797**	**$11,046**	**$17,147**	**($16,132)**
ACCRUED VALUATION ALLOWANCE (EOY)	-	-	-	-	-	-	-	-
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($59,868)**	**($14,958)**	**$22,704**	**$7,797**	**$11,046**	**$17,147**	**($16,132)**

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$477,876	$30,941	$0	$0	$0	$0	$508,817
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	N/A	595,203	34,519	26,441	11,008	15,773	20,260	703,204
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**N/A**	**($117,327)**	**($3,578)**	**($26,441)**	**($11,008)**	**($15,773)**	**($20,260)**	**($194,387)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
- Unamortized Past Service	N/A	(865)	0	441	0	0	1,840	1,416
- Unamortized Actuarial Losses (Gains)	N/A	181,201	20,175	909	732	1,465	(4,417)	200,065
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	$177,194	$18,536	$3,737	$3,211	$4,728	$3,113	$210,519
CLOSING BALANCE (not adjusted for VA)	**$0**	**$59,867**	**$14,958**	**($22,704)**	**($7,797)**	**($11,045)**	**($17,147)**	**$16,132**
ACCRUED VALUATION ALLOWANCE - EOY	-	-	-	-	-	-	-	-
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF VA	**$0**	**$59,867**	**$14,958**	**($22,704)**	**($7,797)**	**($11,045)**	**($17,147)**	**$16,132**

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2008 to December 31, 2008
All figures in thousands.

"VA" means Valuation Allowance

4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
A. FINANCIAL POSITION OF THE PLAN AT BEGINNING OF PERIOD								
Assets (Market Value)	N/A	$600,462	$40,255	$0	$0	$0	$0	$640,717
Accrued Benefit Obligations	144	693,631	40,624	30,971	13,051	17,295	23,560	819,276
Surplus (Deficit)	**($144)**	**($93,169)**	**($369)**	**($30,971)**	**($13,051)**	**($17,295)**	**($23,560)**	**($178,559)**
B. PLAN COSTS FOR BENEFITS ACCRUING DURING THE PERIOD								
Employee Contributions	N/A	$5,025	$0	$0	$0	$0	$0	$5,025
Company Normal Cost	732	10,162	0	250	0	916	663	12,723
Cost of Benefits Accruing	**$732**	**$15,187**	**$0**	**$250**	**$0**	**$916**	**$663**	**$17,748**
C. MARKET-RELATED VALUE OF ASSETS (5 years)								
Annual Adjustment in respect of Year -5	$0	$5,799	$210	$0	$0	$0	$0	
Annual Adjustment in respect of Year -4	0	128	(356)	0	0	0	0	
Annual Adjustment in respect of Year -3	0	4,515	83	0	0	0	0	
Annual Adjustment in respect of Year -2	0	7,496	298	0	0	0	0	
Annual Adjustment in respect of Year -1	0	(8,125)	(487)	0	0	0	0	

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2008 to December 31, 2008
All figures in thousands.
"VA" means Valuation Allowance

4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$591,507	$41,750	$0	$0	$0	$0	$633,256
Member Contributions	N/A	5,025	0	0	0	0	0	5,025
Company Contributions	N/A	7,569	1,079	1,914	1,292	2,246	1,701	15,801
Interest	N/A	43,815	3,010	0	0	0	0	46,825
Benefit Payouts	N/A	(28,476)	(4,303)	(1,914)	(1,292)	(2,246)	(1,701)	(39,932)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	9,812	(251)	0	0	0	0	9,561
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	**N/A**	**$629,252**	**$41,284**	**$0**	**$0**	**$0**	**$0**	**$670,536**
ACCRUED BENEFIT OBLIGATION								
Opening Value	$144	$693,631	$40,624	$30,971	$13,051	$17,295	$23,560	$819,276
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	15,187	0	250	0	916	663	17,016
Interest	N/A	39,502	2,212	1,837	713	963	1,322	46,549
Benefit Payouts	N/A	(28,476)	(4,303)	(1,914)	(1,292)	(2,246)	(1,701)	(39,932)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled	(144)	0	0	0	0	0	0	(144)
Projected Closing Accrued Benefit Obligation	**N/A**	**$719,844**	**$38,533**	**$31,144**	**$12,472**	**$16,928**	**$23,844**	**$842,765**
Gain (Loss) on Accrued Benefit Obligation arising at end of period	N/A	124,641	4,014	4,703	1,464	1,155	3,584	139,561
Actual Accrued Benefit Obligation at end of period	**N/A**	**$595,203**	**$34,519**	**$26,441**	**$11,008**	**$15,773**	**$20,260**	**$703,204**
PROJECTED SURPLUS END OF PERIOD (MRV)	**$0**	**($90,592)**	**$2,751**	**($31,144)**	**($12,472)**	**($16,928)**	**($23,844)**	**($172,229)**
ACTUAL SURPLUS END OF PERIOD (MRV)	**$0**	**$34,049**	**$6,765**	**($26,441)**	**($11,008)**	**($15,773)**	**($20,260)**	**($32,668)**
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$600,462	$40,255	$0	$0	$0	$0	$640,717
Member Contributions	N/A	5,025	0	0	0	0	0	5,025
Company Contributions	N/A	7,569	1,079	1,914	1,292	2,246	1,701	15,801
Expected Interest	N/A	44,439	2,898	0	0	0	0	47,337
Benefit Payouts	N/A	(28,476)	(4,303)	(1,914)	(1,292)	(2,246)	(1,701)	(39,932)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	**N/A**	**$629,019**	**$39,929**	**$0**	**$0**	**$0**	**$0**	**$668,948**
Gain (Loss) on Market Value of Asset return during period	N/A	(151,143)	(8,988)	0	0	0	0	(160,131)
Actual Market Value of Assets at end of period	**N/A**	**$477,876**	**$30,941**	**$0**	**$0**	**$0**	**$0**	**$508,817**
PROJECTED SURPLUS END OF PERIOD (Market Value)	**$0**	**($90,825)**	**$1,396**	**($31,144)**	**($12,472)**	**($16,928)**	**($23,844)**	**($173,817)**
ACTUAL SURPLUS END OF PERIOD (Market Value)	**$0**	**($117,327)**	**($3,578)**	**($26,441)**	**($11,008)**	**($15,773)**	**($20,260)**	**($194,387)**
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$43,815	$3,010	$0	$0	$0	$0	$46,825
Actual Return (MV)	$0	($106,704)	($6,090)	$0	$0	$0	$0	($112,794)
Gain (Loss)	**$0**	**($150,519)**	**($9,100)**	**$0**	**$0**	**$0**	**$0**	**($159,619)**
F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$0	($59,868)	($14,958)	$22,704	$7,797	$11,046	$17,147	($16,132)
(a) Expected Future Benefit	N/A	17,025	N/A	N/A	N/A	N/A	N/A	17,025
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(87,478)	N/A	N/A	N/A	N/A	N/A	(87,478)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	**N/A**	**0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0**
Closing Balance of Carrying Amount of Accrued								$0
Benefit (Asset) Liability Net of VA	0	($59,868)	($14,958)	$22,704	$7,797	$11,046	$17,147	($16,132)
Unamortized Valuation Allowance	0	3,347	0	0	0	0	0	3,347
Carrying Amount of Accrued Benefit								0
(Asset) Upon Full Amortization of VA	$0	(56,521)	(14,958)	22,704	7,797	11,046	17,147	(12,785)
Total (Surplus) Deficit To Be Eventually Recognized	0	90,825	(698)	31,144	12,472	16,928	23,844	174,515
UNAMORTIZED LOSS (GAIN)	**$0**	**$147,346**	**$13,562**	**$8,440**	**$4,675**	**$5,882**	**$6,697**	**$186,602**

If Unamortized Loss, or Gain (other than employee plan): equal to Total (Surplus) Deficit to be eventually recognized less Carrying Amount of Accrued Benefit (Asset) Upon Full amortization of VA.
If Unamortized Gain for Employee Plan: equal to 2 x Total (Surplus) to be eventually recognized less Accrued Benefit (Asset)

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5. AMORTIZATION SCHEDULE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
AMORTIZATIONS ESTABLISHED AS AT JANUARY 1, 2000								
ARSP as at January 1, 2000	0.00	13.00	13.00	13.00	13.00	13.00	13.00	
TRANSITIONAL OBLIGATION / (ASSET) (Jan 1, 2000)	$0	($10,216)	($5,320)	$8,616	$7,198	$10,607	$18,488	$29,373
Opening Balance	0	(3,928)	(2,048)	2,983	3,099	4,079	7,112	11,297
Annual Component	0	(786)	(409)	596	620	816	1,422	2,259
Closing Balance	0	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
Remaining Duration as at EOY (years)	0.00	4.00	4.00	4.00	4.00	4.00	4.00	
CHANGE in VA on ADOPTING CICA 3461 (Jan 1, 2000)	N/A	$10,880	N/A	N/A	N/A	N/A	N/A	$10,880
Opening Balance	N/A	4,184	N/A	N/A	N/A	N/A	N/A	4,184
Annual Component	N/A	837	N/A	N/A	N/A	N/A	N/A	837
Closing Balance	N/A	3,347	N/A	N/A	N/A	N/A	N/A	3,347
Remaining Duration as at EOY (years)	N/A	4.00	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2000								
ARSP as at December 31, 2000	0.00	12.00	12.00	12.00	12.00	12.00	12.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2000)	N/A	$869	N/A	$503	N/A	N/A	N/A	$1,372
Opening Balance	N/A	0	N/A	209	N/A	N/A	N/A	209
Annual Component	N/A	0	N/A	42	N/A	N/A	N/A	42
Closing Balance	N/A	0	N/A	167	N/A	N/A	N/A	167
Remaining Duration as at EOY (years)	N/A	0.00	N/A	4.00	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT OCTOBER 31, 2003								
	N/A	11.00	N/A	11.00	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (October 1, 2003)	N/A	$5,580	N/A	$521	N/A	N/A	N/A	$6,101
Opening Balance	N/A	0	N/A	321	N/A	N/A	N/A	321
Annual Component	N/A	0	N/A	47	N/A	N/A	N/A	47
Closing Balance	N/A	0	N/A	274	N/A	N/A	N/A	274
Remaining Duration as at EOY (years)	N/A	0.00	N/A	5.75	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT JULY 1, 2004								
ARSP as at July 1, 2004	N/A	11.00	N/A	N/A	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (July 1, 2004)	N/A	($7,283)	N/A	N/A	N/A	N/A	N/A	($7,283)
Opening Balance	N/A	(999)	N/A	N/A	N/A	N/A	N/A	(999)
Annual Component (half-year starting July 1)	N/A	(134)	N/A	N/A	N/A	N/A	N/A	(134)
Closing Balance	N/A	(865)	N/A	N/A	N/A	N/A	N/A	(865)
Remaining Duration as at EOY (years)	N/A	6.50	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DEC 31, 2006								
ARSP as at Dec 31, 2006	N/A	N/A	N/A	N/A	N/A	N/A	10.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2006)	N/A	N/A	N/A	N/A	N/A	N/A	2300	$2,300
Opening Balance	N/A	N/A	N/A	N/A	N/A	N/A	2,070	2,070
Annual Component	N/A	N/A	N/A	N/A	N/A	N/A	230	230
Closing Balance	N/A	N/A	N/A	N/A	N/A	N/A	1,840	1,840
Remaining Duration as at EOY (years)	N/A	N/A	N/A	N/A	N/A	N/A	8.00	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2007								
Updated ARSP as at December 31, 2007	0.00	10.00	10.00	10.00	10.00	10.00	10.00	
AGGREGATE NET ACTUARIAL LOSS / (GAIN)	$0	$165,869	$16,136	$5,891	$2,295	$2,719	($833)	$192,077
Actuarial loss (gain) not yet included in MRV	0	(8,955)	1,495	0	0	0	0	(7,461)
Amount subject to amortization	0	174,824	14,641	5,891	2,295	2,719	(833)	199,538
10% Corridor	(14)	69,363	4,175	3,097	1,305	1,730	(2,356)	77,299
Opening Balance to Amortize	0	105,461	10,466	2,794	990	990	0	120,701
Annual Component	0	10,546	1,047	279	99	99	0	12,070
Remaining amonnt to be amortized	0	155,323	15,089	5,612	2,196	2,620	(833)	180,007
Actuarial loss (gain) at end of period on								
- Asset Return	0	150,519	9,100	0	0	0	0	159,619
- Accrued Benefit Obligation	0	(124,641)	(4,014)	(4,703)	(1,464)	(1,155)	(3,584)	(139,561)
Total actuarial loss (gain) not amortized	**$0**	**$181,201**	**$20,175**	**$909**	**$732**	**$1,465**	**($4,417)**	**$200,065**
Total Closing Unamortized Losses (Gains) (excluding VA)	**$0**	**$177,194**	**$18,536**	**$3,737**	**$3,211**	**$4,728**	**$3,113**	**$210,519**

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"VA" means Valuation Allowance

6. EXPENSE - NEW DISCLOSURE REQUIREMENTS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$732	$10,162	$0	$250	$0	$916	$663	$12,723
INTEREST ON ACCRUED BENEFITS	0	39,502	2,212	1,837	713	963	1,322	46,549
ACTUAL RETURN ON ASSETS	0	106,704	6,090	0	0	0	0	112,794
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	(124,641)	(4,014)	(4,703)	(1,464)	(1,155)	(3,584)	(139,561)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$732**	**$31,727**	**$4,288**	**($2,616)**	**($751)**	**$724**	**($1,599)**	**$32,505**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	(150,519)	(9,100)	0	0	0	0	(159,619)
- Past Service Costs*	0	(134)	0	89	0	0	230	185
- Actuarial Loss (Gain) other than the current year return on assets*	0	135,187	5,061	4,982	1,563	1,254	3,584	151,631
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$732**	**$15,475**	**($160)**	**$3,051**	**$1,432**	**$2,794**	**$3,637**	**$26,961**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

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"VA" means Valuation Allowance

Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	3.1%	1.6%	2.7%	1.8%	1.5%	1.7%
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	8.1%	N/A	11.4%	N/A	1.9%	2.9%
Sensitivity to 100 basis points change in health trend rates:							
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	11.4%
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	10.0%

1. EXPENSE	**Pension Plan for Employees (DC only)**	**Pension Plan for Employees (DB only)**	**Pension Plan for Certain Acquired Companies**	**SERP Exec Supp Discretionary**	**War Service ERIP 1986 and ERIP 1991**	**Long Service Award**	**Post Retirement Employees (ER Only)**	**Total**
ASSUMED RETURN ON ASSETS	***N/A***	***7.25%***	***7.25%***	***7.25%***	***7.25%***	***7.25%***	***7.25%***	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	***N/A***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	
ASSUMED DISCOUNT RATE AT END OF PERIOD	***N/A***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	
CURRENT SERVICE COST	$946	$6,261	$0	$197	$0	$798	$547	$8,749
INTEREST ON ACCRUED BENEFITS	0	43,868	2,433	1,915	778	1,122	1,466	51,582
EXPECTED RETURN ON ASSETS	0	(45,486)	(2,890)	0	0	0	0	(48,376)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	230	185
- Actuarial Losses / (Gains)	0	0	634	0	0	0	(266)	368
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION								0
EXPENSE (INCOME)	**$946**	**$3,723**	**($232)**	**$2,797**	**$1,398**	**$2,736**	**$3,399**	**$14,767**

2. ACCRUED BENEFIT (ASSET) LIABILITY

OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($59,868)**	**($14,958)**	**$22,704**	**$7,797**	**$11,046**	**$17,147**	**($16,132)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	-	-	-	-	-	-	-	-
OPENING BALANCE (not adjusted for VA)	**$0**	**($59,868)**	**($14,958)**	**$22,704**	**$7,797**	**$11,046**	**$17,147**	**($16,132)**
EXPENSE (INCOME) (including current year VA)	946	3,723	(232)	2,797	1,398	2,736	3,399	14,767
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(946)	(23,130)	(1,331)	(2,010)	(1,266)	(2,416)	(1,986)	(33,085)
CLOSING BALANCE (not adjusted for VA)	**$0**	**($79,275)**	**($16,521)**	**$23,491**	**$7,929**	**$11,366**	**$18,560**	**($34,450)**
ACCRUED VALUATION ALLOWANCE (EOY)	-	-	-	-	-	-	-	-
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($79,275)**	**($16,521)**	**$23,491**	**$7,929**	**$11,366**	**$18,560**	**($34,450)**

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$508,667	$30,243	$0	$0	$0	$0	$538,910
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	N/A	618,482	32,783	26,543	10,520	15,277	20,287	723,892
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**N/A**	**($109,815)**	**($2,540)**	**($26,543)**	**($10,520)**	**($15,277)**	**($20,287)**	**($184,982)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(2,356)	(1,230)	1,791	1,859	2,447	4,268	6,779
- Unamortized Past Service	N/A	(731)	0	352	0	0	1,610	1,231
- Unamortized Actuarial Losses (Gains)	N/A	192,176	20,291	909	732	1,465	(4,151)	211,422
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	$189,089	$19,061	$3,052	$2,591	$3,912	$1,727	$219,432
CLOSING BALANCE (not adjusted for VA)	**$0**	**$79,274**	**$16,521**	**($23,491)**	**($7,929)**	**($11,365)**	**($18,560)**	**$34,450**
ACCRUED VALUATION ALLOWANCE - EOY	-	-	-	-	-	-	-	-
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF VA	**$0**	**$79,274**	**$16,521**	**($23,491)**	**($7,929)**	**($11,365)**	**($18,560)**	**$34,450**

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4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
A. FINANCIAL POSITION OF THE PLAN AT BEGINNING OF PERIOD								
Assets (Market Value)	N/A	$477,876	$30,941	$0	$0	$0	$0	$508,817
Accrued Benefit Obligations	N/A	595,203	34,519	26,441	11,008	15,773	20,260	703,204
Surplus (Deficit)	**$0**	**($117,327)**	**($3,578)**	**($26,441)**	**($11,008)**	**($15,773)**	**($20,260)**	**($194,387)**
B. PLAN COSTS FOR BENEFITS ACCRUING DURING THE PERIOD								
Employee Contributions	N/A	$5,233	$0	$0	$0	$0	$0	$5,233
Company Normal Cost	946	6,261	0	197	0	798	547	8,749
Cost of Benefits Accruing	**$946**	**$11,494**	**$0**	**$197**	**$0**	**$798**	**$547**	**$13,982**
C. MARKET-RELATED VALUE OF ASSETS (5 years)								
Annual Adjustment in respect of Year -5	$0	$128	($356)	$0	$0	$0	$0	
Annual Adjustment in respect of Year -4	0	4,515	83	0	0	0	0	
Annual Adjustment in respect of Year -3	0	7,496	298	0	0	0	0	
Annual Adjustment in respect of Year -2	0	(8,125)	(487)	0	0	0	0	
Annual Adjustment in respect of Year -1	0	(30,104)	(1,820)	0	0	0	0	

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4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$629,252	$41,284	$0	$0	$0	$0	$670,536
Member Contributions	N/A	5,233	0	0	0	0	0	5,233
Company Contributions	N/A	23,130	1,331	2,010	1,266	2,416	1,986	32,139
Interest	N/A	45,486	2,890	0	0	0	0	48,376
Benefit Payouts	N/A	(32,083)	(4,169)	(2,010)	(1,266)	(2,416)	(1,986)	(43,930)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	(26,091)	(2,281)	0	0	0	0	(28,372)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	N/A	**$644,928**	**$39,055**	**$0**	**$0**	**$0**	**$0**	**$683,982**
ACCRUED BENEFIT OBLIGATION								
Opening Value	N/A	$595,203	$34,519	$26,441	$11,008	$15,773	$20,260	$703,204
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	11,494	0	197	0	798	547	13,036
Interest	N/A	43,868	2,433	1,915	778	1,122	1,466	51,582
Benefit Payouts	N/A	(32,083)	(4,169)	(2,010)	(1,266)	(2,416)	(1,986)	(43,930)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled	N/A	0	0	0	0	0	0	0
Projected Closing Accrued Benefit Obligation	N/A	**$618,482**	**$32,783**	**$26,543**	**$10,520**	**$15,277**	**$20,287**	**$723,892**
Gain (Loss) on Accrued Benefit Obligation arising at end of period	N/A	0	0	0	0	0	0	0
Actual Accrued Benefit Obligation at end of period	N/A	**$618,482**	**$32,783**	**$26,543**	**$10,520**	**$15,277**	**$20,287**	**$723,892**
PROJECTED SURPLUS END OF PERIOD (MRV)	**$0**	**$26,446**	**$6,272**	**($26,543)**	**($10,520)**	**($15,277)**	**($20,287)**	**($39,910)**
ACTUAL SURPLUS END OF PERIOD (MRV)	**$0**	**$26,446**	**$6,272**	**($26,543)**	**($10,520)**	**($15,277)**	**($20,287)**	**($39,910)**
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$477,876	$30,941	$0	$0	$0	$0	$508,817
Member Contributions	N/A	5,233	0	0	0	0	0	5,233
Company Contributions	N/A	23,130	1,331	2,010	1,266	2,416	1,986	32,139
Expected Interest	N/A	34,511	2,140	0	0	0	0	36,651
Benefit Payouts	N/A	(32,083)	(4,169)	(2,010)	(1,266)	(2,416)	(1,986)	(43,930)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	N/A	**$508,667**	**$30,243**	**$0**	**$0**	**$0**	**$0**	**$538,910**
Gain (Loss) on Market Value of Asset return during period	N/A	0	0	0	0	0	0	0
Actual Market Value of Assets at end of period	N/A	**$508,667**	**$30,243**	**$0**	**$0**	**$0**	**$0**	**$538,910**
PROJECTED SURPLUS END OF PERIOD (Market Value)	**$0**	**($109,815)**	**($2,540)**	**($26,543)**	**($10,520)**	**($15,277)**	**($20,287)**	**($184,982)**
ACTUAL SURPLUS END OF PERIOD (Market Value)	**$0**	**($109,815)**	**($2,540)**	**($26,543)**	**($10,520)**	**($15,277)**	**($20,287)**	**($184,982)**
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$45,486	$2,890	$0	$0	$0	$0	$48,376
Actual Return (MV)	$0	$34,511	$2,140	$0	$0	$0	$0	$36,651
Gain (Loss)	**$0**	**($10,975)**	**($750)**	**$0**	**$0**	**$0**	**$0**	**($11,725)**
F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$0	($79,275)	($16,521)	$23,491	$7,929	$11,366	$18,560	($34,450)
(a) Expected Future Benefit	N/A	13,223	N/A	N/A	N/A	N/A	N/A	13,223
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(107,305)	N/A	N/A	N/A	N/A	N/A	(107,305)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	N/A	**0**	N/A	N/A	N/A	N/A	N/A	**0**
Closing Balance of Carrying Amount of Accrued								$0
Benefit (Asset) Liability Net of VA	0	($79,275)	($16,521)	$23,491	$7,929	$11,366	$18,560	($34,450)
Unamortized Valuation Allowance	0	2,510	0	0	0	0	0	2,510
Carrying Amount of Accrued Benefit								0
(Asset) Upon Full Amortization of VA	$0	(76,765)	(16,521)	23,491	7,929	11,366	18,560	(31,940)
Total (Surplus) Deficit To Be Eventually Recognized	0	109,815	2,540	26,543	10,520	15,277	20,287	184,982
UNAMORTIZED LOSS (GAIN)	**$0**	**$186,580**	**$21,601**	**$3,052**	**$2,591**	**$3,911**	**$1,727**	**$219,462**

If Unamortized Loss, or Gain (other than employee plan): equal to Total (Surplus) Deficit to be eventually recognized less Carrying Amount of Accrued Benefit (Asset) Upon Full amortization of VA.
If Unamortized Gain for Employee Plan: equal to 2 x Total (Surplus) to be eventually recognized less Accrued Benefit (Asset)

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2009 to December 31, 2009 - Projection for 2009
All figures in thousands.
"VA" means Valuation Allowance

5. AMORTIZATION SCHEDULE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
AMORTIZATIONS ESTABLISHED AS AT JANUARY 1, 2000								
ARSP as at January 1, 2000	0.00	13.00	13.00	13.00	13.00	13.00	13.00	
TRANSITIONAL OBLIGATION / (ASSET) (Jan 1, 2000)	$0	($10,216)	($5,320)	$8,616	$7,198	$10,607	$18,488	$29,373
Opening Balance	0	(3,142)	(1,639)	2,387	2,479	3,263	5,690	9,038
Annual Component	0	(786)	(409)	596	620	816	1,422	2,259
Closing Balance	0	(2,356)	(1,230)	1,791	1,859	2,447	4,268	6,779
Remaining Duration as at EOY (years)	0.00	3.00	3.00	3.00	3.00	3.00	3.00	
CHANGE in VA on ADOPTING CICA 3461 (Jan 1, 2000)	N/A	$10,880	N/A	N/A	N/A	N/A	N/A	$10,880
Opening Balance	N/A	3,347	N/A	N/A	N/A	N/A	N/A	3,347
Annual Component	N/A	837	N/A	N/A	N/A	N/A	N/A	837
Closing Balance	N/A	2,510	N/A	N/A	N/A	N/A	N/A	2,510
Remaining Duration as at EOY (years)	N/A	3.00	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2000								
ARSP as at December 31, 2000	0.00	12.00	12.00	12.00	12.00	12.00	12.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2000)	N/A	$869	N/A	$503	N/A	N/A	N/A	$1,372
Opening Balance	N/A	0	N/A	167	N/A	N/A	N/A	167
Annual Component	N/A	0	N/A	42	N/A	N/A	N/A	42
Closing Balance	N/A	0	N/A	125	N/A	N/A	N/A	125
Remaining Duration as at EOY (years)	N/A	0.00	N/A	3.00	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT OCTOBER 31, 2003								
	N/A	11.00	N/A	11.00	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (October 1, 2003)	N/A	$5,580	N/A	$521	N/A	N/A	N/A	$6,101
Opening Balance	N/A	0	N/A	274	N/A	N/A	N/A	274
Annual Component	N/A	0	N/A	47	N/A	N/A	N/A	47
Closing Balance	N/A	0	N/A	227	N/A	N/A	N/A	227
Remaining Duration as at EOY (years)	N/A	0.00	N/A	4.75	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT JULY 1, 2004								
ARSP as at July 1, 2004	N/A	11.00	N/A	N/A	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (July 1, 2004)	N/A	($7,283)	N/A	N/A	N/A	N/A	N/A	($7,283)
Opening Balance	N/A	(865)	N/A	N/A	N/A	N/A	N/A	(865)
Annual Component (half-year starting July 1)	N/A	(134)	N/A	N/A	N/A	N/A	N/A	(134)
Closing Balance	N/A	(731)	N/A	N/A	N/A	N/A	N/A	(731)
Remaining Duration as at EOY (years)	N/A	5.50	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DEC 31, 2006								
ARSP as at Dec 31, 2006	N/A	N/A	N/A	N/A	N/A	N/A	10.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2006)	N/A	N/A	N/A	N/A	N/A	N/A	2300	$2,300
Opening Balance	N/A	N/A	N/A	N/A	N/A	N/A	1,840	1,840
Annual Component	N/A	N/A	N/A	N/A	N/A	N/A	230	230
Closing Balance	N/A	N/A	N/A	N/A	N/A	N/A	1,610	1,610
Remaining Duration as at EOY (years)	N/A	N/A	N/A	N/A	N/A	N/A	7.00	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2008								
Updated ARSP as at December 31, 2008	0.00	9.00	9.00	9.00	9.00	9.00	9.00	
AGGREGATE NET ACTUARIAL LOSS / (GAIN)	$0	$181,201	$20,175	$909	$732	$1,465	($4,417)	$200,065
Actuarial loss (gain) not yet included in MRV	0	151,376	10,343	0	0	0	0	161,719
Amount subject to amortization	0	29,825	9,832	909	732	1,465	(4,417)	38,346
10% Corridor	0	62,925	4,128	2,644	1,101	1,577	(2,026)	70,350
Opening Balance to Amortize	0	0	5,703	0	0	0	(2,391)	3,312
Annual Component	0	0	634	0	0	0	(266)	368
Remaining amount to be amortized	0	181,201	19,541	909	732	1,465	(4,151)	199,697
Actuarial loss (gain) at end of period on								
- Asset Return	0	10,975	750	0	0	0	0	11,725
- Accrued Benefit Obligation	0	0	0	0	0	0	0	0
Total actuarial loss (gain) not amortized	**$0**	**$192,176**	**$20,291**	**$909**	**$732**	**$1,465**	**($4,151)**	**$211,422**
Total Closing Unamortized Losses (Gains) (excluding VA)	**$0**	**$189,089**	**$19,061**	**$3,052**	**$2,591**	**$3,912**	**$1,727**	**$219,432**

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2009 to December 31, 2009 - Projection for 2009
All figures in thousands.
"VA" means Valuation Allowance

6. EXPENSE - NEW DISCLOSURE REQUIREMENTS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$946	$6,261	$0	$197	$0	$798	$547	$8,749
INTEREST ON ACCRUED BENEFITS	0	43,868	2,433	1,915	778	1,122	1,466	51,582
ACTUAL RETURN ON ASSETS	0	(34,511)	(2,140)	0	0	0	0	(36,651)
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	0	0	0	0	0	0	0
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$946**	**$15,618**	**$293**	**$2,112**	**$778**	**$1,920**	**$2,013**	**$23,680**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	(10,975)	(750)	0	0	0	0	(11,725)
- Past Service Costs*	0	(134)	0	89	0	0	230	185
- Actuarial Loss (Gain) other than the current year return on assets*	0	0	634	0	0	0	(266)	368
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$946**	**$3,723**	**($232)**	**$2,797**	**$1,398**	**$2,736**	**$3,399**	**$14,767**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

Actuarial Valuation for Funding Purposes as at December 31, 2007 of the

Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies

Prepared May 2008

Registration numbers: *Nova Scotia and Canada Revenue Agency 0284539*

MORNEAU SOBECO

Table of Contents

Executive Summary

Purpose

This report presents the results of the actuarial valuation as at December 31, 2007 of the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies (the "Plan"). Nova Scotia Power Incorporated ("NSPI") retained the services of Morneau Sobeco to perform this actuarial valuation. The last valuation of the Plan filed with Nova Scotia and the Canada Revenue Agency was performed as at December 31, 2006.

This report was prepared for Nova Scotia Power Incorporated for the following purposes:

> to determine the going-concern financial position of the Plan;

> to determine the solvency financial position of the Plan;

> to estimate the Employer contributions required under the Plan during the period up until the next valuation in accordance with the Nova Scotia *Pension Benefits Act*; and

> to provide the information and the actuarial opinion required by Nova Scotia and the Canada Revenue Agency.

Going-Concern Financial Position

The following table summarizes the change in the going-concern financial position since the previous valuation:

Table 0-1 Summary Reconciliation of Going-Concern Financial Position (millions)

Actuarial surplus / (unfunded liability) as at December 31, 2006	$0.96
Special payments and interest items	1.25
Experience gains / (losses)	(1.80)
Change in asset smoothing reserve	2.43
Actuarial surplus / (unfunded liability) as at December 31, 2007	**$2.84**

Figures may not add up exactly due to rounding.

The actuarial value of the Plan assets as at December 31, 2007 is $41.06 million. This represents 102% of the market value and 107% of the actuarial liability.

Although the Plan as a whole has a surplus of $2.84 million, Part I has an unfunded liability of $3.89 million, and Part II has an actuarial surplus of $6.73 million. According to the Plan terms, Part I and Part II of the Plan are to be maintained separate and apart and in no event shall assets of either Part be used to provide benefits under the other. As such, special payments towards the unfunded liability are required for Part I of the Plan.

Solvency Financial Position

As at December 31, 2007, the Plan's solvency assets exceed the solvency liabilities by $6.86 million and the transfer ratio is 1.09. As at December 31, 2006, the Plan had a transfer ratio of 1.04.

Although the Plan as a whole has a transfer ratio more than 1.00, Part I has a transfer ratio of 0.88 and Part II has a transfer ratio of 1.74. As a result, additional contributions may be required in order to pay 100% of commuted values under Part I.

Wind-Up Financial Position

As at December 31, 2007, if the Plan had been wound-up, the liabilities would have exceeded the market value of Plan assets by $5.22 million. This is comprised of a wind-up shortfall of $9.70 million in Part I of the Plan and a wind-up surplus of $4.48 million in Part II of the Plan.

Contributions – Part I

As there are no Plan members accruing service under Part I of the Plan, there is no normal actuarial cost.

Due to the unfunded liability under Part I of the Plan, minimum monthly special payments of $66,021 are required until the next valuation.

In addition, the employer is required to make monthly solvency special payments of $23,889 until the earlier of the next valuation and February 28, 2009.

Due to the transfer ratio in Part I of the Plan being less than 1.00, NSPI may be required to contribute an additional amount to Part I of the Plan prior to paying 100% of any commuted value payments. NSPI is also required to contribute to the Plan the value of escalated adjustments in respect of any commuted value payment being paid from the Plan in accordance with Regulation 19(12) of the Nova Scotia *Pension Benefits Act*. However, as there are only 3 active members in Part I of the Plan, all of whom are over age 55, no commuted value payments are expected.

Based on the above, the minimum required monthly contribution for Part I of the Plan, until the date of the next valuation, is $89,910 ($1,078,918 for the year).

Contributions – Part II

As there are no Plan members accruing service under Part II of the Plan, and this part of the Plan is fully funded on both a going-concern and solvency basis, there are no required contributions.

NSPI is required to contribute to the Plan the value of escalated adjustments in respect of any commuted value payment being paid from the Plan in accordance with Regulation 19(12) of the Nova Scotia *Pension Benefits Act*. However, as there are only 3 active members in Part II of the Plan, all of whom are over age 53, no commuted value payments are expected.

Changes since the Previous Valuation

There have been no changes to the Plan terms since the last valuation.

The following changes have been made to the actuarial assumptions and methods since the last valuation:

> The solvency and wind-up discount rates were reviewed and updated (where necessary) to reflect December 31, 2007 market conditions.

Please refer to Appendices A and B for a detailed description of the assumptions used in the valuation.

Section 1 – Going-Concern Financial Position

Statement of Going-Concern Financial Position

The financial position of the Plan on a going-concern basis is determined by comparing the actuarial value of assets to the actuarial liability. This reflects the assets available for the benefits earned up to the valuation date assuming the Plan continues indefinitely.

The following table shows the Plan's going-concern financial position as at December 31, 2007 with comparative figures from the previous valuation as at December 31, 2006.

Table 1-1 Going-Concern Financial Position (millions)

	December 31, 2007			December 31, 2006		
	Part I	Part II	Total	Part I	Part II	Total
Actuarial value of assets						
> Market value	$24.33	$15.93	$40.25	$26.18	$16.70	$42.88
> Asset smoothing reserve	0.51	0.29	0.81	(0.95)	(0.68)	(1.63)
Total actuarial value of assets	**$24.84**	**$16.22**	**$41.06**	**$25.24**	**$16.02**	**$41.25**
Actuarial liability						
> Active members	0.07	0.12	0.19	0.08	0.11	0.19
> Terminated vested members	0.00	0.05	0.05	0.00	0.05	0.05
> Retired members and beneficiaries	28.66	9.33	37.98	30.07	10.00	40.06
Total actuarial liability	**$28.73**	**$9.49**	**$38.22**	**$30.15**	**$10.15**	**$40.30**
Actuarial surplus (unfunded liability)	**($3.89)**	**$6.73**	**$2.84**	**($4.91)**	**$5.86**	**$0.96**
Funding ratio	**86%**	**171%**	**107%**	**84%**	**158%**	**102%**

Figures may not add up exactly due to rounding.

Although the Plan as a whole has an actuarial surplus of $2.84 million, Part I has an unfunded liability of $3.89 million, and Part II has an actuarial surplus of $6.73 million. According to the Plan terms, Part I and Part II of the Plan are to be maintained separate and apart and in no event shall assets of either Part be used to provide benefits under the other. As such, special monthly payments are required to liquidate the unfunded liability in Part I of the Plan. Please refer to Section 3 for details on the required special payments.

Appendix A and Appendix C provide further details on the determination of the actuarial liabilities and the actuarial value of assets respectively. A summary of membership data can be found in Appendix D. Appendix E contains a summary of the Plan provisions.

The following table shows the going-concern assets, liabilities and financial position as at the last three valuation dates:

Table 1-2 Going-Concern Assets and Liabilities (millions)

Valuation Date	Actuarial Value of Assets		Actuarial Liabilities		Actuarial Surplus / (Unfunded Liability)	
	Part I	Part II	Part I	Part II	Part I	Part II
December 31, 2005	$25.19	$15.69	$31.57	$10.65	($6.38)	$5.05
December 31, 2006	25.24	16.02	30.15	10.15	(4.91)	5.86
December 31, 2007	24.84	16.22	28.73	9.49	(3.89)	6.73

Figures may not add up exactly due to rounding.

Changes since the Previous Valuation

There have been no changes to the Plan terms since the last valuation. Furthermore, there have been no changes made to the going-concern actuarial assumptions and methods since the last valuation.

A summary of the going-concern assumptions used can be found in Appendix A.

Reconciliation of Going-Concern Financial Position

An unfunded actuarial liability is the excess of the actuarial liability over the actuarial value of assets. An actuarial surplus is the excess of the actuarial value of assets over the actuarial liability.

The change in the Plan's going-concern financial position is the net result of several factors, which are summarized in the following table:

Table 1-3 Reconciliation of Going-Concern Financial Position (millions)

Actuarial surplus / (unfunded liability) as at December 31, 2006		**$0.96**
Less asset smoothing reserve as at December 31, 2006		1.63
Actuarial surplus / (unfunded liability) as at December 31, 2006 based on market value		**$2.58**
Expected changes in financial position:		
> Interest on surplus / (unfunded liability)		0.18
> Employer amortization payments with assumed interest		1.07
Expected actuarial surplus / (unfunded liability) as at December 31, 2007 (market value)		**$3.83**
Experience gains / (losses) due to:		
> Actuarial loss on investment returns lower than expected	($2.17)	
> Actuarial gain on post-retirement indexing less than assumed *	0.28	
> Actuarial gain on mortality experience	0.03	
> Other factors	0.07	
Total gain / (loss) due to Plan experience		(1.80)
Actuarial surplus / (unfunded liability) as at December 31, 2007 based on market value		**$2.03**
Plus asset smoothing reserve as at December 31, 2007		0.81
Actuarial surplus / (unfunded liability) as at December 31, 2007		**$2.84**

Figures may not add up exactly due to rounding.

** Indexing as at January 1, 2007 of 2.0% was less than the assumed increase of 2.75%.*

Section 2 – Solvency Financial Position

Statement of Solvency Financial Position

As required by the Nova Scotia *Pension Benefits Act*, we have determined the solvency financial position of the Plan as at the valuation date. The Plan's solvency financial position is the extent to which the actuarial present value of benefits, calculated as if the Plan were wound up on December 31, 2007 (but allowing for the exclusion of escalated adjustments), is guaranteed by the actuarial value of assets and certain amortization payments. For purpose of the valuation, the liability related to indexing effective January 1, 2008 is included in the liabilities. Appendix B provides further details on the determination of solvency liabilities and assets.

The following table shows the Plan's solvency financial position as at December 31, 2007. For comparison, the solvency financial position as at December 31, 2006 is also shown.

Table 2-1 Solvency Financial Position (millions)

	December 31, 2007			December 31, 2006		
	Part I	Part II	Total	Part I	Part II	Total
Solvency assets						
> Market value of assets	$24.33	$15.93	$40.25	$26.18	$16.70	$42.88
> Assets smoothing adjustment	0.51	0.29	0.81	(0.95)	(0.68)	(1.63)
> Present value of special payments to amortize unfunded liability	3.41	0.00	3.41	4.38	0.00	4.38
> Wind-up expenses	(0.10)	(0.05)	(0.15)	(0.10)	(0.05)	(0.15)
Total solvency assets	**$28.15**	**$16.17**	**$44.32**	**$29.52**	**$15.97**	**$45.48**
Solvency liability						
> Active members	$0.08	$0.14	$0.22	$0.08	$0.14	$0.22
> Terminated vested and pending members	0.00	0.07	0.07	0.00	0.07	0.07
> Retired members and beneficiaries	28.08	9.10	37.18	29.44	9.75	39.18
Total solvency liability	**$28.15**	**$9.31**	**$37.47**	**$29.52**	**$9.95**	**$39.47**
Solvency excess (deficiency)	**$0.00**	**$6.86**	**$6.86**	**$0.00**	**$6.02**	**$6.02**
Transfer ratio*	**88%**	**174%**	**109%**	**85%**	**160%**	**104%**
Assumed discount rate for annuity purchase		4.5% per year			4.5% per year	

Figures may not add up exactly due to rounding.

** Ratio of market value of assets plus asset smoothing reserve less expenses to solvency liability.*

Based on the Plan's demographics, for purposes of the solvency valuation, we assumed that all members would elect to take an annuity purchase.

Based on the Canadian Institute of Actuaries' (CIA) recommendations and long term Government of Canada bonds' yield (series V39062) at the end of December 2007 of 4.10%, we have used a discount rate of 4.5% per annum. This is a reasonable estimate of the discount rate, which when used in conjunction with the UP94@2015 mortality table, approximated the cost of purchasing immediate non-indexed annuities as at the valuation date. For additional details on the solvency assumptions and methods, see Appendix B.

As the transfer ratio in Part I of the Plan is less than 1.00, NSPI may be required to remit to the pension fund additional amounts when commuted values are paid from the Plan. Please refer to "Other Contributions" in Section 3.

Funding of Grow-in Benefits

On December 9, 2005, the regulations to the Nova Scotia *Pension Benefits Act* (the "Act") were amended to remove the requirement to fund grow-in benefits. "Grow-in" benefits are legislated under the Act and provide entitlement to early retirement subsidies to pension plan members whose age and service total at least 55 on the wind-up of a pension plan.

However, the amendment to the Act has no impact on the Plan's solvency position and funding requirements since all active members have met eligibility requirements for an unreduced pension starting at age 55 in accordance with the Plan terms.

Statement of Wind-Up Financial Position

The wind-up position, which takes into account all benefits payable (the differences from solvency being the inclusion of escalated adjustments and the use of market value of assets rather than the solvency value of assets) would be as follows:

Table 2-2 Wind-up Financial Position (millions)

	December 31, 2007			December 31, 2006		
	Part I	Part II	Total	Part I	Part II	Total
Wind-up assets						
> Market value of assets	$24.33	$15.93	$40.25	$26.18	$16.70	$42.88
> Wind-up expenses	(0.10)	(0.05)	(0.15)	(0.10)	(0.05)	(0.15)
Total wind-up assets (unadjusted)	**$24.23**	**$15.88**	**$40.10**	**$26.08**	**$16.65**	**$42.73**
Wind-up liability						
> Active members	0.10	0.20	0.30	0.12	0.21	0.32
> Terminated vested and pending members	0.00	0.10	0.10	0.00	0.10	0.10
> Retired members and beneficiaries	33.83	11.10	44.92	36.34	12.17	48.51
Total wind-up liability	**$33.93**	**$11.40**	**$45.33**	**$36.46**	**$12.48**	**$48.93**
Wind-up surplus (shortfall)	**($9.70)**	**$4.48**	**($5.22)**	**($10.38)**	**$4.17**	**($6.20)**

Figures may not add up exactly due to rounding.

The assumed net discount rate as at December 31, 2007 to purchase CPI indexed annuities is 1.75% per annum.

If the Plan had been wound-up as at December 31, 2007:

> Part I liabilities would exceed the market value of Part I assets by $9.70 million.

> Part II assets on a market value basis would exceed Part II liabilities by $4.48 million.

The difference between the solvency and wind-up liabilities of $7.86 million as at December 31, 2007 represents the value of post retirement escalated adjustments (i.e. cost of living indexing) due as at January 1, 2009 and thereafter.

Section 3 – Employer Contributions

There are two principal types of Employer contributions. The first one is the contribution that may be required to cover the residual normal actuarial cost; the excess of the total normal cost over employee required contributions. The second one is the amortization payment that is required to liquidate any going-concern unfunded liabilities and/or solvency deficiencies. In addition, other Employer contributions may be required when commuted values are paid from the Plan and the transfer ratio is less than 1.00 or escalated adjustments are excluded from the valuation to determine the transfer ratio.

Normal Actuarial Cost

As there are no Plan members accruing service under this Plan, there is no normal actuarial cost.

Amortization Payments – Part I

Although the Plan as a whole has an actuarial surplus of $2.84 million, Part I has an unfunded liability of $3.89 million, and Part II has an actuarial surplus of $6.73 million. According to the Plan terms, Part I and Part II of the Plan are to be maintained separate and apart and in no event shall assets of either Part be used to provide benefits under the other.

Since a solvency deficiency would arise under Part I if the special payments in respect of the unfunded liability were adjusted in respect of the 5 year period after the valuation date, such payments cannot be adjusted. As such, the minimum monthly special payments of $29,250, $17,833, $8,033 and $7,151 previously established as at January 1, 2003, December 31, 2003, December 31, 2004 and December 31, 2005, respectively, must continue until the next valuation. The period remaining on these schedules are 4 years, 4 years, 5 years* and 13 years, respectively. (*Note: In accordance with Section 9 of the Regulations to the Nova Scotia *Pension Benefits Act*, this period was reduced from 9.29 years such that the present value of all special payments to Part I is sufficient to eliminate the unfunded liability of $1.89 million that exists as at December 31, 2007.) In addition to these minimum monthly special payments previously determined, the current unfunded liability as at December 31, 2007 requires additional monthly special payments of $3,754 over the next 15 years.

After considering the adjustments above, the period remaining on the previously scheduled special payments in respect of the solvency deficiency as at December 31, 2005 can be reduced to 1.15 years. Therefore, until the earlier of the next valuation and February 28, 2009, the employer is required to make additional solvency special monthly payments of $23,889. This is in addition to the above unfunded liability special payments.

The schedule of going-concern and solvency special payments for Part I of the Plan is as follows:

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Table 3-1 Amortization Payments and Present Values as at December 31, 2007 for Part I

Nature of Liability	Date Established	End of Amortization Period	Annual Payment	Monthly Payment	Present Value of Payments as at Dec 31, 2007 (GC Basis)	Present Value of Payments as at Dec 31, 2007 (SV Basis)*
Going-Concern	Jan. 1, 2003	Dec. 31, 2011	$351,000	$29,250	$1,233,000	$1,287,000
Going-Concern	Jan. 1, 2004	Dec. 31, 2011	213,996	17,833	752,000	785,000
Going-Concern	Jan. 1, 2005	Dec. 31, 2012	96,396	8,033	410,000	433,000
Going-Concern	Jan. 1, 2006	Dec. 31, 2020	85,812	7,151	747,000	385,000
Going-Concern	Jan. 1, 2008	Dec. 31, 2022	45,048	3,754	428,000	202,000
Going-Concern Subtotal			$792,252	$66,021	$3,570,000	$3,092,000
Solvency	Jan. 1, 2007	Feb. 28, 2009	$286,666	$23,889	$317,000	$321,000
Totals			**$1,078,918**	**$89,910**	**$3,887,000**	**$3,413,000**

Figures may not add up exactly due to rounding.

* *Present value on a solvency basis includes a maximum of five years of special payments following the valuation date.*

Amortization Payments – Part II

As Part II of the Plan is fully funded on both a going-concern and solvency basis, there are no required amortization payments.

Other Contributions

As the transfer ratio in Part I of the Plan is 0.88, NSPI may be required to remit to the pension fund additional amounts when commuted values are paid from the Plan.

In addition, due to the exclusion of escalated adjustments from the solvency valuation, and new Regulations to the Nova Scotia *Pension Benefits Act* effective January 1, 2004, any commuted value payment from the Plan must exclude the value of the escalated adjustment unless an amount equal to the value of the escalated adjustment in respect of such payment is first paid into the Plan by NSPI.

The Actuary should be contacted regarding contribution requirements if any commuted value payments are made from the Plan. However, as there are only 3 active members in Part I and 3 active members in Part II, all of whom are over age 53; no commuted value payments are expected.

Total Contributions – Part I

Part I of the Plan has an unfunded liability on a going-concern basis and requires solvency special payments as described in Sections 1 and 2 respectively. The Nova Scotia *Pension Benefits Act* requires that minimum contributions of $89,910 per month be made to the Plan until the earlier of the next valuation or February 28, 2009. Such special contributions must be remitted to the fund monthly, within 90 days of the month to which they pertain. The minimum and maximum contributions for 2008 are as follows:

Table 3-2 2008 Contributions to Part I of the Plan

	Estimated Minimum Contribution for 2008	Estimated Maximum Contribution for 2008
Current service cost	$0	$0
One time payment to liquidate greater of unfunded liability and wind-up shortfall	0	9,700,000
Amortization payments		
> Going-concern unfunded liability	792,252	0
> Solvency deficiency	286,666	0
Other contributions *	0	0
Estimated Employer contributions	**$1,078,918**	**$9,700,000**

** Assuming no commuted value payments from Part I of the Plan in 2008.*

The minimum Employer contributions described above are such that Part I of the Plan will have sufficient assets to pay benefits under the Plan and are therefore in accordance with the *Income Tax Act* and Regulations if contributed within the fiscal year or remitted within 120 days after the end of the fiscal year.

If the Employer wishes to fund the Plan on a "termination" basis (i.e., wind-up basis) as described in Regulation 8516(7) of the *Income Tax Act* and Regulations, the Employer may contribute $9.70 million plus accrued interest to Part I of the Plan between December 31, 2007 and December 31, 2010 provided that a more recent valuation has not yet been filed.

The Plan actuary should be consulted for advice regarding maximum contributions in the following years if the total Employer contributions in the year following the valuation date are greater then the estimated minimum annual required contributions.

Total Contributions – Part II

The Employer is not required to contribute to Part II until the time of the next valuation. Further, as Part II has an excess surplus of $5.78 million, as calculated in accordance with section 147.2(2) of the *Income Tax Act*, no employer contributions are permitted to part II until the next valuation.

Section 4 – Actuarial Opinion

This opinion is given with respect to the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies (the "Plan"), Registration number 0284539 under the Nova Scotia *Pension Benefits Act* and Canada Revenue Agency. We performed a valuation of each of Part I and Part II of the Plan as at December 31, 2007 based on the Plan provisions and data as at that date. The Employer has confirmed that no modifications, extraordinary changes to the membership, or subsequent events, that would materially affect the results of this actuarial valuation, have occurred during the period from December 31, 2007 to the date of this report.

I hereby certify that, in my opinion, for **Part I** of the Plan as at December 31, 2007:

a) The going-concern liability exceeds the going concern assets resulting in an unfunded liability of $3.89 million. Assuming that amortization is over the maximum permitted period, and considering the solvency special payments described in section (c) below, the schedule of minimum monthly amortization payments to liquidate this going-concern unfunded liability is as follows:

Date Established	End of Amortization Period	Annual Payment	Monthly Payment	Present Value of Payments as at Dec 31, 2007 (GC Basis)	Present Value of Payments as at Dec 31, 2007 (SV Basis)*
Jan. 1, 2003	Dec. 31, 2011	$351,000	$29,250	$1,233,000	$1,287,000
Jan. 1, 2004	Dec. 31, 2011	213,996	17,833	752,000	785,000
Jan. 1, 2005	Dec. 31, 2012	96,396	8,033	410,000	433,000
Jan. 1, 2006	Dec. 31, 2020	85,812	7,151	747,000	385,000
Jan. 1, 2008	Dec. 31, 2022	45,048	3,754	428,000	202,000
Totals		$792,252	$66,021	$3,570,000	$3,092,000

* *Present value on a solvency basis includes a maximum of five years of special payments following the valuation date.*

b) There is no normal actuarial cost.

c) According to the solvency test under the Nova Scotia *Pension Benefits Act*, the solvency assets equal the solvency liabilities and the transfer ratio is 0.88. The schedule of minimum monthly amortization payments to liquidate previously determined solvency deficiencies is as follows:

Date Established	End of Amortization Period	Annual Payment	Monthly Payment	Present Value of Payments as at Dec 31, 2007 (GC Basis)	Present Value of Payments as at Dec 31, 2007 (SV Basis)
Jan. 1, 2007	Feb. 28, 2009	$286,666	$23,889	$317,000	$321,000

d) Wind-up liabilities would exceed the market value of assets by $9.70 million if Part I were wound up on the valuation date.

e) The minimum required Employer contributions to Part I for each of 2008, 2009, and 2010 are \$1,078,918, \$840,030, and \$792,252, respectively. In addition, the Employer may contribute additional amounts if there are commuted value payments made due to the transfer ratio being less than 1.00.

The Employer may also contribute the value of escalated adjustments in respect of any commuted value payment being paid from Part I in accordance with Regulation 19(12) of the Nova Scotia *Pension Benefits Act.*

f) If the Employer wishes to fund Part I of the Plan on a "termination" basis (i.e., wind-up basis) as described in Regulation 8516(7) of the *Income Tax Act*, the Employer may contribute up to \$9.70 million.

And I hereby certify that, in my opinion, for **Part II** of the Plan as at December 31, 2007:

a) The actuarial value of assets exceeds the actuarial liabilities, on a going-concern basis, by \$6.73 million.

b) There is no normal actuarial cost.

c) The solvency asset exceeds the solvency liability, and the transfer ratio is greater than 1.00.

d) The market value of assets would exceed the wind-up liabilities by \$4.48 million if Part II were to be wound up on the valuation date.

e) The Employer is not required to contribute to Part II until the time of the next valuation. Further, as Part II has an excess surplus of \$5.78 million, as calculated in accordance with section 147.2(2) of the *Income Tax Act*, no employer contributions are permitted to part II until the next valuation.

In my opinion:

a) The data on which the valuation is based are sufficient and reliable for the purposes of the valuation.

b) The assumptions used are, in aggregate, appropriate for the purposes of the valuation.

c) The methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared, and my opinion given, in accordance with accepted actuarial practice. The assumptions that form each actuarial basis used in the report were reasonable at the time this actuarial valuation report was prepared and contributions were determined.

This actuarial valuation was performed in accordance with the funding and solvency standards prescribed under the Nova Scotia *Pension Benefit Act.* The calculations in the actuarial valuation report have been prepared in accordance with Subparagraph 147.2(2) of the *Income Tax Act*.

The recommendations and opinions are given exclusively from a financial viewpoint. This valuation report does not constitute a legal opinion on the rights or duties of the Plan administrator, the Employer or the members over the pension funds.

Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses, which may affect future contribution levels. These will be revealed in future actuarial valuations. The next actuarial valuation should be performed not later than as at December 31, 2010.

Respectfully submitted,

Paul Chang, F.S.A, F.C.I.A.
MORNEAU SOBECO

Michael Delaney, A.S.A.

May 2008

Appendix A – Going-Concern Actuarial Basis

Asset Valuation Method

The actuarial value of invested assets used to determine the going-concern financial position is based on an adjusted value that recognizes the market value, adjusted for payments due to and payable from the pension fund, while smoothing out market fluctuations over a 3-year period. The smoothing is capped at 20% of the market value. This method was also used in the previous valuation, and is illustrated in Appendix C.

Actuarial Cost Method

The actuarial liability and normal actuarial cost on a going-concern basis were calculated using the "Projected Accrued Benefit (or Projected Unit Credit) Actuarial Cost Method". The actuarial liability is equal to the present value of benefits earned by members for service prior to the valuation date, taking relevant factors into account as indicated in the assumptions below.

Actuarial Assumptions

The main actuarial assumptions employed for the going-concern actuarial valuation are summarized in the following table. For comparison, the assumptions used for the last valuation are also included in the table. All rates and percentages are annualized unless otherwise noted.

Table A-1 Going-Concern Actuarial Assumptions

	December 31, 2007	December 31, 2006
Discount rate	6.86% (real rate of return of 4.00%)	6.86% (real rate of return of 4.00%)
Inflation	2.75%	2.75%
Salary increases, including inflation, merit and promotion	3.25% Not applicable to member on LTD	3.25% Not applicable to member on LTD
Maximum pension per year of service	$2,222 in 2007, $2,333 in 2008, $2,444 in 2009 and $2,444 indexed thereafter at 3.25% per annum starting in 2010	$2,111 in 2006, $2,222 in 2007, $2,333 in 2008, $2,444 in 2009 and $2,444 indexed thereafter at 3.25% per annum starting in 2010
Interest credited on employee contributions	4.25%	4.25%
Mortality rate	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Post-retirement only	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Post-retirement only
Termination rate	Nil (all members are over age 50)	Nil (all members are over age 50)
Disability rate	None assumed	None assumed
Retirement	Age 59. Age 60 for deferred vested and terminating members. Age 65 or upon 35 years of service for Member accruing LTD credits. Members past their assumed retirement age are assumed to retire in one year	Age 59. Age 60 for deferred vested and terminating members. Age 65 or upon 35 years of service for Member accruing LTD credits. Members past their assumed retirement age are assumed to retire in one year
Plan expenses	Discount rate is assumed to be net of all expenses	Discount rate is assumed to be net of all expenses
Married %	At retirement: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified.	At retirement: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified.
Spousal age difference	Male is 3 years older than female	Male is 3 years older than female
Children's benefits	None assumed	None assumed

We continue to monitor Plan experience and long-term economic forecasts. Based on the long-term outlook for inflation in Canada, the inflation assumption will remain at 2.75% per annum. The assumed real rate of return remains at 4%; this reflects the fact that the Plan's assets are invested in a mix of approximately 60% equities and 40% bonds. Based on recent mortality gain/loss experience, the current mortality table used for the valuation appears to be reasonable.

Appendix B – Solvency and Wind-Up Actuarial Basis

Asset Valuation Method

The actuarial value of assets used to determine the solvency financial position is based on an adjusted value that recognizes the market value, adjusted for payments due to and payable from the pension fund, while smoothing out market fluctuations over a 3-year period, plus the present value of minimum special amortization payments for the next five years, and less an allowance for wind-up expenses. This method produces the same asset smoothing reserve as determined for the going-concern and is illustrated in Appendix C.

Wind-up assets are equal to the sum of the market value of invested assets, adjusted for amounts payable and receivable, less an allowance for wind-up expenses.

Actuarial Cost Method

The solvency and wind-up liability is determined using the "Accrued Benefit (or Unit Credit) Actuarial Cost Method". The solvency liability is equal to the actuarial present value of all benefits earned by members for service prior to the valuation date (but allowing for the exclusion of escalated adjustments) assuming the Plan is wound up on the valuation date. All members are treated as vested in the solvency and wind-up valuations.

Actuarial Assumptions

As permitted by the Nova Scotia *Pension Benefits Act* and the Regulations, the value of escalated adjustments and grow-in benefits are excluded from the solvency valuation.

The primary actuarial assumptions employed for the solvency actuarial valuation are summarized in the following table. For comparison, the assumptions used for the last valuation are also included in the table.

The escalated adjustment effective January 1 of the year following the valuation date is included in the liabilities. This discount rate implicitly excludes the value of future escalated adjustments.

All rates and percentages are annualized unless otherwise noted.

Table B.1 Solvency Actuarial Assumptions

	December 31, 2007	December 31, 2006
Discount rate for transfer value	Not applicable	Not applicable
Discount rate for annuity purchase	4.50%	4.50%
Member election	All members are assumed to elect an annuity purchase.	All members are assumed to elect an annuity purchase.
Mortality	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) sex distinct for all members	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) sex distinct for all members
Salary increases	None	None
Merit and promotional scale	None	None
Increase in maximum pension	None	None
Termination, Disability	None	None
Retirement	Age that maximizes the value of the pension	Age that maximizes the value of the pension
Married %	Active Members: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified	Active Members: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified
Difference in age of spouses	Male is 3 years older than female	Male is 3 years older than female
Assets	Actuarial value with 3-year asset smoothing (reserve same as amount determined for going-concern) plus present value of minimum special payments for next 5 years.	Actuarial value with 3-year asset smoothing (reserve same as amount determined for going-concern) plus present value of minimum special payments for next 5 years.
Wind-up expenses	$150,000	$150,000

> Based on the Canadian Institute of Actuaries' (CIA) recommendations and long term Government of Canada bonds' yield (series V39062) at the end of December 2007 of 4.10%, we have used a discount rate of 4.5% per annum. This is a reasonable estimate of the discount rate, which when used in conjunction with the UP94@2015 mortality table, approximated the cost of purchasing immediate non-indexed annuities as at the valuation date.

> Based on the Plan's demographics - all members are over age 53; we assumed that all members would elect an annuity purchase if the Plan is discontinued.

> Allowance has been made for administrative, actuarial and basic legal costs which would be incurred if the Plan were to be wound up in full or in part. No allowance has been made for costs which may be incurred in respect of resolving surplus issues on plan wind up or the costs in respect of assets which cannot be readily realized.

The assumptions used for the wind-up valuation are the same as those used for the solvency valuation except for the following:

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Table B.2 Wind-Up Actuarial Assumptions

	December 31, 2007	December 31, 2006
Assets	Market value adjusted for current payables and receivables*	Market value adjusted for current payables and receivables*
Discount rate for transfer value, net of inflation adjustments (i.e., taking into account indexing after retirement – there is no pre-retirement indexing)	Not applicable	Not applicable
Discount rate for annuity purchase, net of inflation adjustments (i.e., after taking into account indexing)	Before retirement: 4.50% After retirement: 1.75%	Before retirement: 4.50% After retirement: 1.50%

** Excludes present value of special payments and asset smoothing reserve.*

It is difficult to obtain illustrative quotes for fully indexed annuities. Based on the current economic environment and the guidance provided by the Canadian Institute of Actuaries (CIA), we believe that 1.75% per annum is a reasonable estimate of the discount rate, which when used in conjunction with the UP94@2015 mortality table, approximates the cost of purchasing immediate CPI indexed annuities as at the valuation date.

Appendix C – Assets

Description of Plan Assets

Plan assets are under the custody of Royal Trust. The following investment managers are responsible for the Plan assets as at December 31, 2007:

> *Canadian Fixed Income*: Phillips Hager & North, Letko Brosseau.

> *Canadian Equity*: PCJ Investment Counsel Ltd., Fidelity Investments Canada, Letko Brosseau.

> *Foreign Equity*: State Street Global Advisors, Capital Guardian, Letko Brosseau.

We have relied upon the information provided in the draft audited financial statements provided to us by NSPI, following tests of reasonableness with respect to contributions, benefit payments and investment income.

Statement of Market Value

The following table shows the asset mix as at December 31, 2007 and for comparison, the mix as at December 31, 2006:

Table C.1 Assets at Market Value (millions)

	December 31, 2007			December 31, 2006		
	Part I	**Part II**	**Total**	**Part I**	**Part II**	**Total**
Invested assets						
> Cash and short-term	$0.64	$0.59	$1.23	$0.23	$0.13	$0.36
> Bonds	9.60	6.06	15.66	9.84	6.17	16.00
> Equities	14.13	9.29	23.42	16.13	10.40	26.54
> Accrued investment income	0.02	0.01	0.04	0.03	0.02	0.04
Total invested assets	24.39	15.96	40.35	26.22	16.72	42.95
Net receivables and payable (excluding accrued investment income)	(0.07)	(0.03)	(0.10)	(0.04)	(0.02)	(0.07)
Total Market Value of Assets	**$24.33**	**$15.93**	**$40.25**	**$26.18**	**$16.70**	**$42.88**

Figures may not add up exactly due to rounding.

Changes to Plan Assets

The following table shows changes to the Plan assets during the inter-valuation period, based on market values.

Table C.2 Asset Reconciliation (millions)

	2007			2006		
	Part I	**Part II**	**Total**	**Part I**	**Part II**	**Total**
Market value of assets at beginning of year	$26.18	$16.70	$42.88	$25.32	$15.87	$41.19
Receipts:						
> Employer special payments	1.03	0.00	1.03	1.38	0.00	1.38
> Investment income	0.59	0.37	0.97	3.04	2.02	5.06
Total receipts	1.62	0.37	2.00	4.42	2.02	6.44
Disbursements:						
> Benefits paid	3.28	1.03	4.31	3.35	1.08	4.43
> Plan expenses	0.20	0.11	0.31	0.21	0.11	0.32
Total disbursements	3.48	1.15	4.62	3.56	1.19	4.75
Market value of assets at end of year	**$24.33**	**$15.93**	**$40.25**	**$26.18**	**$16.70**	**$42.88**

Figures may not add up exactly due to rounding.

Return on Assets

The Plan assets earned the following annualized rates of return, net after investment management fees and other expenses charged to the fund:

Table C.3 Net Investment Return

	Market Value Basis			Excess Investment Gain (millions)		
Year	**Part I**	**Part II**	**Total**	**Part I**	**Part II**	**Total**
2005	9.69%	9.88%	9.76%	$0.62	$0.41	$1.03
2006	11.67%	12.44%	11.97%	$1.10	$0.82	$1.92
2007	1.57%	1.62%	1.59%	($1.32)	($0.85)	($2.17)

Figures may not add up exactly due to rounding.

Actuarial Value of Assets

For purposes of this valuation, the actuarial value of assets is equal to the following:

> market value of assets (invested assets as at the valuation date adjusted for net payables and receivables); less

> a smoothing reserve equal to 2/3 of the investment gain (in excess of the most recent year's valuation assumption) for the most recent year; and 1/3 the investment gain (in excess of the prior year's valuation assumption) in the prior year.

Table C.4 Actuarial Value of Assets (millions)

	December 31, 2007			December 31, 2006		
	Part I	**Part II**	**Total**	**Part I**	**Part II**	**Total**
Invested assets	$24.39	$15.96	$40.35	$26.22	$16.72	$42.95
Net payable and receivable	(0.07)	(0.03)	(0.10)	(0.04)	(0.02)	(0.07)
Market Value of Assets	**24.33**	**15.93**	**40.25**	**26.18**	**16.70**	**42.88**
Less 2/3 investment gain in most recent year	0.88	0.57	1.45	(0.74)	(0.54)	(1.28)
Less 1/3 of investment gain in prior year	(0.37)	(0.27)	(0.64)	(0.21)	(0.14)	(0.34)
Actuarial Value of Assets	**$24.84**	**$16.22**	**$41.06**	**$25.24**	**$16.02**	**$41.25**

Figures may not add up exactly due to rounding.

Based on 2007 investment losses of $2.17 million and on 2006 investment gains of $1.92 million, the asset smoothing adjustment as at December 31, 2007 is a write-up equal to $0.81 million.

Appendix D – Membership Data

Description of Membership Data

Morneau Sobeco maintains pension data records for the Plan. NSPI provides annual data updates and advises us of changes in status as they occur. Our valuation is based on data compiled as at December 31, 2007. We have taken the following steps to review the data to ensure sufficiency and reliability:

> each member's record was reconciled and the results of this reconciliation were submitted to NSPI;
> individual benefit statements were distributed to active members who were requested to report any errors;
> monthly pensioner reports are produced and provided to NSPI for confirmation;
> the pensions paid since the last valuation shown in the financial statements were compared with the equivalent values produced by the data;
> a membership reconciliation was prepared to follow the changes of active members, retirees and vested members; and
> basic data checks were performed to ensure that age, salary and service data were reasonable for the purposes of the valuation.

Summary of Membership Data

The following tables were prepared using data provided by NSPI regarding their active members, retirees and former members. These tables show the following:

D.1 A summary of membership data

D.2 Changes in Plan membership

D.3 Distribution of retirees and survivors according to age as at the valuation date

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Table D.1 Summary of Membership Data

		December 31, 2007			December 31, 2006		
		Part I	Part II	Total	Part I	Part II	Total
Active	Number	3	3	6	4	3	7
Members	Average age	58.3	56.6	57.4	56.8	55.6	56.3
	Average credited service	1.2	5.3	3.3	1.0	5.3	2.9
	Average salary	$86,782	$53,850	$70,316	$81,729	$52,009	$68,992
Vested	Number	0	1	1	0	1	1
Members	Average age	N/A	<>	<>	N/A	<>	<>
	Average annual pension	N/A	<>	<>	N/A	<>	<>
Retirees &	Number	491	193	684	507	206	713
Beneficiaries	Average age	75.9	76.9	76.2	75.5	76.7	75.8
	Average annual lifetime pension	$6,696	$5,261	$6,291	$6,632	$5,215	$6,222
	Average annual bridge	$0	$0	$0	$0	$0	$0
	Total annual pensions (millions)	$3.29	$1.02	$4.30	$3.36	$1.07	$4.44

Figures may not add up exactly due to rounding.

< > Certain cells are not shown to protect confidentiality.

The pension amounts include the cost of living adjustment effective as at January 1, 2008.

Table D.2 Changes in Plan Membership

	Active Members	Vested Members	Retirees and Beneficiaries	Total
Members as at January 1, 2007	**7**	**1**	**713**	**721**
New active members	-	-	-	-
Retirements	(1)	-	1	-
New survivor pensions	-	-	13	13
Terminations:				
> Deferred pensions	-	-	-	-
> Non-vested or lump sums	-	-	-	-
Deaths:				
> With no death benefit	-	-	(30)	(30)
> Refund or transfer	-	-	-	-
> Survivor pension	-	-	(13)	(13)
Members as at December 31, 2007	**6**	**1**	**684**	**691**

Table D.3 Retirees and Survivors as at December 31, 2007

	PART 1			PART 2		
Age	Count	Average Annual Benefit	Total Benefit Payable	Count	Average Annual Benefit	Total Benefit Payable
Less than 55	2	< >	< >	0	-	-
55 to 59	14	813	11,383	9	1,571	14,137
60	16	634	10,150	1	< >	< >
61	21	1,182	24,814	3	623	1,868
62	13	1,995	25,934	5	1,961	9,807
63	17	2,238	38,044	2	< >	< >
64	12	2,940	35,281	4	2,240	8,959
65	11	2,665	29,316	4	5,445	21,782
66	8	3,720	29,759	1	< >	< >
67	9	3,250	29,252	1	< >	< >
68	7	4,241	29,685	4	4,384	17,537
69	14	4,178	58,488	12	4,987	59,842
70	10	4,029	40,286	6	5,767	34,603
71	13	5,483	71,283	8	3,126	25,009
72	15	6,063	90,944	7	3,839	26,876
73	11	4,552	50,074	5	5,778	28,890
74	21	8,304	174,384	5	7,264	36,321
75	11	8,907	97,980	5	4,939	24,695
76	19	8,561	162,653	7	5,785	40,497
77	18	9,753	175,562	8	8,432	67,459
78	17	5,987	101,778	11	5,061	55,675
79	14	11,535	161,486	10	6,691	66,908
80	21	10,924	229,412	5	3,873	19,366
81	18	9,629	173,330	5	8,677	43,386
82	23	8,511	195,760	9	9,293	83,636
83	14	11,256	157,584	9	5,020	45,184
84	16	11,685	186,960	6	5,134	30,803
85 to 89	58	9,429	546,875	24	6,604	158,495
90 to 94	36	7,535	271,266	11	4,222	46,439
95 and over	12	6,141	73,688	6	5,036	30,216
AVERAGE		**$6,696**			**$5,261**	
TOTAL	**491**		**$3,287,679**	**193**		**$1,015,397**

The age shown is rounded to nearest year.

< > Certain cells are not shown to protect confidentiality.

The pension amounts include the cost of living adjustment effective as at January 1, 2008.

61% of the pensioners are male and of the 684 pensions currently being paid, 291 are for life and 393 are joint and survivor.

Appendix E – Summary of Plan Provisions

The Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies (the "Plan"), which became effective August 1, 1992, is registered under both the Nova Scotia *Pension Benefits Act* and the *Income Tax Act* (registration number 0284539).

The Plan resulted from a merger and amendment of two previous pension plans of Nova Scotia Power Incorporated ("NSPI"), namely:

> the Nova Scotia Light and Power Company, Limited Improved Pension Plan (the "Improved Plan");

and

> the Supplemental Pension Plan for Certain Employees of the Nova Scotia Power Corporation (the "Supplemental Plan").

While the Improved Plan and the Supplemental Plan have been merged, their two respective trust funds continue to be separate. Pension Fund I, which emanates from the Improved Plan pension fund, is used solely to pay benefits to those persons previously covered under the Improved Plan. Pension Fund II, which emanates from the Supplemental Plan pension fund, is used solely to pay benefits to persons previously covered under the Supplemental Plan.

According to Sections 9.2 and 21.2 of the Plan text, assets of Part I and Part II of the Plan are to be maintained separately and in no event shall assets of either Part be used to provide benefits under the other.

Part I - Improved Plan

The Improved Plan was established by Nova Scotia Light & Power January 1, 1955, replacing a Prior Plan which was effective January 1, 1945. Effective February 1, 1972, Nova Scotia Power Corporation ("NSPC") acquired the Nova Scotia Light and Power Company, Limited and effective April 1, 1973 all former employees of the Nova Scotia Light and Power Company, Limited were eligible for coverage under the Public Service Superannuation Plan (PSSP). The employees continued to contribute to the Improved Plan during the period from February 1, 1972 to March 31, 1973. NSPC continued the Improved Plan as regards credited service to March 31, 1973, and administered the Improved Plan since February 1, 1972.

Benefits for employees, or their surviving beneficiaries in the case of employees who retired, died or terminated prior to August 1, 1992 (the date of privatization), continue to be determined in accordance with the Improved Plan provisions and applicable legislation in effect at that time, or as amended under this Plan, and such benefits are now paid under this Plan.

All of the provisions relating to the rights and benefits of persons formerly covered under the Improved Plan as of July 31, 1992 are contained in Part I of the new Plan.

Part II - Supplemental Plan

The Supplemental Plan was formed effective January 1, 1971 primarily to provide certain supplemental benefits to employees who had prior service with one of the following 12 acquired companies:

Acquired Company	Date of Acquisition
Bridgewater Electric	January 1, 1970
Caledonia Power & Water	December 30, 1966
Canada Electric	January 1, 1961
Clare Electric	June 2, 1980
Digby County Power	June 2, 1980
Dominion Utilities	December 30, 1966
Eastern Light & Power	December 30, 1966
Liverpool	November 1, 1973
Pictou County Power	December 1, 1963
Town of Pictou	July 1, 1965
Seaboard (Union)	January 1, 1966
Seaboard (Non-Union)	January 1, 1966
Shelburne Electric	October 1, 1974

The Supplemental Plan was formed primarily to provide supplemental benefits to those employees who worked for NSPC after the date of acquisition of their former employer and who joined the PSSP as soon as becoming eligible. The supplemental Plan also provided certain benefits to those employees who worked for NSPC and did not join the PSSP, but rather continued as a member under the former employer's pension plan. The Supplemental Plan also provided certain benefits to certain employees of acquired companies who retired prior to the date of such acquisition.

The Supplemental Plan also provided certain "discretionary" benefits to certain employees who may or may not have worked for an acquired company, where NSPC deemed such benefits to be appropriate in the circumstances. Such benefits are no longer permitted under either the *Income Tax Act* or the Nova Scotia *Pension Benefits Act*, and as a result, such benefits are not provided under this Plan. NSPI, rather than this Plan, directly pays all such discretionary benefits effective from January 1, 1992. In addition, the provisions under the Supplemental Plan relating to war service have been deleted, as such benefits are paid under the PSSP.

NSPC has unilaterally improved benefits under the Supplemental Plan from time to time, with the most recent such amendment being effective January 1, 2005, at which time the small pensions rule was revised to reflect changes in the Nova Scotia *Pension Benefits Act*. Effective June 4, 2001, the definition of "Spouse" was revised to reflect changes in the Nova Scotia *Pension Benefits Act*.

Benefits for employees, or their surviving beneficiaries in the case of employees who retired, died or terminated prior to August 1, 1992, continue to be determined in accordance with the Supplemental

Plan provisions and applicable legislation in effect at that time, or as subsequently amended. Such benefits, with the exception of both the "discretionary" benefits and the war service benefits referred to above, are paid under this Plan.

Any person entitled to benefits under Part II of this Plan was previously entitled to such benefits under the Supplemental Plan as of July 31, 1992.

The following is a summary of the Plan's provisions as of the valuation date. The most recent amendment to the Plan was Amendment No. 7, effective January 1, 2005, which revised the small pension payout rule. This amendment has no impact on the Plan's liabilities.

Effective Date

The effective date of the Plan was August 1, 1992.

Eligibility

Each member of the Improved Plan as of July 31, 1992 automatically became a member of Part I of this Plan as of August 1, 1992.

Each member of the Supplemental Plan as of July 31, 1992, other than persons entitled solely to war service benefits or certain discretionary benefits, automatically became a member of Part II of this Plan as of August 1, 1992.

There are no members accruing benefits under the Plan.

Retirement Dates

The normal retirement age is 65 for all members. A member may retire prior to age 65 on his full accrued pension upon the earlier of (i) attainment of age 60 and (ii) attainment of age 55, with total age and service of at least 85 years, counting completed months in each case (the "Rule of 85").

A member who does not qualify for the Rule of 85 may also retire on a reduced formula provided he has attained age 55; the pension in such case is the amount determined in accordance with the regular formula, reduced by 0.5% for each month by which the member falls short of eligibility for an unreduced pension, i.e. the lesser of:

> the number of months remaining to age 60, or

> the number of months by which the total of his age and years of service is less than 85 years.

In addition, there was an early retirement Window in effect from April 1, 1997 to December 31, 2001, which allowed a member who satisfied the Rule of 80 (age plus year of service) during this period to retire on an unreduced pension.

Amount of Pension

A member's annual pension is based upon the following factors:

> his Final Average Salary, being the average of his annual salary (excluding overtime) during the 5 years of highest salary; and

> his years of credited service under this Plan.

The amount of pension payable is 1.25% of his Final Average Salary multiplied by his years of credited service, but in any event for a Part I member not less than the minimum pension outlined below. All pensions are payable on a monthly basis at the end of each month at the rate of 1/12th of the annual amount.

This pension is reduced by any pension payable under any prior plan established by the previous employer with regard to service covered under this Plan (applicable to most Part II members). If such prior pension is not indexed, this Plan will provide indexing on the total pension, including the amount payable under the prior plan. (It should be noted that none of the prior plan benefits are indexed.) This Plan also supplements the benefits payable under a prior plan so as to provide the spousal benefits provided under this Plan with respect to such benefits, and also to provide unreduced pensions on early retirement in accordance with the rules under this Plan (i.e., earlier of age 60 or Rule of 85).

Death Benefits

Before Retirement

In the event that a member with a spouse dies prior to retirement, his surviving spouse shall receive a lifetime pension of 60% of the pension which the member had earned to his date of death (including any pension accrued under a prior plan).

It is further noted that, in the case of Part II members, a pension may also be payable to any eligible child (to a maximum of 4 children) equal to 10% of the pension which the member had earned to his date of death.

If, upon the death of the member, there is no spouse eligible for a pension as described above, the following lump sum amount shall be payable:

> **Part I members**: an amount of twice the member's contributions with Interest. Interest is compounded annually at the average rate of interest payable on 5 year personal fixed term chartered bank deposits.

> **Part II members**: nil (although there may be a benefit payable under a prior plan).

After Retirement

In the event of the death of a retired member with a spouse, provided the marriage occurred either before retirement or at least three years prior to the member's death, a spousal pension shall be payable equal to 60% of the pension payable to the member (including any pension payable under a prior plan) at the time of his death.

In the case of a Part I member without a spouse at time of retirement, the pension is payable for life with a 5 year guarantee. There is no such applicable guarantee in the case of a Part II member.

In the case of a retired Part II member with eligible children, each eligible child (to a maximum of four children) is entitled, upon the death of the member, to a pension of 10% of the pension which the member would have received if still alive.

Any survivor pensions will be adjusted each January 1 in the normal fashion in accordance with the percentage increase in the Consumer Price Index (maximum increase of 6% in any one year).

Indexing of Pensions after Retirement

After retirement, the pension is eligible for annual increases on each January 1, according to the percentage change in the Consumer Price Index for the 12 months ending with the previous October, up to a maximum of 6% in any year. It may be noted that pensions are not reduced if the CPI should fall. Any survivor pension benefits are also eligible for this indexing.

It may be noted that the indexing adjustment for the part year following retirement is pro-rated to reflect the actual number of months out of 12 for which payments were received.

Appendix F – Employer Confirmation Certificate

With respect to the actuarial valuation report of the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies as at December 31, 2007, we hereby confirm that to the best of our knowledge:

> the data regarding plan members and beneficiaries provided to Morneau Sobeco constitutes a complete and accurate description of the information contained in our files;

> copies of the official text of the Plan and all amendments to date were provided to Morneau Sobeco; and

> there are no subsequent events nor any extraordinary changes to the membership other than those listed in the December 31, 2007 actuarial valuation report on the Plan, which would materially affect the results.

Nova Scotia Power Incorporated

Kimberley Aselstine

Signature

Kimberley Aselstine

Name (printed)

Director, Human Resources

Title

27 May 2008

Date

Actuarial Valuation for Funding Purposes as at December 31, 2007 of the

Pension Plan for Employees of Nova Scotia Power Incorporated

March 2008

Registration numbers: *Nova Scotia and Canada Revenue Agency 0687210*

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Executive Summary

Purpose

This report presents the results of the actuarial valuation as at December 31, 2007 of the Pension Plan for Employees of Nova Scotia Power Incorporated (the "Plan"). Nova Scotia Power Incorporated ("NSPI") retained the services of Morneau Sobeco to perform this actuarial valuation. The last valuation of the Plan filed with Nova Scotia and the Canada Revenue Agency was performed as at December 31, 2006.

This report was prepared for NSPI for the following purposes:

> to determine the going-concern financial position of the Plan;

> to determine the solvency financial position of the Plan;

> to estimate the Employer contributions required under the Plan during the period up until the next valuation in accordance with the Nova Scotia *Pension Benefits Act*; and

> to provide the information and the actuarial opinion required by Nova Scotia and the Canada Revenue Agency.

We note that effective January 1, 2007, Emera became a participating employer under the DB component of the Plan. A number of NSPI employees transferred to Emera on or after January 1, 2007 and the benefits in respect of credited service after the transfer will be the responsibility of Emera. Additionally, Emera will be responsible for any changes in liability (actuarial gains or losses) in respect of benefits accrued in respect of credited service prior to the member's date of transfer due to actual salary increases differing from the assumed salary increase (used for accounting valuation purposes).

The results summarized in this executive summary are shown for the Plan in total and do not distinguish between NSPI and Emera. Results are split between NSPI and Emera throughout the rest of the report, where appropriate.

Going-Concern Financial Position

The following table summarizes the change in the going-concern financial position of the defined benefit ("DB") component of the Plan since the previous valuation:

Table 0.1 Summary Reconciliation of Going-Concern Financial Position (millions) – DB Component

Surplus (unfunded liability) as at December 31, 2006	($2.91)
Interest on surplus (unfunded liability)	2.18
Employer special contributions, plus interest	1.43
Actuarial gain (loss) on plan experience	(48.58)
Change in asset smoothing reserve	48.86
Surplus (unfunded liability) as at December 31, 2007	$1.00

Figures may not add up exactly due to rounding.

The DB component of the Plan has a going-concern surplus of $1.00 million as at December 31, 2007.

The actuarial value of the Plan assets as at December 31, 2007 in respect of the DB component of the Plan is $614.83 million. This represents 102% of the market value of assets, and 100% of the actuarial liability on a going-concern basis.

In addition, the defined contribution ("DC") component of the Plan had assets and liabilities equal to $7.20 million.

Solvency Financial Position

As at December 31, 2007, the DB component of the Plan has a solvency surplus of $15.75 million, and the transfer ratio is 1.03. As at December 31, 2006, the Plan had a transfer ratio of 1.01.

Wind-Up Financial Position

As at December 31, 2007, if the Plan had been wound-up, the liabilities would have exceeded the market value of Plan assets by $248.59 million. The wind-up liability includes $210.05 million in respect of future indexing of benefits after January 1, 2008, and $40.08 million in grow-in benefits.

Normal Actuarial Cost and Contributions

The total normal actuarial cost for the DB component of the Plan is made up of employee required contributions and the residual normal cost. Effective December 31, 2007, the residual normal actuarial cost for the DB component of the Plan is 8.82% of covered payroll, compared to 9.53% of covered payroll for 2007. Based on estimated covered DB payroll for 2008 of $89.59 million, the Employer 2008 current service cost is estimated to be $7.90 million for the DB component of the Plan.

We note that although the DB component as a whole has a going-concern surplus, the Emera portion of the Plan has an unfunded liability. As a result, minimum monthly contributions of $1,200 ($14,400 annually) are required to be remitted to the fund by Emera until at least the time of the next formal valuation.

As the Plan's solvency assets exceed the solvency liabilities, there are no required solvency amortization payments to the Plan.

The Employer is also required to contribute to the Plan the value of escalated adjustments in respect of any commuted value payment being paid from the Plan in accordance with Regulation 19(12) of the Nova Scotia *Pension Benefits Act.* For 2008, these amounts are estimated to be $1.06 million.

In total, the minimum 2008 required contribution to the DB component of the Plan is estimated to be $7.82 million, comprised of $7.90 million for DB current service cost, plus $0.01 million for special payments towards Emera's unfunded liability, plus an estimated $1.06 million for the value of escalated adjustments in respect of any commuted value payment being paid from the Plan, less $1.15 million should NSPI decide to apply the going-concern surplus against Employer required contributions.

In addition, NSPI, along with other participating employers, will be required to make contributions to the DC component of the Plan equal to 3% of covered payroll plus, for those employers participating in Option 2 of the DC component, 50% of employee optional contributions. The required contribution to the DC component of the Plan for 2008 is estimated to be $0.91 million for all participating employers.

Changes since the Previous Valuation

There have been no changes to the Plan terms since the last valuation.

The following changes have been made to the actuarial assumptions and methods since the last valuation:

- The solvency and wind-up discount rates were reviewed and updated (where necessary) to reflect December 31, 2007 market conditions.

Appendix A provides complete details concerning the methods and assumptions used for going-concern funding purposes. Appendix B provides details regarding the basis used for solvency and wind-up purposes.

Section 1 – Going-Concern Financial Position

Statement of Going-Concern Financial Position

The financial position of the Plan on a going-concern basis is determined by comparing the actuarial value of assets to the actuarial liability. This reflects the assets available for the benefits earned up to the valuation date assuming the Plan continues indefinitely.

The following table shows the going-concern financial position of the DB component of the Plan as at December 31, 2007, with figures split between NSPI and Emera. For comparison, the going-concern financial position as at December 31, 2006 is also shown.

Table 1.1 Going-Concern Financial Position (millions) – DB component

	December 31, 2007			December 31,2006
	NSPI	Emera	Total Plan	Total Plan
Actuarial value of assets				
> Market value	$600.47	$0.21	$600.68	$613.62
> Asset smoothing reserve	14.15	0.01	14.15	(34.71)
Total actuarial value of assets	$614.62	$0.22	$614.83	$578.91
Actuarial liability				
> Active members	279.74	0.36	280.10	285.32
> Terminated vested members	12.05	-	12.05	12.94
> Retired members and beneficiaries	321.68	-	321.68	283.56
Total actuarial liability	$613.47	$0.36	$613.83	$581.82
Actuarial surplus (unfunded liability)	$1.15	($0.14)	$1.00	($2.91)
Funded Percentage	100.2%	60.3%	100.2%	99.5%

Figures may not add up exactly due to rounding.

Assets and liabilities in respect of the DC component of the Plan were $7.20 million as at December 31, 2007.

Appendix A and Appendix C provide further details on the determination of the actuarial liabilities and the actuarial value of assets respectively. A summary of membership data can be found in Appendix D. Appendix E contains a summary of the Plan provisions.

A summary of the recent history of the Plan's going-concern funded position is provided below:

Table 1.2 Going-Concern Assets and Liabilities (millions) – DB component

Valuation Date	Actuarial Value of Assets	Actuarial Liabilities	Actuarial Surplus (Unfunded Liability)
December 31, 2005	$520.84	$553.65	$(32.81)
December 31, 2006	578.91	581.82	(2.91)
December 31, 2007	614.83	613.83	1.00

Figures may not add up exactly due to rounding.

Changes since the Previous Valuation

Changes since the previous valuation are discussed below. The financial impact of these changes is shown below in the section entitled "Reconciliation of Going-Concern Financial Position".

Changes in Plan Provisions

There have been no changes to the Plan terms since the last valuation.

A summary of Plan provisions can be found in Appendix E.

Changes in Actuarial Basis

There have been no changes made to the going-concern actuarial assumptions and methods since the last valuation.

A summary of the going-concern assumptions used is shown in Appendix A.

Reconciliation of Going-Concern Financial Position

An unfunded actuarial liability is the excess of the actuarial liability over the actuarial value of assets. A surplus is the excess of the actuarial value of assets over the actuarial liability. The change in the Plan's going-concern financial position is the net result of several factors, which are summarized in the table below:

Table 1.3 Reconciliation of Going-Concern Financial Position (millions)

Actuarial surplus (unfunded liability) as at December 31, 2006		($2.91)
Adjustment to exclude smoothing reserve as at December 31, 2006		34.71
Actuarial surplus (unfunded liability) as at December 31, 2006 *(Market value basis)*		$31.80
Expected changes in financial position:		
> Interest on surplus (unfunded liability)		2.18
> Employer special payments, plus interest *		1.43
Expected surplus (unfunded liability) as at December 31, 2007 *(Market value basis)*		$35.41
Actuarial gain (loss) due to plan experience:		
> Actuarial loss on net investment returns	($40.72)	
> Actuarial loss on salary increase higher than assumed	(3.48)	
> Actuarial loss on YMPE increase less than assumed	(0.18)	
> Actuarial gain on post-retirement indexing for pensioners and pre-retirement indexing for deferred members (actual indexing of 2.0% versus 2.75% expected)	2.12	
> Actuarial loss on active termination experience	(3.09)	
> Actuarial loss on active member retirement experience	(4.27)	
> Actuarial gain on active members becoming disabled	1.17	
> Actuarial loss on pensioner mortality experience	(0.69)	
> All other experience combined	0.58	
Total actuarial gain (loss) due to plan experience:		($48.56)
Actuarial surplus (unfunded liability) as at December 31, 2007 *(Market value basis)*		(13.15)
Adjustment to include smoothing reserve as at December 31, 2007		14.15
Actuarial surplus (unfunded liability) as at December 31, 2007		$1.00

Figures may not add up exactly due to rounding.

* *NSPI and Emera made contributions of $9.61 million during 2007, of which $8.23 million went against the current service cost. The additional contribution of $1.38 million goes to reduce the unfunded liability. The $1.43 million shown is equal to $1.38 million with interest.*

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Section 2 – Solvency and Wind-Up Financial Position

Statement of Solvency Financial Position

As required by the Nova Scotia *Pension Benefits Act*, we have determined the solvency financial position of the Plan as at the valuation date. The Plan's solvency financial position is the extent to which the actuarial present value of benefits, calculated as if the Plan were wound up on December 31, 2007 but allowing for the exclusion of escalated adjustments (i.e. pension indexing after January 1, 2008) and member grow-in rights, is supported by the assets and certain amortization payments. For the purpose of the valuation, the liability related to indexing effective January 1, 2008 is included in the liabilities. Appendix B provides further details on the determination of solvency liabilities and assets.

The following table shows the solvency financial position of the DB component of the Plan as at December 31, 2007, with figures split between NSPI and Emera. For comparison, the solvency financial position as at December 31, 2006 is also shown.

Table 2.1 Solvency Financial Position (millions) – DB component

	December 31, 2007			December 31, 2006
	NSPI	Emera	Total Plan	Total Plan
Solvency assets				
> Market value of assets	$600.47	$0.21	$600.68	$613.62
> Asset smoothing reserve	14.15	0.01	14.15	(34.71)
> Present value of 5 years of existing special payments	0.00	0.06	0.06	2.00
> Wind-up expenses	(0.48)	(0.02)	(0.50)	(0.50)
Total solvency assets	$614.14	$0.26	$614.40	$580.41
Solvency liability				
> Active members	276.12	0.22	276.34	288.43
> Terminated vested and pending members	12.40	-	12.40	13.28
> Retired members and beneficiaries	309.92	-	309.92	273.11
Total solvency liability	$598.43	$0.22	$598.65	$574.82
Solvency assets less solvency liability	$15.70	$0.04	$15.75	$5.59
Transfer ratio* (assets/solvency liability)	1.03	0.91	1.03	1.01
Assumed annual discount rate for annuity purchase	4.50%	4.50%	4.50%	4.50%

Figures may not add up exactly due to rounding.

* *Ratio of market value of assets plus asset smoothing reserve less wind-up expenses to solvency liability. The present value of special payments is excluded from the assets in this calculation.*

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Solvency assets and liabilities in respect of the DC component of the Plan were $7.20 million as at December 31, 2007.

A discount rate of 4.75% per annum is the prescribed rate used for the first ten years to value the transfer value of non-indexed pensions as determined in accordance with the standards of the Canadian Institute of Actuaries (the "CIA") in effect at the valuation date. The ultimate rate is 5.00% per annum.

Based on the Canadian Institute of Actuaries' (CIA) recommendations and long term Government of Canada bonds' yield (series V39062) at the end of December 2007 of 4.10%, we have used a discount rate of 4.50% per annum. This is a reasonable estimate of the discount rate, which when used in conjunction with the UP94@2015 mortality table, approximated the cost of purchasing immediate non-indexed annuities as at the valuation date.

For purposes of the solvency valuation, we assumed that all active members over age 50, deferred vested members, and pensioners would elect to take an annuity purchase if the plan were terminated. Active members under age 50 were assumed to elect a transfer value. For additional details on the solvency assumptions and methods, see Appendix B.

Exclusion of Escalated Adjustments

Due to the exclusion of escalated adjustments (i.e. pension indexing after January 1, 2008) from the solvency valuation, any commuted value payment from the Plan must exclude the value of the escalated adjustments unless an amount equal to the value of the escalated adjustments in respect of such payment is first paid into the Plan by NSPI.

Solvency Asset Smoothing Reserve

As permitted by Section 16(1)(c)(i) of the Regulations to the Nova Scotia *Pension Benefits Act,* an asset smoothing reserve has been included in the value of solvency assets to stabilize short-term fluctuations in the market value of the plan assets. Further details on this smoothing method are presented in Appendix B and Appendix C. The asset smoothing method results in a write-up of the assets for solvency purposes in the amount of $14.15 million. In accordance with Section 19(1)(a) of the Regulations to the Nova Scotia *Pension Benefits Act*, the calculation of the transfer ratio includes the asset smoothing reserve.

Present Value of Five Years of Special Payments

As permitted by Section 16(1)(c)(iv) of the Regulations to the Nova Scotia *Pension Benefits Act,* the present value of Emera's going-concern special payments that are scheduled for the next five years have been included in the value of solvency assets for Emera. The schedule of special payments to amortize Emera's going-concern unfunded liability is set out in Section 3 of this report. The present value of payments is calculated using the discount rate in the solvency actuarial basis. In accordance with the Nova Scotia *Pension Benefits Act*, the present value of special payments is excluded from the calculation of the transfer ratio.

The following table shows the present value of Emera's special payments that have been included:

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Table 2.2 Present Value of Five Years of Special Payments for Emera

Nature of liability	End of Calculation Period	Annual Amortization Payments	Present Value of Special Payments
Going-concern	Dec. 31, 2012	$14,400	$64,000

Statement of Wind-Up Financial Position

The following table shows the wind-up position of the DB component of the Plan as at December 31, 2007, with figures split between NSPI and Emera. For comparison, the wind-up position as at December 31, 2006 is also shown. Wind-up values take into account all benefits payable (the differences from the solvency valuation being the inclusion of escalated adjustments, grow-in benefits, and the use of market value of assets rather than the solvency value of assets).

Table 2.3 Wind-up Financial Position as at December 31, 2007(millions) – DB component

	December 31, 2007			December 31, 2006
	NSPI	Emera	Total Plan	Total Plan
Wind-up assets				
> Market value of assets	$600.47	$0.21	$600.68	$613.62
> Wind-up expenses	(0.48)	(0.02)	(0.50)	(0.50)
Total wind-up assets	$599.99	$0.19	$600.18	$613.12
Wind-up liability				
> Active members (excluding grow-in)	373.47	0.29	373.76	400.82
> Additional liability due to grow-in rights	40.03	0.05	40.08	40.22
> Terminated vested members and pending	19.58	-	19.58	21.98
> Retired members and beneficiaries	415.36	-	415.36	377.97
Total wind-up liability	848.44	0.34	848.77	$840.99
Wind-up surplus (shortfall)	($248.45)	($0.15)	($248.59)	($227.87)

Figures may not add up exactly due to rounding.

The assumed net discount rate as at December 31, 2007 to purchase CPI indexed annuities is 1.75% per annum.

If the Plan had been wound-up as at December 31, 2007, liabilities would exceed the market value of assets by $248.59 million ($248.45 million for NSPI and $0.15 million for Emera).

The difference between the solvency and wind-up liabilities of $250.12 million represents the value of the escalated adjustments (i.e., pension indexing after January 1, 2008) equal to $210.05 million and the value of the grow-in benefits equal to $40.08 million.

In addition, wind-up assets and liabilities in respect of the DC component of the Plan were $7.20 million as at December 31, 2007.

Section 3 – Employer Contributions

There are two primary types of Employer contributions. The first one is the contribution that may be required to cover the residual normal actuarial cost; the excess of the total normal cost over employee required contributions. The second one is the amortization payment that is required to liquidate any going-concern unfunded liabilities and/or solvency deficiencies. In addition, other Employer contributions may be required when commuted values are paid from the Plan and escalated adjustments are excluded from the solvency valuation.

Normal Actuarial Cost

Table 3.1 below summarizes the estimated going-concern cost of pension benefits being earned under the DB component of the Plan in the twelve-month period after the valuation date (the normal actuarial cost). The normal actuarial cost is shown split between NSPI and Emera.

Table 3.1 Normal Actuarial Cost – DB component

	NSPI		Emera		Total Plan	
	$ millions	(% of Pay)	$ millions	(% of Pay)	$ millions	(% of Pay)
Normal actuarial cost	$12.81	(14.67%)	$0.22	(9.92%)	$13.03	(14.55%)
Less : Employee contributions	5.04	(5.77%)	0.10	(4.21%)	5.13	(5.73%)
Residual normal actuarial cost	7.77	(8.90%)	0.13	(5.72%)	7.90	(8.82%)
Covered Payroll (DB component)*	87.34		2.26		89.59	

Figures may not add up exactly due to rounding.

* *Covered payroll is based on the definition of Earnings in the Plan text and may include amounts on which members do not contribute to the Plan.*

The factors contributing to the change in the normal actuarial cost are shown below:

Table 3.2 Reconciliation of Normal Actuarial Cost (Total Plan, % of payroll) – DB component

Normal actuarial cost for Total Plan as at December 31, 2006	15.27 %
Change in demographics of active membership	(0.72)%
Normal actuarial cost for Total Plan as at December 31, 2007	14.55 %

There are two primary reasons why the changing demographics of the active membership has contributed to a reduction in the normal actuarial cost:

> The addition of 143 new Plan members and the removal of 127 members from active status due to terminations, retirements, or deaths during 2007 has resulted in a decrease in average age from 46.6 years to 45.9 years; and

> New members who join the Plan on or after July 1, 2004 earn benefits under different terms than those who joined prior to such date; benefits under the new Plan terms have a lower cost than benefits under the prior Plan terms.

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The required contribution for normal actuarial cost for the DB component for 2008 is 8.90% of payroll for NSPI and 5.72% for Emera (8.82% for the total DB component of the Plan). For 2008, based on a projected DB pensionable payroll of $87.34 million for NSPI and $2.26 million for Emera, the required contribution is estimated to be $7.77 million for NSPI and $0.13 million for Emera ($7.90 million for the total DB component of the Plan). For comparison, the employer's required contribution for normal actuarial cost for the DB component of the Plan for 2007 was 9.60% of payroll for NSPI and 7.01% for Emera.

Appendix A provides further details on the determination of the normal actuarial cost. A summary of the membership data and of the plan provisions is presented in Appendix D and Appendix E, respectively.

The table below summarizes the estimated employer contributions required for the DC component of the Plan for 2008.

Table 3.3 Normal Actuarial Cost – DC component (thousands)

Employer	Employer Basic 3% Contribution	Employer 50% Matching of Member Optional Contributions	Total Employer Contributions (Basic plus 50% Matching)
Nova Scotia Power Inc.	$289	$247	$536
Emera Inc.	17	17	34
Emera Energy Inc.	81	61	142
Cablecom Ltd. *	150	44	194
Total	$537	$369	$906

Figures may not add up exactly due to rounding.

* *Effective, January 1, 2006, employees of Cablecom Ltd. are eligible to participate under Option 1 for their first three years of Plan membership after which time they are eligible to participate under Option 2.*

Amortization Payments

The going-concern statement of financial position shown in Section 1 for NSPI identified a going-concern surplus of $1.15 million at the valuation date. As a result, all previous going-concern payment schedules for NSPI have been reduced to zero.

Emera has a going-concern unfunded liability of $0.14 million at the valuation date. This unfunded liability requires monthly special payments of $1,200 over the next 15 years.

The solvency statement of financial position shown in Section 2 identified that solvency assets exceed solvency liabilities by $15.75 million at the valuation date. Neither NSPI nor Emera has a solvency deficiency at the valuation date. As a result, no solvency payments are required at this time.

Emera's total monthly amortization payments required until the next valuation are $1,200. No amortization payments are required for NSPI. Such special contributions must be remitted to the fund monthly, within 30 days of the month to which they pertain.

The amortization schedules are summarized as follows:

Table 3.4 Amortization Payments and Present Values as at December 31, 2007 for Emera

Nature of Liability	Date Established	End of Amortization Period	Annual Payment	Monthly Payment	Present Value of Special Payments (GC Basis)	Present Value of Special Payments (Solv Basis)
Going-concern	Dec. 31, 2007	Dec. 31, 2022	$14,400	$1,200	$142,000	$64,000*

** Present value on a solvency basis includes a maximum of five years of scheduled payments following the valuation date.*

Higher amortization payments are acceptable under the Nova Scotia *Pension Benefits Act* and would be deductible under the *Income Tax Act* and Regulations. These payments, however, must be limited to the greater of the going-concern unfunded liability and wind-up shortfall: $248.45 million plus accrued interest for NSPI and $0.15 million plus accrued interest for Emera.

There are no statutory funding requirements based on the Plan's wind-up position.

Other Contributions

Due to the exclusion of escalated adjustments from the solvency valuation, any commuted value payment from the Plan must exclude the value of the escalated adjustments unless an amount equal to the value of the escalated adjustments in respect of such payment is first paid into the Plan by NSPI or Emera. For 2008, if NSPI and Emera wish to pay out the full commuted value, and assuming $4.05 million of total payments, we estimate the additional contribution in respect of the escalated adjustments to be approximately $1.06 million for NSPI and zero for Emera (on average 26% of each payment). These additional contributions may be adjusted accordingly based on the actual amount of the commuted value payments.

Summary of Contributions

Based on the above, the estimated minimum contributions in 2008 for NSPI and Emera are as follows:

Table 3.5 Minimum 2008 Contributions to the Plan (millions)

	NSPI Estimated Minimum Contribution for 2008	Emera Estimated Minimum Contribution for 2008	Total Plan Estimated Minimum Contribution for 2008
Current service cost (DB component)	$7.77	$0.13	$7.90
Amortization payments (DB component)			
> Unfunded liability	-	0.01	0.01
Other Contributions*	1.06	-	1.06
Application of Plan surplus**	(1.15)	-	(1.15)
Estimated Employer contributions (DB component)	$7.68	$0.14	$7.82
Current service cost (DC)	0.54	0.03	0.57
Estimated Employer contributions (DB plus DC components)	$8.22	$0.18	$8.40

Figures may not add up exactly due to rounding.

* *Assuming $4.05 million of commuted value payments from the Plan in 2008. This amount is the estimated contribution required to fund the value of escalated adjustments not included in the solvency valuation.*

** *The maximum reduction in Employer DB current service cost is limited to the lesser of the going-concern surplus and the solvency surplus. (i.e. the $1.15 million going-concern surplus as at December 31, 2007)*

The maximum contributions in 2008 for NSPI and Emera are as follows:

Table 3.6 Maximum 2008 Contributions to the Plan (millions)

	NSPI Estimated Maximum Contribution for 2008	Emera Estimated Maximum Contribution for 2008	Total Plan Estimated Maximum Contribution for 2008
Current service cost (DB component)	$7.77	$0.13	$7.90
Funding on Wind-up basis	248.45	0.15	248.59
Estimated Employer contributions (DB component)	$256.22	$0.28	$256.49
Current service cost (DC)	0.54	0.03	0.57
Estimated Employer contributions (DB plus DC components)	$256.75	$0.31	$257.06

Figures may not add up exactly due to rounding.

The estimated minimum and maximum contribution for participating employers other than NSPI and Emera is shown in Table 3.3.

The minimum Employer contributions described above are based on the rules set out in the Nova Scotia *Pension Benefits Act* and Regulations and are therefore in accordance with the *Income Tax Act* and Regulations if contributed within the fiscal year or remitted within 120 days after the end the fiscal year.

The Nova Scotia *Pension Benefits Act* requires that employee contributions be remitted to the fund monthly, within 30 days of the month to which they pertain. It also requires that the Employer contributions and special amortization payments (including those noted as "Other Contributions" in Table 3.5) be paid at least monthly and within 30 days of the month to which they pertain.

If the participating employer wishes to fund the DB component of the Plan on a "termination" basis (i.e., wind-up basis) as described in Regulation 8516(7) of the *Income Tax Act* and Regulations, NSPI and Emera may contribute $248.45 million and $0.15 million respectively to the Plan between December 31, 2007 and December 31, 2008 provided that a more recent valuation has not yet been filed.

The employer is required to contribute between the indicated minimum and maximum amounts in 2008. Contributions with respect to the residual normal actuarial cost should be determined on a percentage of payroll basis, while amortization payments are usually contributed based on the shown dollar amounts. Payments toward the value of escalated adjustments should be adjusted based on the actual amount of commuted value payments made in 2008.

The maximum contributions in subsequent years will depend on the contributions actually made to the Plan in 2008. The Plan actuary should be consulted for advice regarding maximum contributions in the following years if the total contributions in 2008 are greater than the estimated minimum required contribution.

It is noted that the value of the Accumulated Excess Company Contribution balance as at December 31, 2007 is $65.72 million for NSPI and $0.05 million for Emera. For 2008, the minimum Employer contributions described in Table 3.5 are greater than the estimated employee contributions described in Table 3.1. Therefore, it is expected that a portion of Employer contributions will be considered a contribution toward Accumulated Excess Company Contributions in 2008. Please refer to Tables C.5 and C.6 in Appendix C for details of the determination of the Accumulated Excess Company Contribution balance.

Section 4 – Actuarial Opinion

This opinion is given with respect to the Pension Plan for Employees of Nova Scotia Power Incorporated (the "Plan"), Registration number 0687210 under the Nova Scotia *Pension Benefits Act* and Canada Revenue Agency.

We performed a valuation of the Plan as at December 31, 2007 based on the Plan provisions and data as at that date. Nova Scotia Power Incorporated ("NSPI") has confirmed that no modifications or extraordinary changes to the membership that would materially affect the results of this actuarial valuation have occurred during the period from December 31, 2007 to the date of this report.

For NSPI, I hereby certify that, in my opinion, as at December 31, 2007:

a) The NSPI defined benefit ("DB") portion of the Plan is fully funded. The actuarial value of assets exceeds the actuarial liability, on a going-concern basis, by $1.15 million. There are no monthly amortization payments required by NSPI.

b) According to the solvency test required under the Nova Scotia *Pension Benefits Act*, the Plan's solvency assets exceed the solvency liabilities for NSPI. There are no required solvency amortization payments to the Plan.

c) The NSPI DB portion of the Plan has a transfer ratio of 1.03.

d) For NSPI, the liabilities, including grow-in benefits, would exceed the assets by $248.45 million if the Plan were to be wound-up on the valuation date.

e) For NSPI, the total normal actuarial cost for the DB component of the Plan is 14.67% of covered payroll. The residual normal actuarial cost (i.e. total normal actuarial cost less employee required contributions) is 8.90% of covered payroll until the next valuation. The residual normal cost for 2008, based on NSPI's estimated 2008 DB pensionable payroll of $87.34 million, is $7.77 million.

   The employer cost for the defined contribution ("DC") component of the Plan is 3% of covered payroll plus 50% of any employee optional contributions.

f) NSPI does not have any required special payments.

g) The minimum required NSPI contribution for the DB component for 2008 is $7.68 million, comprised of $7.77 million for DB current service cost, plus an estimated $1.06 million for the value of escalated adjustments in respect of any commuted value payment being paid from the Plan in accordance with Regulation 19(12) of the Nova Scotia *Pension Benefits Act,* less $1.15 million should NSPI decide to apply the going-concern surplus against Employer required contributions.

   The minimum required contribution to the DC component of the Plan for 2008 is estimated to be $0.54 million for NSPI, as shown in Table 3.3.

h) If NSPI wishes to fund the DB component of the Plan on a "termination" basis (i.e., wind-up basis) as described in Regulation 8516(7) of the *Income Tax Act* and Regulations, they may contribute $256.22 million to the Plan between December 31, 2007 and December 31, 2008, provided that a more recent valuation has not yet been filed.

The maximum contribution for NSPI for the DC component for 2008 is equal to the minimum contribution.

For Emera, I hereby certify that, in my opinion, as at December 31, 2007:

a) The Emera DB portion of the Plan is not fully funded. The actuarial liability, on a going-concern basis, exceeds the actuarial value of assets by $0.14 million. The schedule of minimum monthly amortization payments is discussed in part (f) below.

b) According to the solvency test required under the Nova Scotia *Pension Benefits Act*, the Plan's solvency assets exceed the solvency liabilities for Emera. There are no required solvency amortization payments to the Plan.

c) The Emera DB portion of the Plan has a transfer ratio of 0.91.

d) For Emera, the Plan's liabilities, including grow-in benefits, would exceed the Plan's assets by $0.15 million if the Plan were to be wound-up on the valuation date.

e) For Emera, the total normal actuarial cost for the DB component of the Plan is 9.92% of covered payroll. The residual normal actuarial cost is 5.72% of covered payroll until the next valuation. The residual normal cost for 2008, based on Emera's estimated 2008 DB pensionable payroll of $2.26 million, is $0.13 million.

The employer cost for the DC component of the Plan is 3% of covered payroll plus 50% of any employee optional contributions.

f) The Emera DB portion of the Plan has an unfunded liability as described under part (a) above. As a result, the following amortization payments are required by Emera:

Amortization Payments and Present Values as at December 31, 2007 for Emera

Nature of Liability	Date Established	End of Amortization Period	Annual Payment	Monthly Payment	Present Value of Special Payments (GC Basis)	Present Value of Special Payments (Solv Basis)
Going-concern	Dec. 31, 2007	Dec. 31, 2022	$14,400	$1,200	$142,000	$64,000*

** Present value on a solvency basis includes a maximum of five years of scheduled payments following the valuation date.*

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g) The minimum required Emera contribution for the DB component for 2008 is $0.14 million, comprised of $0.13 million for DB current service cost, and $0.01 million for special payments towards the unfunded liability.

   The minimum required contribution to the DC component of the Plan for 2008 is estimated to be $0.03 million for Emera as shown in Table 3.3.

h) If Emera wishes to fund the DB component of the Plan on a "termination" basis (i.e., wind-up basis) as described in Regulation 8516(7) of the *Income Tax Act* and Regulations, they may contribute $0.28 million to the Plan between December 31, 2007 and December 31, 2008, provided that a more recent valuation has not yet been filed.

   The maximum contribution for Emera for the DC component for 2008 is equal to the minimum contribution.

For all participating employers other than NSPI and Emera, I hereby certify that, in my opinion, as at December 31, 2007:

a) The minimum contribution for the DC component for 2008 is 3% of covered payroll plus, if the employer participates in Option 2, 50% of any employee optional contributions. The required contribution to the DC component of the Plan for 2008 is estimated to be $0.34 million for all participating employers other then NSPI and Emera, as shown in Table 3.3.

b) The maximum contribution for all participating employers other than NSPI and Emera for the DC component for 2008 is equal to the minimum contribution.

In my opinion:

a) The data on which the valuation is based are sufficient and reliable for the purposes of the valuation.

b) The assumptions used are, in aggregate, appropriate for the purposes of the valuation.

c) The methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared, and my opinion given, in accordance with accepted actuarial practice. The assumptions that form each actuarial basis used in the report were reasonable at the time this actuarial valuation report was prepared and contributions were determined.

This actuarial valuation was performed in accordance with the funding and solvency standards prescribed under the Nova Scotia *Pension Benefits Act*. The calculations in the actuarial valuation report have been prepared in accordance with Subparagraph 147.2(2) of the *Income Tax Act*.

The recommendations and opinions are given exclusively from a financial viewpoint. This valuation report does not constitute a legal opinion on the rights or duties of the Plan administrator, the Employer or the members over the pension funds.

Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses, which may affect future contribution levels. These will be revealed in future actuarial valuations.

Based on a request from the Nova Scotia Superintendent of Pensions, the next actuarial valuation should be performed not later than as at December 31, 2008.

Paul Chang, F.S.A., F.C.I.A.

Richard Cann, A.S.A.

MORNEAU SOBECO
March 18, 2007

Appendix A – Going-Concern Actuarial Basis

Asset Valuation Method

The actuarial value of invested assets for the DB component of the Plan used to determine the going-concern financial position is based on an adjusted value that recognizes the market value, adjusted for payments due to and payable from the pension fund, while smoothing out investment gains and losses over a 3-year period. The smoothing reserve is capped at 20% of the market value. This method was also used in the previous valuation, and is illustrated further in Appendix C. The actuarial value of assets for the DC component of the Plan is based on the market value of account balances.

Actuarial Cost Method

The actuarial liability and normal actuarial cost on a going-concern basis for the DB component of the Plan were calculated using the "Projected Accrued Benefit (or Projected Unit Credit) Actuarial Cost Method". The actuarial liability is equal to the present value of benefits earned by members for service prior to the valuation date, taking relevant factors into account as indicated in the assumptions below. In the case of members expected to have more than 35 years of service at retirement, we have funded the cost of their projected pension over the first 35 years of their service.

The total normal actuarial cost is equal to the present value of benefits expected to be earned by members in the year following the valuation date. The residual normal actuarial cost is the excess of the total normal actuarial cost over members' required contributions.

The normal actuarial cost rate is the normal actuarial cost divided by covered payroll for the same period. This rate will tend to be stable over time if the demographic characteristics of the active and disabled Plan membership remain stable. All other things being equal, an increase in the average age of the active and disabled membership will result in an increasing normal actuarial cost rate.

The age for valuation purposes has been calculated by rounding to the nearest birthday.

Decrements are assumed to occur at the beginning of the year.

The liability for the DC component of the Plan is equal to the total of all DC account balances.

Going-Concern Actuarial Assumptions

The main actuarial assumptions employed for the going-concern actuarial valuation for the DB component of the Plan are summarized in the following table. All rates and percentages are annualized unless otherwise noted.

Table A.1 Going-Concern Actuarial Assumptions – DB component

	December 31, 2007	December 31, 2006
Discount rate	6.86% (real rate of return of 4.00%)	6.86% (real rate of return of 4.00%)
Inflation	2.75%	2.75%
Salary increases, including inflation, merit and promotion	Under 30 5.75% 30 to 34 5.25% 35 to 39 4.75% 40 to 44 4.25% 45 to 49 3.75% 50 plus 3.25% Not applicable to members on LTD	Under 30 5.75% 30 to 34 5.25% 35 to 39 4.75% 40 to 44 4.25% 45 to 49 3.75% 50 plus 3.25% Not applicable to members on LTD
Increase in YMPE	$43,700 in 2007 and $44,900 in 2008, increasing by 3.25% per annum starting in 2009	$42,100 in 2006 and $43,700 in 2007, increasing by 3.25% per annum starting in 2008
Maximum pension (permitted by Income Tax Act) per year of service (applicable only for service after December 31, 1991)	$2,222 in 2007, $2,333 in 2008, $2,444 in 2009 and $2,444 indexed at 3.25% per annum starting in 2010	$2,111 in 2006, $2,222 in 2007, $2,333 in 2008, $2,444 in 2009 and $2,444 indexed at 3.25% per annum starting in 2010
Interest credited on employee contributions	4.25%	4.25%
Mortality rate	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Post-retirement only	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015) Post-retirement only
Termination rate	5.00% per year prior to age 50	5.00% per year prior to age 50
Disability rate	None assumed	None assumed
Retirement	Age 59. Age 60 for deferred vested and terminating members. Age 65 or upon 35 years of service for members accruing LTD credits. Members past assumed retirement age assumed to retire in one year.	Age 59. Age 60 for deferred vested and terminating members. Age 65 or upon 35 years of service for members accruing LTD credits. Members past assumed retirement age assumed to retire in one year.
Plan expenses	Discount rate is assumed to be net of all expenses	Discount rate is assumed to be net of all expenses
Married %	At retirement: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified	At retirement: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified
Spousal age difference	Male is 3 years older than female	Male is 3 years older than female
Children's Benefits	None assumed	None assumed

We continue to monitor Plan experience and long-term economic forecasts and we note that:

> Based on the long-term outlook for inflation in Canada, the going-concern inflation assumption will remain at 2.75% per annum.

> The assumed net real rate of return remains at 4%; we feel this is reasonable given the fact that the Plan's assets are invested in a mix of approximately 66% equities and 34% bonds.

> Many of the retirements in years prior to December 31, 2001 have occurred in conjunction with special early retirement provisions. Due to this, it is difficult to monitor retirement experience during the normal course of Plan activity. Based on our experience, it would not be unreasonable for a significant percentage of members to retire when they first become eligible for an unreduced pension (under the regular Plan terms: age 55 and 85 points, or age 60). Based on the Plan's demographics which include many long service employees, we have assumed the retirement age to be 59 which takes into consideration members retiring when they first become eligible for an unreduced pension and later retirements. For 2007, retirement experience from active, non-LTD status occurred at an average age of 57.9. We will continue to monitor the appropriateness of the retirement assumption in future valuations.

> The incidence of disability and mortality prior to retirement continues to be very low. We have not applied disability or mortality rates to active members, and will monitor the appropriateness of these assumptions in future valuations.

Appendix B – Solvency and Wind-Up Actuarial Basis

Asset Valuation Method

The actuarial value of invested assets for the DB component of the Plan used to determine the solvency financial position is based on an adjusted value that recognizes the market value, adjusted for payments due to and payable from the pension fund, while smoothing out investment gains and losses over a 3-year period, plus the present value of minimum special amortization payments for the next five years, less an allowance for wind-up expenses. The smoothing is capped at 20% of the market value. This method was also used in the previous valuation. This method produces the same asset smoothing reserve as determined for the going-concern and is illustrated further in Appendix C. The actuarial value of assets for the DC component of the Plan is based on the market value of account balances.

Wind-up assets are equal to the sum of the market value of invested assets, adjusted for amounts payable and receivable, less an allowance for wind-up expenses.

Actuarial Cost Method

The solvency and wind-up liability for the DB component of the Plan is determined using the Accrued Benefit (or Unit Credit) Actuarial Cost Method. The solvency liability is equal to the actuarial present value of all benefits earned by members for service prior to the valuation date, assuming the Plan is wound up on the valuation date. As permitted by the Nova Scotia *Pension Benefits Act* and the Regulations, the value of escalated adjustments (i.e. pension indexing after January 1, 2008) and member grow-in rights are excluded from the solvency valuation. The wind-up liability has been calculated including both escalated adjustments and member grow-in rights. All members are treated as vested in a solvency valuation. The solvency and wind-up liability for the DC component of the Plan is equal to the market value of account balances.

The age has been calculated rounding to the nearest integer.

Solvency Actuarial Assumptions

The primary actuarial assumptions employed for the solvency actuarial valuation of the DB component of the Plan are summarized in the following table. For comparison, the assumptions used for the last valuation are also included in the table. All rates and percentages are annualized unless otherwise noted.

Table B.1 Solvency Actuarial Assumptions – DB component

	December 31, 2007	December 31, 2006
Discount rate for transfer value	4.75% for the next 10 years and 5.00% thereafter	4.75% for the next 10 years and 4.75% thereafter
Discount rate for annuity purchase	4.50%	4.50%
Member Election	Transfer Value: Active members under 50 years of age Annuity Purchase: Pensioners, active members 50 years of age or older, and deferred vested members	Transfer Value: Active members under 50 years of age Annuity Purchase: Pensioners, active members 50 years of age or older, and deferred vested members
Mortality	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA. Sex distinct*	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA. Sex distinct*
Salary increases	None	None
Merit and promotional scale	None	None
Maximum pension (permitted by Income Tax Act) per year of service (applicable only for service after December 31, 1991)	The Defined Benefit Limit as at January 1, 2008: $2,333 per year of service	The Defined Benefit Limit as at January 1, 2007: $2,222 per year of service
Increase in maximum pension	None	None
Termination, Disability	None	None
Retirement	Age that maximizes the value of the pension	Age that maximizes the value of the pension
Married %	Active Members: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified	Active Members: 85% Pensioners: if there was a spouse at retirement, assumed to be alive unless otherwise notified
Difference in age of spouses	Male is 3 years older than female	Male is 3 years older than female
Assets	Actuarial value with 3-year asset smoothing (reserve same as amount determined for going concern) plus present value of minimum special payments for next 5 years.	Actuarial value with 3-year asset smoothing (reserve same as amount determined for going concern) plus present value of minimum special payments for next 5 years.
Wind-up expenses (DB and DC)	$500,000	$500,000

* *Liabilities determined on a sex distinct basis and the appropriate unisex basis are identical.*

We note the following changes from the assumptions used in the prior valuation:

> The discount rate used for valuing transfer values was updated to be in accordance with the recommendations of the Canadian Institute of Actuaries and is based on the rates of return for long-term bonds issued by the Government of Canada in October 2007.

> Based on the Canadian Institute of Actuaries' (CIA) recommendations and long term Government of Canada bonds' yield (series V39062) of 4.10% at December 31, 2007, we have used a discount rate of 4.50% per annum. This is a reasonable estimate of the discount rate, which when used in conjunction with the UP94@2015 mortality table, approximated the cost of purchasing immediate non-indexed annuities as at the valuation date.

> In addition, we note that allowance has been made for administrative and actuarial costs which would be incurred if the Plan were to be wound up in full or in part. No allowance has been made for costs which may be incurred in respect of resolving surplus issues on Plan wind-up or the costs in respect of assets which cannot be readily realized.

Wind-Up Actuarial Assumptions

The wind-up liability has been calculated including both escalated adjustments and member grow-in rights. The other assumptions used for the wind-up valuation are the same as those used for the solvency valuation, except for the following:

Table B.2 Wind-Up Actuarial Assumptions – DB component

	December 31, 2007	December 31, 2006
Assets	Market value adjusted for current payables and receivables*	Market value adjusted for current payables and receivables*
Implicit discount rate for transfer value for indexed pensions, (i.e., taking into account indexing after retirement)	2.50% for the next 15 years and 2.50% thereafter	2.25% for the next 15 years and 2.25% thereafter
Implicit discount rate for annuity purchase for indexed pension (i.e., taking into account indexing where applicable)	1.75%	1.50%
Maximum pension (permitted by Income Tax Act) per year of service (applicable only for service after December 31, 1991)	The Defined Benefit Limit as at January 1, 2008**	The Defined Benefit Limit as at January 1, 2007**

* *Excludes present value of special payments.*

** *We have excluded the indexing of the DB limit from the valuation date to each individual's retirement date. This is not material to the results.*

The escalated adjustments included in the wind-up valuation includes the post-retirement indexing for all members, and pre-retirement indexing for deferred vested members who terminated prior to the effective date for Amendment #12 (July 1, 2004 for Union members and October 1, 2004 for Non-Union members).

It is difficult to obtain illustrative quotes for fully indexed annuities. Based on the current economic environment (long term Government of Canada real return bonds' yield (series V39057) of 1.91% at December 31, 2007), we believe that 1.75% per annum is a reasonable estimate of the appropriate discount rate, when used in conjunction with the UP94@2015 mortality table, to approximate the cost of purchasing immediate CPI indexed annuities as at the valuation date.

Appendix C – Assets

Description of Plan Assets

Assets held by the DB component of the Plan are under the custody of Royal Trust. The investment managers responsible for investing the Plan assets are the same as at December 31, 2007 as they were as at December 31, 2006, as follows:

> *Canadian Fixed Income*: Phillips Hager & North, Letko Brosseau.

> *Canadian Equity*: PCJ Investment Counsel Ltd., Fidelity Investments Canada, Letko Brosseau.

> *Foreign Equity*: State Street Global Advisors, Capital Guardian, Letko Brosseau.

Assets held by the DC component of the Plan are invested in various mutual funds at the option of each member. The DC component is administered by Manulife Financial.

We have relied upon the information provided in the draft audited financial statements provided to us by NSPI, following tests of reasonableness with respect to contributions, benefit payments and investment income.

Statement of Market Value

The following table shows the asset mix as at December 31, 2007 and for comparison, the mix as at December 31, 2006:

Table C.1 Assets at Market Value (millions) – DB component

	December 31, 2007	December 31, 2006
Invested assets		
> Cash and short-term	$16.14	$10.87
> Bonds	186.08	179.50
> Equities	397.93	422.67
> Accrued Investment Income	0.76	0.77
Total invested assets	600.91	613.81
Net receivables and payable (excluding accrued investment income)	(0.23)	(0.19)
Total market value of assets	$600.68	$613.62

Figures may not add up exactly due to rounding.

The market value of the DC component of the Plan (including both employee and employer portions) was approximately $7.20 million as at December 31, 2007. The investment returns on individual member DC accounts depend on the members' investment choices.

Changes to Plan Assets

The following table shows changes to the DB component of Plan assets based on market values.

Table C.2a 2007 Reconciliation (millions) – DB assets

	NSPI	Emera	Total Plan
Market Value of Assets at beginning of year	$613.62	$0.00	$613.62
Receipts:			
> Employee contributions	4.87	0.08	4.95
> Employer matching contributions	4.87	0.08	4.95
> Employer contributions toward normal actuarial cost above matching contribution	3.23	0.05	3.28
> Employer special payments	1.38	0.00	1.38
> Investment income and change in market value	3.65	0.00	3.65
Total receipts	18.00	0.21	18.21
Disbursements:			
> Pensions paid	22.79	0.00	22.79
> Contribution and transfer refunds	5.61	0.01	5.62
> Plan expenses	2.74	0.00	2.74
Total disbursements	31.14	0.01	31.15
Market Value of Assets at end of year	$600.47	$0.20	$600.68

Figures may not add up exactly due to rounding.

DC contributions during 2007 were approximately $0.67 million by employees and $0.82 million by employers. A reconciliation of the DC assets was not available at the time this report was prepared.

Table C.2b shows changes to the DB component of Plan assets over the last three year period, based on market values.

Table C.2b Previous Reconciliation (millions) – DB assets

	2007	2006	2005
Market Value of Assets at beginning of year	$613.62	$539.98	$475.07
Receipts:			
> Employee contributions	4.95	4.71	4.70
> Employer matching contributions	4.95	4.71	4.70
> Employer contributions toward normal actuarial cost above matching contribution	3.28	3.15	2.53
> Employer special payments	1.38	7.15	14.73
> Investment income and change in market value	3.65	79.84	62.91
Total receipts	18.21	99.57	89.57
Disbursements:			
> Pensions paid	22.79	20.26	18.57
> Contribution and transfer refunds	5.62	3.14	3.38
> Plan expenses	2.74	2.53	2.71
Total disbursements	31.15	25.92	24.66
Market Value of Assets at end of year	$600.68	$613.62	$539.98

Figures may not add up exactly due to rounding.

Return on Assets – DB component

The DB Plan assets earned the following annualized rates of return, net after investment management fees and other expenses charged to the fund:

Table C.3 Net Investment Return and Excess Investment Gain (Loss) (millions) – DB component

Year	Market Value Basis	Excess Investment Gain (Loss)
2004	8.32%	$ 5.13
2005	12.59%	$ 26.15
2006	14.36%	$ 38.99
2007	0.15%	($40.73)*

* *Relative to the going-concern valuation assumption of 6.86%*

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Actuarial Value of Assets

For purposes of the going-concern valuation, the actuarial value of assets for the DB component of the Plan is equal to the following:

> market value of assets (invested assets as at the valuation date plus net payable and receivables); less

> a smoothing reserve equal to 2/3 of the investment gain (in excess of the going-concern valuation assumption for that particular year) for the most recent year; and 1/3 the investment gain (in excess of the going-concern valuation assumption for that particular year) in the prior year.

Table C.4 Actuarial Value of Assets at December 31, 2007(millions) – DB component

	NSPI	Emera	Total Plan
Invested Assets	$600.71	$0.20	$600.91
Net payable and receivable	(0.24)	0.01	(0.23)
Market Value of Assets	$600.47	$0.21	$600.68
Less 2/3 investment gain in most recent year	27.15	0.00	27.15
Less 1/3 of investment gain in prior year	(13.00)	0.00	(13.00)
Total Asset Smoothing Reserve	$14.15	$0.01	$14.15
Actuarial Value of Assets on a Going-Concern Basis	$614.62	$0.22	$614.83

Figures may not add up exactly due to rounding.

The asset smoothing adjustment as at December 31, 2007 is a write-up equal to $14.15 million.

The actuarial value of assets for the DC component is equal to the total market value of member accounts.

Accumulated Excess Company Contributions

The Accumulated Excess Company Contributions represents the balance, with interest at the same rate employee contributions are credited, of employer contributions made to the fund in excess of matching employee contributions and contributions credited against the 1993 ERIP (there is no remaining outstanding balance with respect to the 1993 ERIP).

Table C.5 shows details of the determination of the amount contributed toward the Accumulated Excess Company Contributions in 2007.

Table C.5 2007 Contribution Toward Accumulated Excess Company Contributions (millions)

	NSPI	Emera	Total Plan
Total employer contributions during 2007	$9.48	$0.13	$9.61
Less employer matching contributions	(4.87)	(0.08)	(4.95)
Contribution made toward Accumulated Excess Company Contributions during 2007	4.61	0.05	4.67

Figures may not add up exactly due to rounding.

Table C.6 shows the calculation of the balance of the Accumulated Excess Company Contributions for NSPI as of December 31, 2007.

Table C.6 Accumulated Excess Company Contributions Balance (millions)

	NSPI	Emera	Total Plan
1. Balance as at December 31, 2006	$59.24	$0.00	$59.24
2. Contribution made toward Accumulated Excess Company Contributions during 2007 (see Table C.5)	4.61	0.05	4.67
3. Interest* at 3.03% on [(1) + 0.5 x (2)]	1.86	0.00	1.87
4. Balance as at December 31, 2007	$65.72	$0.05	$65.77

Figures may not add up exactly due to rounding.

* *Interest on Accumulated Excess Company Contribution Balance credited at same rate as on member contributions.*

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Appendix D– Membership Data

Description of Membership Data

Morneau Sobeco maintains pension data records for the DB component of the Plan. NSPI provides annual data updates and advises us of changes in status as they occur. Our valuation is based on data compiled as at December 31, 2007. We have taken the following steps to review the data to ensure sufficiency and reliability:

- each member's record was reconciled with last year's record, and the results of this reconciliation was submitted to NSPI;
- individual benefit statements were distributed to active members who were requested to report any errors;
- monthly pensioner reports are produced and provided to NSPI for confirmation;
- the contributions and pensions paid since the last valuation shown in the financial statements were compared with the equivalent values produced by the data;
- a membership reconciliation was prepared to follow the changes of active members, retirees and vested members;
- basic data checks were performed to ensure that age, salary and service data were reasonable for the purposes of the valuation.

NSPI provided the total DC account balances as at December 31, 2007 and a breakdown of contributions by participating employer to the DC component of the Plan for 2007. We have relied on this data to prepare this report.

Summary of Membership Data

The following tables were prepared using data provided by NSPI regarding their active members, retirees and former members. All data shown is in respect of the defined benefit component of the Plan.

These tables show the following:

D.1 Summary of Membership Data

D.2 Changes in Plan membership

D.3 Distribution of active members according to age and service as at the valuation date

D.4 Distribution of retirees and survivors according to age as at the valuation date

Table D.1 Summary of Membership Data – DB component

		December 31, 2007	December 31, 2006
Active members accruing DB benefits	Number	1,475	1,457
	Average age	45.9 years	46.6 years
	Average Credited service	16.2 years	17.4 years
	Average salary	$58,489	$56,734
	Average accumulated member contributions with interest	$58,523	$61,450
	Total payroll for following year	$89.59 million	$85.84 million
Active members with DB benefits who switched to DC	Number	41	43
	Average age	38.8 years	38.0 years
	Average Credited service	3.3 years	3.3 years
	Average salary	$65,892	$62,667
	Total payroll for following year	$2.83 million	$2.82 million
Vested members	Number	93	101
	Average age	47.8 years	47.6 years
	Average annual pension (full 2%)	$14,609	$14,485
Retirees & Beneficiaries	Number	972	884
	Average age	62.5 years	61.9 years
	Average annual lifetime pension	$20,656	$19,809
	Average annual bridge	$4,491	$4,460
	Total annual pensions	$24.44 million	$21.45 million

Notes:

The December 31, 2007 pension amount shown includes the cost of living adjustment effective as at January 1, 2008.

Active membership includes 54 members on LTD as at December 31, 2007 and 41 members on LTD as at December 31, 2006. Active membership also includes 18 members who have been transferred to Emera on or after January 1, 2007 and whose benefits accrued after the date of transfer will be the sole responsibility of Emera as a participating employer under the Employee Plan. Note that 1 of the 18 Emera employees is a member who switched to DC in 2001.

Vested membership data summary excludes 23 pending non-vested members as at December 31, 2007.

Vested membership includes 5 former Emera Fuels employees as at December 31, 2007 who do not accrue benefits since September 30, 2006.

We do not have membership details for members who participate only under the DC component of the Plan (i.e., members without a DB entitlement).

The salary shown as at December 31, 2007 is the annualized pensionable salary for 2007. The salary shown as at December 31, 2006 is the annualized pensionable salary for 2006.

Of the 1,516 active members as at December 31, 2007, 1,198 are male and 318 are female.

Table D.2 Changes in Plan Membership – DB component

	Active Members	Vested Members	Pending non-vested	Retirees and Beneficiaries	Total
Members as at December 31, 2006	1,500*	101	20	884	2,505
New active members	143	–	–	–	143
Retirements	(78)	(6)	–	84	-
New survivor pensions	–	–	–	9	9
New child pensions	–	–	–	1	1
New pensions due to marriage breakdown	–	–	–	5	5
Terminations:					
> Deferred vested and pending	(14)	8	6	–	–
> Lump sums	(33)	(10)	(3)	–	(46)
Deaths:					
> With no death benefit	–	–	–	(1)	(1)
> Refund or transfer	–	–	–	–	–
> Survivor pension	(2)	–	–	(8)	(10)
Pension cessation (Child)	–	–	–	(2)	(2)
Members as at December 31, 2007	1,516**	93	23	972	2,604

* *Dec 31, 2006 figure includes 41 members on LTD and 43 members who switched to the DC component of the Plan on July 1, 2001.*

** *Dec 31, 2007 figure includes 54 members on LTD and 41 members who switched to the DC component of the Plan on July 1, 2001.*

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Table D.3 Age/Service Distribution of Active Members as at December 31, 2007

Age	Credited Service	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 plus	Total
Under 25	Count	37							37
	Avg Credited	0.7							0.7
	Avg 2007 Earnings	35,344							35,344
25 to 29	Count	57	10						67
	Avg Credited	1.4	6.5						2.2
	Avg 2007 Earnings	42,604	47,362						43,314
30 to 34	Count	81	44						125
	Avg Credited	1.7	6.9						3.5
	Avg 2007 Earnings	50,600	46,878						49,290
35 to 39	Count	85	46	14	28				173
	Avg Credited	1.9	7.5	11.7	17.4				6.7
	Avg 2007 Earnings	53,249	55,226	59,201	60,334				55,403
40 to 44	Count	46	50	11	70	43	4		224
	Avg Credited	2.0	7.5	11.4	17.9	21.6	25.5		12.8
	Avg 2007 Earnings	53,590	60,812	54,404	64,706	65,462	47,771		60,891
45 to 49	Count	36	69	13	46	78	61	6	309
	Avg Credited	2.1	7.5	11.1	18.0	22.0	27.0	30.5	16.5
	Avg 2007 Earnings	52,563	59,300	74,436	66,551	63,728	67,112	59,410	62,893
50 to 54	Count	13	36	7	30	53	85	157	381
	Avg Credited	2.4	7.4	11.5	17.5	22.5	27.7	32.4	25.0
	Avg 2007 Earnings	83,854	59,428	44,019	59,188	59,941	70,949	63,921	64,453
55 to 59	Count	10	14	4	14	22	36	57	157
	Avg Credited	1.4	7.3	12.5	18.1	22.2	27.3	32.9	24.0
	Avg 2007 Earnings	55,083	51,192	53,016	48,065	57,157	56,225	64,723	58,110
60 plus	Count	1	5	1	10	5	9	12	43
	Avg Credited	< >	8.1	< >	18.3	21.8	27.8	32.9	23.1
	Avg 2007 Earnings	< >	50,558	< >	54,365	43,042	44,451	59,422	52,649
Total	Count	366	274	50	198	201	195	232	1,516
	Avg Credited	1.7	7.3	11.5	17.8	22.1	27.4	32.5	15.9
	Avg 2007 Earnings	50,366	55,905	59,590	61,981	61,867	65,332	63,769	58,689

< > Some earnings figures hidden to protect confidentiality.

Age is rounded down to the nearest birthday.

Avg. Credited is the number of years credited for pension plan purposes (rounded down to the nearest integer).

The salary used is the annualized pensionable salary for the year ending December 31, 2007.

Includes 54 members on LTD and 41 members who switched to the DC component of the Plan in respect of service after July 1, 2001.

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Table D.4 Retirees and Survivors as at December 31, 2007

Nearest Age	Count	Average Annual Pension	Average Annual Bridge	Average Annual Benefit	Total Benefit Payable
Under 25	16	0	1,701	1,701	27,209
25 to 49	10	10,035	1,196	11,231	112,312
50	3	15,476	2,496	17,972	53,915
51	4	12,683	739	13,422	53,686
52	3	6,291	849	7,140	21,420
53	3	15,762	3,321	19,083	57,250
54	5	10,549	1,428	11,977	59,884
55	19	22,954	6,978	29,932	568,710
56	42	28,505	8,617	37,122	1,559,108
57	37	25,234	8,685	33,919	1,255,001
58	53	25,233	8,100	33,333	1,766,641
59	73	23,141	7,179	30,320	2,213,354
60	90	22,731	7,664	30,396	2,735,605
61	81	21,323	7,395	28,718	2,326,170
62	60	23,769	7,183	30,952	1,857,110
63	61	19,686	6,691	26,377	1,608,969
64	41	21,170	6,713	27,884	1,143,224
65	44	18,769	2,469	21,237	934,447
66	47	18,156	111*	18,266	858,520
67	42	19,258	-	19,258	808,839
68	45	18,190	97*	18,286	822,875
69	47	19,523	109*	19,632	922,722
70	35	22,869	-	22,869	800,398
71	33	19,433	-	19,433	641,296
72	23	13,803	-	13,803	317,470
73	9	14,968	-	14,968	134,709
74	13	21,292	-	21,292	276,791
75	12	12,749	-	12,749	152,988
76	3	13,316	-	13,316	39,947
77	5	16,408	-	16,408	82,039
78	3	20,591	-	20,591	61,774
79	6	18,665	-	18,665	111,991
80	3	16,383	-	16,383	49,148
81	1	< >	< >	< >	< >
Average		$20,656	$4,491	$25,147	
Total	972				$24,442,796

Figures shown above include January 1, 2008 cost of living adjustment.

** Bridge payable to surviving spouse.*

< > Some figures not shown to protect confidentiality.

Appendix E– Summary of Plan Provisions

The Pension Plan for Employees of Nova Scotia Power Incorporated ("Plan"), which became effective on August 10, 1992, is registered with Nova Scotia and with the Canada Revenue Agency (registration number 0687210).

On August 10, 1992, Nova Scotia Power became "privatized" and all employees of Nova Scotia Power Corporation ("NSPC") became employees of Nova Scotia Power Incorporated ("NSPI").

As a result, employees of NSPC ceased to be covered under the Nova Scotia *Public Service Superannuation Act* ("PSSA"), under which they had been covered for pension purposes since 1942. NSPI established the Pension Plan for Employees of Nova Scotia Power Incorporated (the "Plan") effective August 1, 1992 (i.e. the first of the month closest to August 10).

Effective January 1, 2001, additional participating employers were added to the Plan and a defined contribution component was introduced. Certain participating employers participate in both the defined benefit and defined contribution components while others participate only in the defined contribution component. Effective July 1, 2001, non-union NSPI members who joined the Plan prior to January 1, 2001 were given a one-time option to switch from defined benefit to defined contribution in respect of future service only.

The following is a summary of the main provisions of the Plan established effective August 1, 1992 as outlined in the text dated September 20, 1993 and amended by Amendment Nos. 1 through 12. Please refer to the official Plan document for legal interpretation.

Amendments since the Previous Valuation

There have been no changes to the Plan terms since the last valuation.

Summary of Defined Benefit Component of Plan

Definitions

Earnings are basic salaries including shift differentials and retroactive pay increases, and exclude any overtime pay, bonuses, and any other allowances or gratuities of any kind. Effective January 1, 1999, earnings may also include incentive payments received from the Company's incentive program, to a maximum of 5% of regular salary.

Final Average Earnings is the average of the member's annual earnings in the 4 best years of earnings on which contributions were made.

Average YMPE is the average of the YMPE under the *Canada Pension Plan* in the same years used to calculate Final Average Earnings.

Credited Service is the years credited for pension purposes and is limited to 35 years. For benefit purposes, Credited Service is split into two different types:

Original Plan Credited Service:

> For a Member who joined the Plan prior to July 1, 2004: Credited Service accrued prior to July 1, 2004 for Union members, and Credited Service accrued prior to October 1, 2004 for Non-Union members

> For members who joined the Plan on or after July 1, 2004, Original Plan Credited Service is zero.

Revised Plan Credited Service:

Equal to Credited Service less Original Plan Credited Service.

Normal retirement age is 65 for all members.

Unreduced retirement age is:

For members who terminate prior to age 55:

> For a Member with Original Plan Credited Service:

In respect of Original Plan Credited Service, the earlier of:
(i) attainment of both age 60 and 2 years of service; or
(ii) attainment of age 55, with total age and service of at least 85.

In respect of Revised Plan Credited Service:
(i) attainment of age 55, with total age and service of at least 85.

> For a Member who has no Original Plan Credited Service:

An unreduced pension is available only at age 65.

For members who terminate on or after age 55:

> For a Member with Original Plan Credited Service:

In respect of all Credited Service, the earlier of:
(i) attainment of both age 60 and 2 years of service; or
(ii) attainment of age 55, with total age and service of at least 85.

> For a Member who has no Original Plan Credited Service:

In respect of all Credited Service, the earlier of:
(i) attainment of both age 62 and 15 years of service; or
(ii) attainment of age 55, with total age and service of at least 85.

Eligibility

All full-time permanent employees become members of the Plan on their date of hire. Full-time employees hired on a term basis become members of the Plan on their date of hire, provided the expected term of employment is 12 months or more.

Effective January 1, 2001, certain new members have the option of choosing between the defined contribution and defined benefit component of the Plan

Contributions

Member Contributions:

Members are required to contribute 5.4% of earnings up to the YMPE plus 7.0% of earnings in excess of the YMPE. Effective February 1995, member contributions are restricted to the level of earnings that produces the maximum lifetime pension (defined by the Income Tax Act) per year of service. A member ceases to contribute once the member has 35 years of credited service. Interest is credited annually on Member required contributions based on the average rate of interest payable on 5 year personal fixed term chartered bank deposits (CANSIM Series B14045) in effect for the 12 months ending in October of the Plan Year.

Company Contributions:

The Company contributes the amount necessary to fund the cost of benefits accruing in the year, including any amounts required to amortize any unfunded liability or solvency deficiency over 15 years and 5 years respectively.

Company contributions will match member contributions each year unless a surplus develops. If a sufficient surplus develops, the Company can reduce its contributions to the extent it has an Accumulated Excess Company Contribution (i.e., contributed more than the members in the past plus interest earned on such excess contributions).

Pension Payable

For a member who retires from active service after his or her unreduced retirement age, the annual pension is as follows, subject to the Income Tax Act maximum pension rules with regard to service after January 1, 1992:

Amount of Pension Payable Prior to Age 65:

(a) If the Member (1) has Original Plan Credited Service, or (2) has no Original Plan Credited Service but has completed 15 years of Continuous Service:

2% of the member's Final Average Earnings, multiplied by the member's years of Credited Service.

(b) If the Member has no Original Plan Credited Service and has not completed 15 years of Continuous Service:

1.3% of the member's Final Average Earnings up to the Average YMPE, plus 2% of the member's Final Average Earnings in excess of the Average YMPE, the total multiplied by Credited Service.

Amount of Pension Payable After Age 65:

The sum of the following:

(a) 2% of the member's Final Average Earnings, multiplied by the member's years of Credited Service prior to January 1, 1966; plus

(b) 1.3% of the member's Final Average Earnings up to the Average YMPE, plus 2% of the member's Final Average Earnings in excess of the Average YMPE, the total multiplied by Credited Service after December 31, 1965.

The pension benefit determined by the above formula is subject to a minimum of $120 for each year of credited service to a maximum of 20 years, or $2,400 per year.

Pensions are payable on a monthly basis at the end of each month at the rate of 1/12th of the annual amount.

For a member who retires after being eligible for a reduced pension but before being eligible for an unreduced pension, the pension will be calculated as the amount determined above, but reduced by 0.5% for each month that the member's age at retirement precedes the Unreduced retirement age, provided that the reduction does not exceed 0.5% for each month that the member's age is less than the Normal retirement age.

The maximum lifetime pension payable for service after December 31, 1991 is based on the maximum pension setout in the Income Tax Act. For service prior to January 1, 1992 under this Plan, the Income Tax Act maximum pension limit does not apply.

Please refer to the termination section for details regarding the pension payable to a member who terminates prior to age 55.

Disability

Any employee who is totally and permanently disabled and who qualifies for a disability pension under the Canada Pension Plan, but who does not qualify for benefits under the Company's LTD program qualifies for an immediate unreduced disability pension from this Plan.

Any employee who is totally and permanently disabled and who qualifies for the Company's LTD program continues to accrue Credited Service from this Plan.

Pre-Retirement Death Benefits

Member with a Spouse:

If a member with a spouse and eligible children dies prior to retirement, the surviving spouse shall receive a pension payable for life equal to 60% of the lesser of:

(a) the member's pension accrued to date, calculated at the full 2% "pre-65" rate; and

(b) the member's projected lifetime retirement benefit, determined as the lesser of:

  (i) the lifetime pension the member would have accrued to age 65 had the member survived and continued as a member to that age, based on the member's earnings and the YMPE in effect immediately prior to death; and

  (ii) 150% of the YMPE at the time of death.

Member with Eligible Children:

If a member with eligible children and spouse dies prior to retirement, each eligible child shall receive a monthly pension benefit equal to 10% of the lesser of the amount in (i) above and the amount in (ii) above, subject to a maximum total children's benefit of 40%. Payment of a child's benefit will continue to a child until age 18 (or age 25 if attending a recognized educational institution on a full-time basis).

If a member with eligible children but no spouse dies prior to retirement, the total benefit payable to the surviving children is the 60% spouse's pension described in (a) above, divided equally amongst the eligible children. Payments will continue to each child until that child attains age 18 (or age 25 if eligible as described above in (a)), with the full 60% benefit redistributed among any remaining eligible children.

Minimum Death Benefit:

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If, in any individual case, the member's contributions with interest to the date of death exceeds the total pension payments received by all eligible beneficiaries, the balance shall be payable in a lump sum to the member's estate.

Post Retirement Death Benefits

Member With a Spouse:

If a member with a spouse dies after retirement and provided the marriage occurred either before retirement or at least three years prior to the member's death, a pension shall be payable to the spouse equal to 60% of the pension which would have been payable to the member (including bridge benefits).

Member with Eligible Children:

Same benefit as described in pre-retirement death benefits.

Minimum Death Benefits:

If, in any individual case, the member's contributions with interest to the date of death exceeds the total pension payments received by all eligible beneficiaries, the balance shall be payable in a lump sum to the member's estate.

Notwithstanding the above, in the event of the death of a Member after pension commencement, where the Member did not have a Spouse, if less than 120 lifetime payments are made to the member and all eligible beneficiaries, the balance of the 120 payments shall be payable in a lump sum to the member's estate.

Termination Benefits

Termination Prior to Vesting:

If a member terminates employment before attaining eligibility for retirement and before completing 2 years of service, the member will receive a refund of his or her contributions, with interest.

Termination After Vesting:

If a member terminates employment before attaining eligibility for retirement but after completing 2 years of continuous service, the member will receive, upon attaining Normal retirement age, or earlier if the member qualifies for an earlier Unreduced retirement age (recognizing increases in age subsequent to his date of termination), the pension that had been earned to the date of termination, as follows:

(a) Amount of Pension Payable Prior to Age 65:

(i) 2% of the member's Final Average Earnings, multiplied by the member's years of <u>Original Plan Credited Service</u>; plus

(ii) 1.3% of the member's Final Average Earnings up to the Average YMPE, plus 2% of the member's Final Average Earnings in excess of the Average YMPE, the total multiplied by Revised Plan Credited Service.

(b) Amount of Pension Payable After Age 65:

(i) 1.3% of the member's Final Average Earnings up to the Average YMPE, plus 2% of the member's Final Average Earnings in excess of the Average YMPE, the total multiplied by Credited Service.

For a member who retires after being eligible for a reduced pension but before being eligible for an unreduced pension, the pension will be calculated as the amount determined above, but reduced by 0.5% for each month that the member's age at retirement precedes the Unreduced retirement age, provided that the reduction does not exceed 0.5% for each month that the member's age is less than the Normal retirement age.

A member who is entitled to a deferred pension and who is not entitled to an immediate pension may elect a transfer of the commuted value of the deferred pension to a locked-in RRSP, to the pension plan of another employer, to a LIF (if permissible) or to an insurance company for the purchase of a deferred life annuity.

Indexing of Benefits

Post-Retirement Indexing:

Pensions are increased each January 1 after retirement according to the percentage change in the Consumer Price Index for the 12 months ending with the previous October, up to a maximum of 6% in any year.

For members who join the Plan on or after July 1, 2004, the maximum is 4% per year (which may be increased to 6% when the Plan is more than 105% funded on both a going-concern and a wind-up basis in the most recently completed valuation report).

The indexing adjustment in the first year is pro-rated to reflect the actual number of months out of 12 for which payments were received.

Pre-Retirement Indexing:

There are no pre-retirement pension increases for Union members who terminated on or after July 1, 2004 or Non-Union members who terminated on or after October 1, 2004.

Union members who terminated prior to July 1, 2004 and Non-Union members who terminated prior to October 1, 2004 were eligible for pre-retirement indexing as follows:

Deferred pensions for service prior to January 1, 1988 are adjusted each January 1 according to the percentage increase in the CPI (as defined above) to a maximum of 6%.

Any indexing of a deferred pension in the first year is pro-rated to reflect the number of months out of 12 from the date of termination.

Minimum Pension

The value of a member's benefits in respect of service prior to January 1, 1988 will be at least equal to the member's contributions made prior to that date, with interest.

Members are also guaranteed that their contributions made on and after January 1, 1988 will not be used to provide more than 50% of the value of the benefits earned for service on and after that date (the "50% Rule"). Any excess contributions will be refunded to the member or transferred to another retirement savings vehicle (where permitted).

Summary of Defined Contribution Component of Plan

Eligibility

All full-time permanent employees become members of the Plan on their date of hire. Employees hired on a term basis become members of the Plan following 12 months of employment.

Effective January 1, 2001, certain new members have the option of choosing between the defined contribution and defined benefit component of the Plan. Effective July 1, 2001, non-union NSPI members who joined the Plan prior to January 1, 2001 were given a one-time option to switch from defined benefit to defined contribution in respect of future service only.

Contributions

Member Contributions:

Members may make optional contributions between 0 and 6% of earnings.

Employer Contributions:

The employer contributes 3% of earnings for each member. In addition, members who are employed by employers participating in Option 2 of the DC component receive 50% employer matching on their optional contributions.

Members have investment options in respect of both member and employer contributions.

Pension Payable

The periodic pension that may be purchased from an insurance company with Member and Company contributions and investment earnings on such amounts.

Pre-Retirement Death Benefits

Refund of Member and Company contributions and investment earnings on such amounts to the designated beneficiary.

Post Retirement Death Benefits

Based on the type of annuity purchased at retirement.

Termination Benefits

The defined contribution plan has immediate vesting.

Appendix F – Employer Confirmation Certificate

With respect to the actuarial valuation report of the Pension Plan for Employees of Nova Scotia Power Incorporated as at December 31, 2007, we hereby confirm that to the best of our knowledge:

> the data regarding plan members and beneficiaries provided to Morneau Sobeco constitutes a complete and accurate description of the information contained in our files;

> copies of the official text of the Plan and all amendments to date were provided to Morneau Sobeco; and

> there are no subsequent events nor any extraordinary changes to the membership other than those listed in the December 31, 2007 actuarial valuation report on the Plan, which would materially affect the results.

Nova Scotia Power Incorporated

Kimberley Aselstine

Signature

Kimberley Aselstine

Name (printed)

Director, Human Resources

Title

27 May 2008

Date

NOVA SCOTIA

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FILE NO.
APPROVED

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return Before Completing the Return

1. **Registration number** 0687210

2. **Name and address of employer or association (see Instructions)**
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ______
   City ______ Postal code ______
   (d) Telephone number (902) 428-6230

3. **Plan name** Pension Plan for Employees of Nova Scotia Power Incorporated
   Policy or trust number, if any RBC Dexia Policies 232-087022-001 and Standard Life # RS 103630

4. **Location of books and records, same as 2(b) above, or:**
   Address ______ City ______ Postal code ______

5. **End of plan year under review (see Instructions)**
   (a) Day: 31 Month: 12 Year: 2010
   (b) Number of months in the above plan year: ______ ☒ 12 months ☐ OTHER: ______

6. **How many employers participated in the plan at the end of the pension plan year?** 4

7. **Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:**

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO
   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO
   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☐ NO
   (d) If "NO", please explain ______

9. **Did a cessation of contributions or of benefit accrual occur during the pension plan year?**
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ______
   - the date of final distribution of funds ______

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ______)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ______

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		1,977
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		361
(c)	Subtotal (a + b)	(c)	2,338

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	70		
(e)	death	2		
(f)	termination of membership in the plan	28		
(g)	total exits (d + e + f)	100	(g)	100

Total number of active members at the plan's year end (c-g): 2,238

11. **Plan membership**

Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador		
Prince Edward Island	2	
Nova Scotia	1,500	555
New Brunswick	171	10
Quebec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
British Columbia		
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	1,673	565

Number on lay-off ______, suspension ______, disability 36, leave of absence ______.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	6,879,359
Voluntary	0
Total member contributions	6,879,359
Employer contributions	
Special payments for unfunded liability and solvency deficiency	20,497,114
Actual current service contributions	10,383,564
Contributions paid from surplus or termination credits used	0
Total employer contributions	30,880,678

Remarks ______

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	11,109
Net investment earnings (losses)	53,555,360
Payment of benefits	31,521,733
Transfers of benefits to other plans	1,109,324
Market value of plan assets at beginning of the plan year	569,779,114
Market value of plan assets at plan year end	628,473,494

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
    - ☐ 1. No
    - ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
    - ☐ 3. Yes - pursuant to a collective agreement.
    - ☐ 4. Yes - voluntarily by the employer.
    - ☐ 5. Yes - other (describe) ____________________

15. **Filing fee remitted** $7,871.78

Certificate

I, ____________________, hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Nova Scotia Power Incorporated.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.

2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.

3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.

4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations.*

5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations.*

6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.

7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

____________________ SIGNATURE

____________________ NAME IN BLOCK LETTERS

____________________ TITLE OR POSITION

____________________ COMPANY OR ASSOCIATION

____________________ DATE

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ____________________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only

REMITTANCE: $ ____________	DATED: ____________
CHEQUE NO: ____________	CHECKED BY: ____________

Canada Revenue Agency | Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or

Note: Future Service is not accrued under the other plan

in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

NOVA SCOTIA

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

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Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return Before Completing the Return

1. **Registration number** 0284539

2. **Name and address of employer or association (see Instructions)**
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ____
   City ____ Postal code ____
   (d) Telephone number (902) 428-6230

3. **Plan name** Pension Plan for Employees of Certain Acquired Companies Of Nova Scotia Power Incorporated
   Policy or trust number, if any RBC Dexia Policies 232-087022-003 and 232-087022-004

4. **Location of books and records, same as 2(b) above, or:**
   Address ____ City ____ Postal code ____

5. **End of plan year under review (see Instructions)**
   (a) Day: 31 Month: 12 Year: 2010
   (b) Number of months in the above plan year: ____ ☒ 12 months ☐ OTHER: ____

6. **How many employers participated in the plan at the end of the pension plan year?** 1

7. **Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:**

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO

   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO

   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☐ NO

   (d) If "NO", please explain ____

9. **Did a cessation of contributions or of benefit accrual occur during the pension plan year?**
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ____
   - the date of final distribution of funds ____

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ____)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ____

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		2
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		0
(c)	Subtotal (a + b)	(c)	2

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	0		
(e)	death	0		
(f)	termination of membership in the plan	0		
(g)	total exits (d + e + f)	0		
			(g)	0

Total number of active members at the plan's year end (c-g): 2

11. **Plan membership**
Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador		
Prince Edward Island		
Nova Scotia	2	0
New Brunswick		
Quebec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
British Columbia		
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	2	0

Number on lay-off ________, suspension ________, disability 1, leave of absence ________.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	0
Voluntary	0
Total member contributions	0
Employer contributions	
Special payments for unfunded liability and solvency deficiency	1,589,900
Actual current service contributions	0
Contributions paid from surplus or termination credits used	0
Total employer contributions	1,589,900

Remarks ________________________________

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	0
Net investment earnings (losses)	2,770,866
Payment of benefits	3,855,852
Transfers of benefits to other plans	0
Market value of plan assets at beginning of the plan year	33,234,613
Market value of plan assets at plan year end	33,739,528

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
- ☐ 1. No
- ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
- ☐ 3. Yes - pursuant to a collective agreement.
- ☐ 4. Yes - voluntarily by the employer.
- ☐ 5. Yes - other (describe) ______________________

15. **Filing fee remitted** $104.96

Certificate

I, ______________________, hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Certain Acquired Companies of Nova Scotia Power Incorporated.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.
2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.
3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.
4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations.*
5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations.*
6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.
7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

SIGNATURE	NAME IN BLOCK LETTERS
TITLE OR POSITION	COMPANY OR ASSOCIATION
DATE	

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ______________________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only

REMITTANCE: $ ________	DATED: ________
CHEQUE NO: ________	CHECKED BY: ________

Canada Revenue Agency   Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or

Note: Future Service is not being accrued in this plan.

in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

NOVA SCOTIA

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

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FILE NO.
APPROVED

Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return
Before Completing the Return

1. **Registration number** 0687210

2. **Name and address of employer or association (see Instructions)**
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ______
   City ______ Postal code ______
   (d) Telephone number (902) 428-6230

3. **Plan name** Pension Plan for Employees of Nova Scotia Power Incorporated
   Policy or trust number, if any RBC Dexia Policies 232-086746-003 and 232-086746-004 and Manulife Financial 10000382

4. **Location of books and records, same as 2(b) above, or:**
   Address ______ **City** ______ **Postal code** ______

5. **End of plan year under review (see Instructions)**
   (a) Day: 31 Month: 12 Year: 2009
   (b) Number of months in the above plan year: ______ ☒ 12 months ☐ OTHER: ______

6. **How many employers participated in the plan at the end of the pension plan year?** 4

7. **Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:**
   ______

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO

   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO

   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☒ NO

   (d) If "NO", please explain ______

9. **Did a cessation of contributions or of benefit accrual occur during the pension plan year?**
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ______
   - the date of final distribution of funds ______

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ______)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ______

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		1924
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		256
(c)	Subtotal (a + b)	(c)	2180

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	72		
(e)	death	3		
(f)	termination of membership in the plan	128		
(g)	total exits (d + e + f)	203	(g)	203

Total number of active members at the plan's year end (c-g): 1977

11. **Plan membership**

Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador	2	
Prince Edward Island		1
Nova Scotia	1419	482
New Brunswick	62	7
Quebec		
Ontario	1	1
Manitoba		
Saskatchewan		
Alberta	1	
British Columbia		1
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	1485	492

Number on lay-off ______, suspension 5, disability 44, leave of absence ______.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	6,290,037
Voluntary	0
Total member contributions	6,290,037
Employer contributions	
Special payments for unfunded liability and solvency deficiency	13,204,360
Actual current service contributions	9,801,479
Contributions paid from surplus or termination credits used	0
Total employer contributions	23,005,839

Remarks December 2009 contributions of $203,697.27 Member and $203,538.59 Employer contributions were deposited January 2010.

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	15,621
Net investment earnings (losses)	86,988,998
Payment of benefits	29,126,766
Transfers of benefits to other plans	2,307,925
Market value of plan assets at beginning of the plan year	484,913,311
Market value of plan assets at plan year end	569,779,114

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
- ☐ 1. No
- ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
- ☐ 3. Yes - pursuant to a collective agreement.
- ☐ 4. Yes - voluntarily by the employer.
- ☐ 5. Yes - other (describe) ______

15. **Filing fee remitted** $7,871.78

Certificate

I, ______________, hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Nova Scotia Power Incorporated.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.
2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.
3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.
4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations.*
5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations.*
6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.
7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

______________ SIGNATURE

______________ NAME IN BLOCK LETTERS

______________ TITLE OR POSITION

______________ COMPANY OR ASSOCIATION

______________ DATE

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ______________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only			
REMITTANCE: $		DATED:	
CHEQUE NO:		CHECKED BY:	

Canada Revenue Agency   Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or Note: Future service is not accrued under the other plan
in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

NOVA SCOTIA

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

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Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return
Before Completing the Return

1. Registration number 0284539

2. Name and address of employer or association (see Instructions)
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ______
   City ______ Postal code ______
   (d) Telephone number (902) 428-6230

3. Plan name Pension Plan for Employees of Certain Acquired Companies of Nova Scotia Power Incorporate
   Policy or trust number, if any RBC Dexia Policies 232-08746-001
   232-08746-002

4. Location of books and records, same as 2(b) above, or:
   Address ______ City ______ Postal code ______

5. End of plan year under review (see Instructions)
   (a) Day: 31 Month: 12 Year: 2009
   (b) Number of months in the above plan year: ______ ☒ 12 months ☐ OTHER: ______

6. How many employers participated in the plan at the end of the pension plan year? 1

7. Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO
   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO
   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☐ NO
   (d) If "NO", please explain ______

9. Did a cessation of contributions or of benefit accrual occur during the pension plan year?
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ______
   - the date of final distribution of funds ______

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ______)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ______

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		3
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		0
(c)	Subtotal (a + b)	(c)	3

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	1		
(e)	death	0		
(f)	termination of membership in the plan	0		
(g)	total exits (d + e + f)	0	(g)	1

Total number of active members at the plan's year end (c-g): 2

11. **Plan membership**

Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador		
Prince Edward Island		
Nova Scotia	2	0
New Brunswick		
Quebec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
British Columbia		
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	2	0

Number on lay-off ______, suspension ______, disability 1, leave of absence ______.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	0
Voluntary	0
Total member contributions	0

Employer contributions

Special payments for unfunded liability and solvency deficiency	1,224,385
Actual current service contributions	0
Contributions paid from surplus or termination credits used	0
Total employer contributions	1,224,385

Remarks ____________________

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	0
Net investment earnings (losses)	5,182,897
Payment of benefits	4,113,352
Transfers of benefits to other plans	0
Market value of plan assets at beginning of the plan year	30,940,684
Market value of plan assets at plan year end	33,234,613

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
- ☐ 1. No
- ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
- ☐ 3. Yes - pursuant to a collective agreement.
- ☐ 4. Yes - voluntarily by the employer.
- ☐ 5. Yes - other (describe) ____________________

15. **Filing fee remitted** $104.96

Certificate

I, ____________________, hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Certain Acquired Companies of Nova Scotia Power Inc.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.
2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.
3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.
4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations*.
5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations*.
6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.
7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

____________________ SIGNATURE	____________________ NAME IN BLOCK LETTERS
____________________ TITLE OR POSITION	____________________ COMPANY OR ASSOCIATION
____________________ DATE	

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ____________________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only

REMITTANCE: $ ____________	DATED: ____________
CHEQUE NO: ____________	CHECKED BY: ____________

Canada Revenue Agency   Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or
Note: Future Service is not being accrued in this plan.
in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

NOVA SCOTIA

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

For Office Use Only
FILE NO.
APPROVED

Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return
Before Completing the Return

1. **Registration number** 0284539

2. **Name and address of employer or association (see Instructions)**
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ______
   City ______ Postal code ______
   (d) Telephone number (902) 428-6230

3. **Plan name** Pension Plan for Employees of Certain Acquired Companies of Nova Scotia Power Incorporated
   Policy or trust number, if any RBC Dexia Policies 232-08746-001
   232-08746-002

4. **Location of books and records, same as 2(b) above, or:**
   Address ______ City ______ Postal code ______

5. **End of plan year under review (see Instructions)**
   (a) Day: 31 Month: 12 Year: 2008
   (b) Number of months in the above plan year: ______ ☒ 12 months ☐ OTHER: ______

6. **How many employers participated in the plan at the end of the pension plan year?** 1

7. **Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:**
   ______

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO

   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO

   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☐ NO

   (d) If "NO", please explain ______

9. **Did a cessation of contributions or of benefit accrual occur during the pension plan year?**
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ______
   - the date of final distribution of funds ______

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ______)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ______

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		6
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		0
(c)	Subtotal (a + b)	(c)	6

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	3		
(e)	death	0		
(f)	termination of membership in the plan	0		
(g)	total exits (d + e + f)	3	(g)	3

Total number of active members at the plan's year end (c-g): 3

11. **Plan membership**
Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador		
Prince Edward Island		
Nova Scotia	3	0
New Brunswick		
Quebec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
British Columbia		
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	3	0

Number on lay-off ________, suspension ________, disability ________, leave of absence ________.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	0
Voluntary	0
Total member contributions	0
Employer contributions	
Special payments for unfunded liability and solvency deficiency	1,078,998
Actual current service contributions	0
Contributions paid from surplus or termination credits used	0
Total employer contributions	1,078,998

Remarks ____________________

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	0
Net investment earnings (losses)	(6,183,562)
Payment of benefits	4,209,568
Transfers of benefits to other plans	0
Market value of plan assets at beginning of the plan year	40,254,815
Market value of plan assets at plan year end	30,940,684

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
    - ☐ 1. No
    - ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
    - ☐ 3. Yes - pursuant to a collective agreement.
    - ☐ 4. Yes - voluntarily by the employer.
    - ☐ 5. Yes - other (describe) ____________________

15. **Filing fee remitted** $101.90

Certificate

I, Nova Scotia Power Inc., hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Certain Acquired Companies of Nova Scotia Power Inc.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.

2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.

3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.

4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations.*

5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations.*

6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.

7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

____________________ SIGNATURE	____________________ NAME IN BLOCK LETTERS
____________________ TITLE OR POSITION	____________________ COMPANY OR ASSOCIATION
____________________ DATE	

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ____________________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only

REMITTANCE: $	____________	DATED:	____________
CHEQUE NO:	____________	CHECKED BY:	____________

Canada Revenue Agency | Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or Note: Future Service is not being accrued in this plan

in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

NOVA SCOTIA

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FILE NO.
APPROVED

Department of Environment and Labour
Pension Regulation Division
P.O. Box 2531, Halifax, N.S. B3J 3N5
(902) 424-8915

Form 2 - Annual Information Return
(subsection 27(1) of the *Pension Benefits Act*)

Please Read the Instructions for Annual Information Return
Before Completing the Return

1. **Registration number** 0687210

2. **Name and address of employer or association (see Instructions)**
   (a) Name Nova Scotia Power Incorporated
   (b) Address P.O. Box 910, Scotia Square
   City Halifax Postal code B3J 2W5
   (c) Mailing address in Canada if other than (b) ______
   City ______ Postal code ______
   (d) Telephone number (902) 428-6230

3. **Plan name** Pension Plan for Employees of Nova Scotia Power Incorporated
   Policy or trust number, if any RBC Dexia Policies 232-086746-003 and 232-086746-004
   And Manulife Financial 10000382

4. **Location of books and records, same as 2(b) above, or:**
   Address ______ City ______ Postal code ______

5. **End of plan year under review (see Instructions)**
   (a) Day: 31 Month: 12 Year: 2008
   (b) Number of months in the above plan year: ______ ☒ 12 months ☐ OTHER: ______

6. **How many employers participated in the plan at the end of the pension plan year?** 4

7. **Describe below any additions or deletions made to the list of participating employers since completion of the last Annual Information Return filed with the Superintendent:**

8. (a) Were any amendments made to this pension plan during the plan year under review?
   ☐ YES ☒ NO

   (b) If "YES", have the amendments been submitted to the Department?
   ☐ YES ☐ NO

   (c) Have all eligible employees, members and affected former members been informed of plan amendments?
   ☐ YES ☐ NO

   (d) If "NO", please explain ______

9. **Did a cessation of contributions or of benefit accrual occur during the pension plan year?**
   ☐ YES ☒ NO

   If yes, what is:
   - the effective date of cessation ______
   - the date of final distribution of funds ______

   Reasons for cessation

   ☐ replaced by Registered Retirement Savings Plan
   ☐ merged with or replaced by another registered pension plan (registration number ______)
   ☐ company dissolved
   ☐ no members left
   ☐ financial considerations
   ☐ other reason (please describe) ______

10. **Active membership (includes members on lay-off, suspension, disability or leave of absence - see instructions)**

(a)	Number of active members at plan's previous year end:		1918
(b)	Add - NEW ENTRANTS, i.e. employees joining the plan during the plan year		203
(c)	Subtotal (a + b)	(c)	2121

Subtract - EXITS, i.e. employees who cease to be active members during the plan year, for the following reasons:

(d)	retirement:	81		
(e)	death	9		
(f)	termination of membership in the plan	107		
(g)	total exits (d + e + f)	197	(g)	197

Total number of active members at the plan's year end (c-g): 1924

11. **Plan membership**

Number of plan members on payroll as of the plan year end under review:

AREAS OF EMPLOYMENT (1)	PLAN MEMBERS ON PAYROLL MALE (2)	FEMALE (3)
Newfoundland & Labrador	2	
Prince Edward Island	1	
Nova Scotia	1404	452
New Brunswick	51	7
Quebec		
Ontario	2	1
Manitoba		
Saskatchewan		
Alberta	3	
British Columbia	1	
Yukon Territory		
Northwest Territories		
Nunavut		
Outside Canada		
TOTAL	1464	460

Number on lay-off ________, suspension ________, disability 47, leave of absence ________.

ACTUAL CONTRIBUTIONS REMITTED

12. **Member contributions**

Required	5,878,288
Voluntary	0
Total member contributions	5,878,288
Employer contributions	
Special payments for unfunded liability and solvency deficiency	0
Actual current service contributions	8,781,412
Contributions paid from surplus or termination credits used	0
Total employer contributions	8,781,412

Remarks $1,070,000 Special Payments plus $220,000 Employer current service contributions remitted February,2009 with respect to 2008 Plan year.

13. **Financial data applicable to the plan year**

Amount transferred in from other plans	0
Net investment earnings (losses)	(107,974,244)
Payment of benefits	25,587,840
Transfers of benefits to other plans	4,059,747
Market value of plan assets at beginning of the plan year	607,875,441
Market value of plan assets at plan year end	484,913,311

DEFINED BENEFIT PLANS ONLY

14. **Have adjustments been made to pensions in pay during the plan year under review?**
- ☐ 1. No
- ☒ 2. Yes - in accordance with a requirement of the plan for regular adjustment of benefits.
- ☐ 3. Yes - pursuant to a collective agreement.
- ☐ 4. Yes - voluntarily by the employer.
- ☐ 5. Yes - other (describe) ____________________

15. **Filing fee remitted** $7,642.50

Certificate

I, Nova Scotia Power Inc., hereby certify that I am the administrator* of the pension plan known as Pension Plan for Employees of Nova Scotia Power Incorporated.

I further certify that, to the best of my knowledge and belief,

1. The information entered on this return is true, complete and correct.
2. The pension plan has been administered in accordance with the terms of applicable pension benefits legislation.
3. The contributions paid to the plan or fund are at least equal to those required by the applicable pension benefits legislation.
4. The administrator has established a written statement of investment policies and procedures in accordance with Schedule I of the *Pension Benefits Regulations.*
5. The statement of investment policies and procedures complies with Schedule I and Schedule III of the *Pension Benefits Regulations.*
6. The administrator has reviewed the statement of investment policies and procedures during the plan year under review.
7. During the plan year under review, the assets of the pension plan were invested in accordance with Schedule I and Schedule III.

SIGNATURE	NAME IN BLOCK LETTERS
TITLE OR POSITION	COMPANY OR ASSOCIATION
DATE	

If your mailing address is different from the employer's address in Section 2 of this return, please provide it below: ____________________

* If the administrator is a corporation, board, or committee, the certificate must be completed by an authorized officer of the administrator.

For Official Use Only

REMITTANCE: $		DATED:	
CHEQUE NO:		CHECKED BY:	

Canada Revenue Agency — Agence du revenu du Canada

Schedule

1. How many active members at plan year-end were persons connected with the employer? 0

Specified multi-employer plan, no further questions.
Other multi-employer plans, go to Question 5.

2. Did any member of this plan participate:
in any other RPP or DPSP provided by this sponsor? ☒ YES ☐ NO; or Note: Future service is not accrued under the other plan

in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor?
☐ YES ☒ NO

3. Have any connected persons joined or left the plan in the plan year?
☐ YES ☒ NO

4. In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? ☐ YES ☒ NO ☐ N/A

Money purchase plans, no further questions. Other plans continue with Question 5.

5. Were any plan members provided with post-1989 past-service benefits in the plan year?
☐ YES ☒ NO

6. Have any plan members who are connected persons been provided with pre-1992 past-service benefits in the plan year? ☐ YES ☒ NO

PENSION PLAN FOR EMPLOYEES OF

NOVA SCOTIA POWER INCORPORATED

(Plan Text Effective August 1, 1992 as Amended)

October 1, 2004

This Consolidation incorporates the changes adopted by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, Amendment No. 7, Amendment No. 8, Amendment No. 9, Amendment No. 10, Amendment No. 11 and Amendment No. 12 to the Plan text effective August 1, 1992. It is not an official text and has not been filed with the Canada Customs and Revenue Agency or the Nova Scotia Department of Environment and Labour, Pension Regulation Division.

Note:

Introduction

Prior to the "privatization" of the Nova Scotia Power Corporation ("NSPC"), the employees of NSPC were covered for pension purposes under the Nova Scotia Public Service Superannuation Act ("PSSA"). As a result of the "privatization" and the incorporation of Nova Scotia Power Incorporated ("NSPI") active NSPI employees ceased to be covered under the PSSA and as a result this new Pension Plan for Employees of Nova Scotia Power Incorporated ("Plan") was introduced.

In accordance with the Nova Scotia Power Privatization Act ("Privatization Act"), the Plan provides current Employees of NSPI employed with NSPI on the date the relevant sections of the Privatization Act came into force with benefits which are no less advantageous than the benefits which they would have been eligible for under the PSSA as in effect on that date the relevant sections of the Privatization Act came into force.

An amount of assets, representing NSPI's proper share of the PSSA assets at market value with respect to its active employees, will be transferred from the PSSA to the Plan and, as a result, the Plan will be responsible for providing all pension benefits, both for service prior to "privatization" and for service thereafter for both current NSPC employees and future NSPI employees.

Effective January 1, 2001 a defined contribution provision was introduced in the Plan. New employees of NSPI have the option to participate in the existing defined benefit provision or in the new defined contribution provision. Employees of subsidiary or affiliated companies who are designated as participating employers under the Plan will participate under the defined contribution provision or will have the option to participate under the defined contribution provision, depending on the Plan provision or provisions under which the particular participating employer participates.

Any pension benefits for former NSPC employees who retired, terminated, or died prior to the date the relevant sections of the Privatization Act came into force will continue to be paid by the PSSA under the terms and conditions of the PSSA in effect on that date.

Periodically throughout this plan text, "Notes" are included. These "Notes" will be printed in italics and are not part of the Plan

(Amended by Amendment No. 7, effective January 1, 2001.)

PENSION PLAN FOR EMPLOYEES OF NOVA SCOTIA POWER INCORPORATED

INDEX

Section 1 - Definitions

For the purposes of this Plan, the following words and phrases, when capitalized, have the respective meanings given below, unless a different meaning is clearly required by the context.

1.1 "Accumulated Excess Company Contributions" means the balance, accumulated with Credited Interest, of the difference between Company contributions made to the Plan each Plan Year in accordance with subsection 6.3, excluding any Company contributions required under subsection A.6 of Appendix A, and all Member contributions made to the Plan in accordance with subsections 6.1, 6.2, 12.2, and 12.4. The Accumulated Excess Company Contributions balance shall not be less than zero.

1.2 "Actuary" means the actuary retained by the Company for the purposes of the Plan, and qualified through Fellowship in the Canadian Institute of Actuaries.

1.3 "Additional Compensation Fraction" of a Member means the fraction calculated in accordance with the Tax Act in respect of a Member's Eligible Period of Reduced Pay or Temporary Absence.

Note: *It is noted that the Additional Compensation Fraction for any Plan Year is determined in accordance with Section 8507 of the regulations to the Tax Act as follows:*

(a) first, Additional Compensation is the additional compensation that the Member would have earned in the period if the Member had rendered services on his regular basis (whether full-time or part-time) less his actual compensation for such year;

(b) the Additional Compensation Fraction is then determined as the fraction of the Member's full-time compensation for the year represented by such Additional Compensation.

1.4 "Administrator" means the Company, but only when it is acting in a capacity appropriate to perform the functions and duties set out in the Pension Benefits Act and the Tax Act as are required to be performed by the administrator (as that term is defined in the Pension Benefits Act and the Tax Act) and to perform the functions and duties assigned in the Plan to the Administrator from time to time. The Company as Administrator, through appropriate action of the Board of Directors of the Company, may delegate any or all of the functions and duties assigned to the Administrator in the Plan or in the Pension Benefits Act and the Tax Act to one or more of the officers of the Company or of an Employer or such other person or person [sic] as they may identify from time to time, subject to the requirements of the Pension Benefits Act.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.5 "Bridging Benefits" means benefits which are payable to a Member or Former Member for a period ending with the payment at the end of the month during which the Member or Former Member reaches age 65.

1.6 "Child" means any child who is legally considered to be a child of the Member or Former Member, or the Member's or Former Member's Spouse, and who is either:

(a) under the age of 18; or

(b) under the age of 25, and in attendance on a full-time basis at an educational institution, and who annually submits evidence of such attendance to the Administrator.

For this purpose, a child may temporarily cease to qualify under (b) above, and subsequently resume full-time attendance at an educational institution, and be eligible for reclassification as a Child upon application to the Administrator.

If a Former Member should acquire a new Spouse after pension commencement, any child or children of such Spouse will qualify as a Child or Children after a period of 2 years has elapsed from the date of acquiring such Spouse, provided such Spouse remains a Spouse of the Former Member and that the Former Member is still living at the end of the 2 years.

(*Revised by Amendment No. 9, effective June 1, 2001.)*

1.7 "Commuted Value" means, in relation to benefits that a person has a present or future entitlement to receive from the Plan, a lump sum amount which is the actuarial present value of such benefits computed on a unisex basis, and using a rate of interest and actuarial tables adopted by the Administrator on the recommendation of the Actuary, subject to the requirements of the Pension Benefits Act and the Tax Act.

1.8 "Company" means Nova Scotia Power Incorporated, or any successor thereof, when it is acting in its personal capacity and in its own best interests, and this shall include the Company acting in a capacity appropriate to perform any duties or functions specified in the Pension Benefits Act to be duties or functions or [sic] the employer (as that term is defined in the Pension Benefits Act) or set out in the Plan from time to time to be duties or functions of the Company, and it shall also include all actions taken by the Company which are not actions specified in the Plan or in the Pension Benefits Act to be actions of the Administrator. The Company may, through appropriate actions of the board of directors of the Company, delegate any or all of the functions and duties assigned to the Company and the Employer in the Plan and the Pension Benefits Act respectively, to one or more of the officers of the Company or such other person or persons as they may identify from time to time subject to the requirements of the Pension Benefits Act.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.9 "Continuous Service" means a Member's uninterrupted period of employment with the Employer or Prior Employer since his most recent date of hire by the Employer or Prior Employer, including

(a) any past service prior to the Employee's most recent date of hire with the Employer or

Prior Employer which counts toward Credited Service as a result of the Member having purchased such service prior to the Effective Date, under the terms of the Prior Plan,

(b) any period while a Member is disabled and receives benefits under the Employer's disability income plan, which may include, but is not limited to, any short term disability plan, long term disability plan, or sick leave plan sponsored by the Employer,

(c) any defined period of paid or unpaid leave of absence granted in writing by the Company, provided that employment is resumed forthwith at the end of such leave of absence,

(d) any continuous period of layoff, not in excess of 24 months,

(e) any period of temporary suspension of employment, not in excess of 24 months, and

(f) any period while a Member receives Workers' Compensation benefits.

1.10 "<u>Credited Interest</u>" has the meaning assigned below.

(a) For the DB Provision of the Plan, Credited Interest means interest on Member required contributions, compounded annually and calculated for each Plan Year as the average rate of interest payable on 5 year personal fixed term chartered bank deposits (CANSIM Series B14045) in effect for the 12 months ending in October of the Plan Year.

Credited Interest will be applied at the end of each Plan Year on the balance of contributions at the beginning of the Plan Year. In addition, for contributions made during the Plan Year, Credited Interest will be applied at the end of each Plan Year using a pro-rata portion of the annual rate described above, according to the average number of months from the date the contributions were made to the end of the Plan Year. Where a Member ceases to be a Member, retires, or dies during a Plan Year, Credited Interest will be applied at a rate equal to a pro-rata portion of the interest rate used to credit interest on Member contributions in the previous Plan Year, to the end of the month of termination. A Member or Former Member or any other person entitled to a lump sum payment, or who elects to transfer a benefit out of the Plan, shall receive Credited Interest up to the end of the month in which payment is made.

Credited Interest shall be applied on the balance of the Accumulated Excess Company Contributions, in the same manner as described herein for Member contributions.

(b) For the DC Provision of the Plan, Credited Interest means investment gains or losses credited from the date contributions are deposited to the DC Fund at the rate earned by that part of the DC Fund in which the Member’s Individual Member Account is invested, less any expenses charged against a Member’s Individual Member Account under subsection C2.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.11 "Credited Service" means the period of a Member's Continuous Service while the Member participated in the DB Provision of the Plan during which he or she contributed to the Plan or contributions were made to the Plan on his or her behalf, plus the Member's credited service acquired under the Prior Plan prior to August 1, 1992. Credited Service is measured in whole years and complete months of Continuous Service.

Credited Service shall also include any eligible period of employment with a previous employer of the Employee, provided only if such service is to be recognized as service under the Plan pursuant to a reciprocal transfer agreement between the Employer and such previous employer of the Employee, as provided under subsection 6.9.

In any event, Credited Service under the Plan is limited to a maximum of 35 years.

Except as noted in (a) below, if a Member contributes to the Plan for a fraction of a month, that month will not count toward the Member's Credited Service. However, the number of days in the month for which the Member made contributions may be added to the days from any other such incomplete months, and one month of Credited Service will be credited for every 30 such days.

For greater clarity, the following rules will apply when determining a Member's Credited Service:

(a) For new Members, Credited Service accrues from the date of enrolment in the Plan. Credit is given for the entire month if an Employee is hired within the first fifteen days of the month;

(b) Credited Service does not accrue for any period in respect of which the Member does not contribute to the Plan, or have contributions made on his behalf by a long-term disability plan sponsored by the Employer;

(c) Since retirement occurs at the end of the last day of the month, Credited Service will include the month in which retirement occurs;

(d) In the event of a Member's death prior to retirement, Credited Service will include the entire month in which death occurred;

(e) For any Member who is employed on a less than full-time basis, the Administrator will determine the percentage of full-time that such Member works. Such Member will then be credited with a fraction of a year of Credited Service for each Plan Year, based upon the Member's period of contributory Continuous Service during the Plan Year, multiplied by the percentage of full-time that the Member worked.

The term “Original Plan Credited Service” means:

(a) For a Member who joined the Plan prior to July 1, 2004 and was a member of the Union on July 1, 2004: Credited Service accrued prior to July 1, 2004.

(b) For a Member who joined the Plan prior to July 1, 2004 and was not a member of the Union on July 1, 2004: Credited Service accrued prior to October 1, 2004.

(c) For a Member who joins the Plan on or after July 1, 2004: none.

The term "Revised Plan Credited Service" means Credited Service minus the amount of Original Plan Credited Service.

(Amended by Amendment No. 7, effective January 1, 2001 and Amendment No. 12, effective July 1, 2004.)

1.12 "Cumulative Additional Compensation Fraction" means the total of the Member's Additional Compensation Fractions to date with the Employer, such amount being restricted by the Tax Act to 5 years plus up to 3 additional years if related to parenting.

1.12A "DB Provision" means that part of the Plan that provides benefits to Members on a defined benefit basis. The terms of the DB Provision of the Plan are outlined in Sections 1 to 18 of the Plan text and in Appendices A and B to the Plan text.

(Added by Amendment No. 7, effective January 1, 2001.)

1.12B "DC Provision" means that part of the Plan that provides benefits to Members on a defined contribution basis. The terms of the DC Provision of the Plan are outlined in the applicable subsections of Sections 1 to 5 inclusive and Sections 16 to 18 inclusive and in Appendices C and D to the Plan text.

(Added by Amendment No. 7, effective January 1, 2001.)

1.13 "Defined Benefit Limit" has the meaning assigned in the Tax Act.

Note: Effective with the 1996 federal budget, Defined Benefit Limit means $1,722.22 for years prior to 2005. This amount shall be increased by the rate of increase in the average wage level in the manner prescribed by the Tax Act for 2005 and subsequent years.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.14 "Dependent" means the father, mother, brother, sister or child of the Member or Former Member who at the date of death of the Member or Former Member is, by reason of mental or physical infirmity, dependent upon the Member or Former Member for support.

1.15 "Disability" means a physical or mental impairment, certified by a medical doctor licensed to practise under the laws of a province of Canada, which prevents the Member from performing the duties of employment in which the individual was engaged before the commencement of the impairment, and which qualifies the Member for, and for which he is in receipt of, any benefits under the Employer's Long Term Disability Plan. A Member who suffers a Disability will be said to be "Disabled".

A Member will cease to be Disabled at the earliest of the date that the Member:

(a) recovers from the Disability or otherwise fails to qualify for further benefits under the Employer's Long Term Disability Plan;

(b) commences to receive a pension from the Plan; or

(c) dies.

1.16 "Earnings" means the regular salary or wages received in a given Plan Year by the Member from the Employer in respect of his or her employment and shall include any shift differential and retroactive pay increases granted by the Employer, but shall exclude any overtime pay, bonuses, and any other allowances or gratuities of any kind. Earnings shall also include any Prescribed Compensation, as determined under subsection 1.40.

Earnings may include an incentive payment received through participation in the Company's incentive program but may not be greater than five percent of the regular salary or wages received in the Plan Year.

With respect to a Member who is employed on a less than full-time basis, and only for the purpose of determining the amount of benefits payable under the DB Provision of the Plan, "Earnings" for a given Plan Year means such Member's earnings determined in accordance with the immediately preceding paragraph of this subsection 1.16, as if the Member had been employed on a full-time basis during such period.

(Amended by Amendment No. 6, effective January 1, 1999 and by Amendment No. 7, effective January 1, 2001.)

1.17 "Effective Date" means August 1, 1992.

1.18 "Eligible Period of Reduced Pay or Temporary Absence" has the meaning assigned in the Tax Act.

Note: *In summary, section 8500 of the regulations to the Tax Act provides that the following conditions apply:*

(a) An Eligible Period of Reduced Pay is a period throughout which the Earnings of the Employee are less than it is reasonable to expect the Earnings would have been if the Employee had rendered services throughout the period on a regular basis for a rate of pay commensurate with his rate of pay before the period. An Employee must have at least 36

months of employment with the Employer or Prior Employer in order for a period of reduced pay to qualify as an Eligible Period of Reduced Pay.

(b) An Eligible Period of Temporary Absence means any period, other than a period of disability, throughout which the Employee does not render services to the Employer by reason of an approved leave of absence, layoff, strike, or other circumstance permitted under the Tax Act.

1.19 "Employee" means any person who is employed by the Employer as an employee.

1.20 "Employer" means the Company and any subsidiary or associated company of the Company which may from time to time be designated a Participating Employer by appropriate action of the Board of Directors of the Company and the Board of Directors of such subsidiary or associated company.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.21 "Final Average Earnings" means the average of the Member's highest 4 years of Earnings. Normally Earnings shall be determined strictly on a calendar year basis, except that in the final year of a Member's service where the Member works for a part-year only, his Earnings shall be annualized by dividing by the number of months of his Continuous Service in that year and multiplying by 12. If his Earnings in such final year, when annualized, represents one of his highest 4 years, then his 4 years of highest Earnings for purposes of this subsection shall be determined as:

(a) the Member's actual Earnings in his final calendar year,

(b) the Member's Earnings in the highest 3 full calendar years, not counting the final calendar year, and

(c) such fraction of the Member's Earnings in the next highest calendar year, as is necessary to complete the 4 years of Earnings.

If the Member has calendar years other than his final year in which he worked for less than a full year, for whatever reason, his actual Earnings for such year will be annualized in order to determine if such Earnings are among his highest 4 years.

If the Member has less than 4 years of Continuous Service, Final Average Earnings means his average annual Earnings calculated over the Member's full period of Continuous Service.

Note: For Members who terminated, retired or died prior to January 1, 1999, Final Average Earnings and Final Average YMPE were based on a 5 year average. Final Average Earnings and Final Average YMPE will now be determined based on a 4 year average for all terminations, and retirements and deaths from active status that occur on or after January 1, 1999. Where pension benefits have been previously calculated or a commuted value paid out in respect of Members who *terminated, retired or died from active status after January 1, 1999, such entitlements will be re-calculated based on the 4 year averaging period and the residual benefit, if any, will be payable. It is noted that a change in the averaging period for Final Average Earnings automatically updates the averaging period used to determine Final Average YMPE.*

(Revised by Amendment No. 11, effective January 1, 1999).

1.22 "Final Average YMPE" means the average of the YMPE's calculated during the same years which are used in the calculation of the Member's Final Average Earnings.

1.23 "Final 3 Earnings" means the lesser of:

(a) the average of the Member's Earnings in the last 36 months of Continuous Service; and

(b) the amount of Earnings which would produce an annual pension of $4,200 using the formula in subsection 8.2(a).

1.23A "Forfeited Amount" means an amount to which a Former Member of the DC Provision of the Plan has ceased to have any rights (other than as a consequence of the Member's death or the breakdown of the Member's marriage or common-law relationship).

Note: A forfeited amount would normally arise when a member participating in the DC Provision terminates his or her employment before the member's entitlement to employer contributions has fully vested. Paragraph 8506(2)(f) of the Regulations to the Tax Act requires the distribution or reallocation of forfeited amounts. All benefits under the DC Provision of the Plan are immediately vested. The forfeiture provisions are added to the Plan text to satisfy the requirements of the Tax Act.

(Added by Amendment No. 7, effective January 1, 2001.)

1.24 "Former Member" means anyone who does not qualify as a Member by reason of termination of employment with the Employer, or retirement, and who retains entitlement to a pension or deferred pension under the Plan, or is entitled to receive any other payment from the Pension Fund.

1.25 "Highest Average Indexed Compensation" has the meaning assigned under the Tax Act.

Note: Section 8504 of the regulations to the Tax Act defines the Highest Average Indexed Compensation as the average of the Member's or Former Member's indexed compensation from the Employer for the 3 years of Credited Service which yield the highest such average. If the Member or Former Member has fewer than 3 years of Credited Service, then the average of the indexed compensation for each year of Credited Service shall be used. For this purpose, the indexed compensation for each year is defined as the actual compensation *received by the Member or Former Member, increased by the increase in average Canadian wages to the date of determination.*

1.25A "Individual Member Account" has the meaning assigned by subsection C2.

(Added by Amendment No. 7, effective January 1, 2001.)

1.26 "Lifetime Retirement Benefits" means any benefits payable to the Member which, once they commence, are payable to the Member until the Member's death.

1.27 "Long Term Disability Plan" means the long term disability program of the Company as it exists from time to time.

1.28 "Member" means an Employee who is eligible to participate in the Plan in accordance with Section 5, who has begun to accrue benefits under the Plan, and who continues to accumulate Continuous Service under the Plan. A Member ceases to be a Member when he either terminates employment with the Employer, dies, or commences to receive a pension under the Plan.

1.29 "Money Purchase Limit" has the meaning assigned under the Tax Act.

Note: *The money purchase limit was set by the 1996 federal budget as follows:*

(a) for years from and including 1996 to 2002, $13,500;
(b) for 2003, $14,500;
(c) for 2004, $15,500; and
(d) for years after 2004, the money purchase limit for the previous year, increased by the rate of increase in average Canadian wages in the manner prescribed under the Tax Act.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.30 "Normal Retirement Date" means the last day of the month in which the Member or Former Member attains age 65, as specified in subsection 7.1 of the Plan.

1.30A "Participating Employer" means a company that has been designated by the authorized representative or representatives of the Company as eligible to participate in the Plan.

(Added by Amendment No. 7, effective January 1, 2001.)

1.31 "Pension Adjustment" means the amount defined and calculated in accordance with the Tax Act.

Note: *Section 248(1) of the Tax Act defines the Pension Adjustment and Section 8301 of the regulations to the Tax Act provides details of how it is calculated. The Pension Adjustment is a measure of the value of the benefits earned by the Member under the Plan, and is used to determine the extent to which the*

Member's RRSP contribution limit is reduced.

1.32 "Pension Benefits Act" means the Nova Scotia Pension Benefits Act as amended from time to time, and the Regulations issued thereunder.

1.33 "Pension Fund" means the principal and all earnings thereon of the fund established pursuant to the Trust Agreement, to which contributions are made by the Employer and by Members, and from which the pension and other benefits under the Plan, as well as any disbursements permitted under the Plan, are to be paid.

The Pension Fund shall be made up of 2 parts: the "DB Fund" and the "DC Fund", which refer specifically to the funds held under the DB Provision and the DC Provision of the Plan respectively.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.34 "Plan" means the Pension Plan for Employees of Nova Scotia Power Incorporated as set forth herein and as amended from time to time.

1.35 "Plan Year" means the period from August 1, 1992 to December 31, 1992, and thereafter, it shall mean the calendar year.

1.36 "Post December 31, 1987 Contributions" means the Member's required contributions made after December 31, 1987, accumulated with any interest credited under the Prior Plan to July 31, 1992, and with Credited Interest from August 1, 1992 to the date at which the Member's pension or other benefit is being determined.

1.37 "Post December 31, 1987 Pension" means a Member's pension or other benefit earned after December 31, 1987, determined at the earlier of his retirement, death or termination of employment, and shall be determined as his total benefit less the Pre January 1, 1988 Pension.

1.38 "Pre January 1, 1988 Contributions" means a Member's required contributions made to the Prior Plan prior to January 1, 1988, and all interest credited on those contributions to the date at which the Member's pension or other benefit is being determined. For the purposes of the Plan, interest credited after July 31, 1992 means Credited Interest.

1.39 "Pre January 1, 1988 Pension" means a Member's pension or other benefit determined at the earlier of his retirement, death or termination of employment attributable to Credited Service while a Member of the Prior Plan prior to January 1, 1988. The Pre January 1, 1988 Pension shall be determined using the terms of the Prior Plan as it existed on January 1, 1988. Any increase in a Member's benefits with respect to service prior to January 1, 1988 as a result of an amendment to the Prior Plan between January 1, 1988 and July 31, 1992, or the Plan after July 31, 1992 shall be considered as part of the Member's Post December 31, 1987 Pension.

1.40 "Prescribed Compensation" for a Member's periods of Disability and Eligible Periods of Reduced Pay or Temporary Absence means the amount defined in the Tax Act, provided that the Member continues to make contributions on such Prescribed Compensation, or have contributions made on his behalf under the provisions of a long-term disability plan sponsored by the Employer.

Note: Prescribed Compensation is defined in Section 8507 of the regulations to the Tax Act. As a general rule, Prescribed Compensation will be the amount by which the Member's Earnings is reduced from its normal level as a result of the Disability or Eligible Period of Reduced Pay or Temporary Absence. Prescribed Compensation represents a notional amount which is necessary so that the Pension Adjustment limits described under subsection 11.4 are not exceeded, and does not represent an actual payment to the Member.

1.41 "Prior Employer" means the Nova Scotia Power Corporation, any companies acquired by Nova Scotia Power Corporation, and any predecessor companies of Nova Scotia Power Corporation.

1.42 "Prior Plan" means the Nova Scotia Public Service Superannuation Act, Chapter 256 of the Revised Statutes, 1987, including the regulations thereunder.

1.43 "Projected Lifetime Retirement Benefit" means the greater of:

(a) the annual amount of Lifetime Retirement Benefits accrued to the Member to the date of the Member's death, determined without applying any reduction pursuant to subsection 8.3; and

(b) the lesser of:

(i) the annual amount of lifetime retirement benefit that would have accrued to the Member to age 65 had the Member survived to that age and continued as an Employee to that date, determined by assuming that the Member's Earnings and the YMPE in effect at the time of death would apply for all future years; and

(ii) 3/2 of the YMPE for the year in which the Member dies.

1.44 "Reduced Pension Commencement Date" means the date on which the Member's or Former Member's pension commences after becoming entitled to a reduced pension, in accordance with subsection 8.3 of the Plan.

1.45 "Spouse" means a person who

(a) is legally married to the Member or Former Member;

(b) is married to the Member or Former Member by a marriage that is voidable, but which has not been annulled by a declaration of nullity;

(c) has gone through a form of marriage with the Member or Former Member, in good faith, that is void and is cohabiting, or if the person has ceased to cohabit with the Member or Former Member, has cohabited with the Member or Former Member in the twelve-month period immediately preceding the date of entitlement; or

(d) has cohabited with the Member or Former Member in a conjugal relationship for a period of at least two years, provided that neither the Member or Former Member nor the person has a Spouse as defined in paragraphs (a) to (c) above.

For greater certainty, a Spouse may be a person of the same or the opposite sex to the Member or Former Member. For purposes of the Plan, the Spouse of a Member or Former Member will be determined on the date that the Member's or Former Member's pension commences. If there is a Spouse on that date, such Spouse will continue to be eligible for any benefits which may be provided under the Plan.

If there should be no Spouse when the Member's or the Former Member's pension commences, of if the Spouse at the time of pension commencement dies prior to the death of the Member or Former Member, then someone who subsequently qualifies under the above requirements will be considered a Spouse for purposes of the Plan, after a period of two years has elapsed, provided such person remains a Spouse throughout the two years, and the Member or Former Member is still living at the end of the two years.

(Amended by Amendment No. 7, effective January 1, 2001 and by Amendment No. 8, effective June 4, 2001.)

1.46 "Surplus" means,

(a) under the DB Provision of the Plan, an excess of the Plan's assets over its accrued liabilities, as determined by the Actuary, using actuarial methods and assumptions appropriate for the circumstances under which Surplus is being determined; and

(b) under the DC Provision of the Plan, the amount in the DC Provision of the Plan that has not been allocated to Members and that is not reasonably attributable to Forfeited Amounts or to earnings of the Plan that are reasonably attributable to Forfeited Amounts or to earnings of the Plan that will be allocated to Members as part of the regular allocation of Plan earnings.

Note: Surplus for purposes of the DC Provision of the Plan is defined in subsection 8500(1) of the Regulations to the Tax Act.

(Amended by Amendment No. 7, effective January 1, 2001.)

1.47 "Superintendent" means the Nova Scotia Superintendent of Pensions.

1.48 "Tax Act" means the Income Tax Act (Canada), as amended from time to time, and the Regulations made thereunder.

1.49 "Totally And Permanently Disabled" means, in relation to a Member, suffering from a physical or mental impairment that prevents the Member from engaging in any employment for which the Member is reasonably suited by virtue of the Member's education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime.

Note: This definition is only used in subsection 12.5.

1.50 "Trust Agreement" means any agreement or agreements now or hereafter executed between the Company and the Trustee, for the purposes of establishing and maintaining the Pension Fund.

1.51 "Trustee" means either of an insurance company authorized to carry on a life insurance business in Canada or a trust company in Canada, and includes any combination or successors thereof appointed by the Company to hold, administer and/or invest the Pension Fund.

1.51A "Union" shall mean the International Brotherhood of Electrical Workers local 1928 and any successor union.

(Added by Amendment No. 12, effective July 1, 2004.)

1.52 "Unreduced Pension Commencement Date" means the date on which the Member's or Former Member's pension commences after becoming entitled to an unreduced pension, in accordance with subsection 8.1 of the Plan.

1.53 "YMPE" shall mean the Year's Maximum Pensionable Earnings as defined in the Canada Pension Act, and regulations made thereunder, as amended from time to time.

In this Plan, words importing the singular number include the plural and vice versa, and words importing the male or female gender include the other gender, unless the context requires otherwise. References to a Section or subsection mean a Section or subsection in the Plan.

Section 2 - Pension Fund

2.1 Pension Fund

The Pension Fund will be maintained and administered by the Trustee in accordance with the terms of the Trust Agreement entered into between the Company and the Trustee.

2.2 Trust Agreement

Any provisions of the Trust Agreement that are inconsistent with the terms of this Plan shall to the extent of the inconsistency be of no force or effect. The Trust Agreement is subordinate to the Plan. The Pension Fund is established for the purposes of the Plan.

2.3 Investment of Pension Fund

The Administrator shall direct the investment of the DB Fund in accordance with the Pension Benefits Act and the Tax Act. The Members participating in the DC Provision shall direct the investment of their Individual Member Accounts under the DC Fund in the investment options offered by the Company from time to time, which options shall be in accordance with the Pension Benefits Act and the Tax Act.

(Amended by Amendment No. 7, effective January 1, 2001.)

2.4 Authorization of Disbursements

The Administrator shall have the power necessary to authorize all disbursements made by the Trustee. The Administrator may delegate the power to authorize disbursements as described in subsection 1.4.

2.5 Payment of Expenses

Expenses incurred with respect to the operation or administration of the Plan may be paid out of the Pension Fund.

2.6 Fiscal Year

The fiscal year of the Pension Fund shall be the period ending on December 31 each year.

2.7 Payment from Pension Fund

(a) DB Provision

All benefits payable under the DB Provision of the Plan shall be payable only from the Pension Fund.

(b) DC Provision

All benefits under the DC Provision of the Plan shall be provided from the funds in a Member's Individual Member Account.

All payments will be made in Canadian currency.

(Amended by Amendment No. 7, effective January 1, 2001.)

2.8 Right, Title and Interest

Nothing in this Plan shall be construed to give to any person other than the Company any right, title or interest in or to any assets, profits, or earnings to the Pension Fund except as expressly provided herein. The establishment of the Pension Fund does not constitute an enlargement of any right, or a grant of any interest which any person other than the Company may have in the Pension Fund except as expressly provided in the Plan. If the Plan or the Pension Fund is terminated in whole or in part, or if the Plan or the Pension Fund is consolidated with any other plan or fund, or if the employment of an Employee is terminated, or if employment status changes, persons other than the Company shall have only such rights as are specifically defined in the Plan and required to be granted pursuant to the Pension Benefits Act or any other relevant legislation.

2.9 Exclusion of Liability

(a) Benefits under the Plan shall be payable only from the Pension Fund and only to the extent that there are assets in the Pension Fund, except as provided under subsection 18.3.

(b) None of the Employer, the Administrator or the Trustee, or their directors, officers, employees or agents shall be liable in any manner if the Pension Fund should be insufficient to provide the payment of any benefits hereunder, provided that the Employer has made contributions to the Pension Fund as required by Section 6 and Section C1, the Pension Benefits Act and other relevant legislation, and provided that such insufficiency is not the result of fraud, gross negligence or wilful misconduct, wilful breach of any part of the Trust Agreement or any document that creates, supports or establishes the Pension Fund or Plan.

(c) The Employer shall indemnify its officers, directors and employees against any and all claims, losses, damages, expenses and liabilities arising from any act or failure to act in respect of the Plan or the Pension Fund, except for any act or failure resulting from the fraud, gross negligence or wilful misconduct of such person.

(Amended by Amendment No. 7, effective January 1, 2001.)

Section 3 - Administration

3.1 Responsibility for Administration

Except as otherwise expressly set out herein, the Administrator shall decide all matters in respect of the operation, administration and interpretation of the Plan. The Administrator shall administer the Plan in accordance with the terms set out herein and in accordance with the Pension Benefits Act and the Tax Act.

3.2 Employment of Agents

Where it is reasonable and prudent to do so, the Administrator may employ agents to perform actuarial, clerical, legal, and other services as the Administrator may require to carry out any act required to be done by it in the administration of the Plan and the administration and investment of the Pension Fund.

3.3 Rules for Administration

The Administrator may enact rules and regulations relating to the administration of the Plan to carry out the terms thereof and may amend such rules and regulations from time to time. Such rules and regulations shall not conflict with any provisions of this Plan, the Pension Benefits Act, or the Tax Act.

Section 4 - Explanation and Disclosure to Employees

4.1 Plan Explanation

The Administrator shall provide each Member with a written description of the Plan and any amendments thereto within such periods of time as prescribed by the Pension Benefits Act. Such description shall explain the pertinent terms and conditions of the Plan and amendments thereto as applicable to the Employee, shall outline the rights and obligations of the Employee with reference to the benefits available under the Plan, and shall provide any other information prescribed by the Pension Benefits Act. Such written description does not form part of the Plan, and in all circumstances the provisions of the Plan shall govern.

4.2 Notice of Amendment

Unless notice is dispensed with by the Superintendent, the Administrator shall provide a notice and written explanation of an amendment to the Plan to each Member, Former Member, or other individual who is receiving benefits under the Plan within the time frame prescribed by the Pension Benefits Act.

4.3 Inspection of Documents

The Administrator shall make available for inspection the documents and information concerning the Plan and the Pension Fund as prescribed by the Pension Benefits Act. Inspection may be made by eligible individuals as specified below:

(a) a Member or Former Member of the Plan;

(b) the Spouse of a Member or Former Member of the Plan;

(c) an agent authorized in writing by a Member or Former Member, or the Spouse of a Member or Former Member of the Plan; or

(d) a representative of a trade union that represents Members or Former Members of the Plan.

4.4 Benefit Statement

Upon termination of employment of a Member of the Plan, the Administrator shall provide the Member, or any other person who becomes entitled to a benefit under the Plan as a result of such termination, with a written statement of the benefits, rights, and obligations of the Member or any other person entitled to a payment under the Plan within 60 days after the later of the Member's termination or the date on which the Administrator is notified of the Member's termination.

4.5 Annual Statement

The Administrator shall annually provide each Member with a written statement containing the information prescribed under the Pension Benefits Act in respect of the Member's benefits under the Plan, within 6 months of the end of each Plan Year.

Section 5 - Eligibility

5.1 Members on Effective Date

Any Employee who was a Member of the Prior Plan immediately prior to the Effective Date shall automatically become a Member of the Plan on the Effective Date.

5.2 Full-Time Employees Hired on or After Effective Date

Effective from January 1, 2001, each Employee employed on a full-time basis hired subsequent to the Effective Date shall be required, as a condition of employment, to participate in the Plan when hired, except as provided below: [sic]

Any Employee hired on a full-time basis for a fixed term shall be subject to the following rules:

(a) if the term of employment is less than 12 months, the Employee shall not be eligible for membership in the Plan;

(b) if the cumulative total of the term of employment and previous fixed terms of employment is 12 months or more, the Employee may participate in the DC Provision of the Plan on the first day of the month following the completion of 12 cumulative months of terms of employment;

(c) if the term of employment is 12 months or more and the Employee elects to participate in the DB Provision of the Plan, the Employee shall participate in the Plan when hired; and

(d) if the term of employment is 12 months or more and the Employee elects to participate in the DC Provision of the Plan, the Employee shall participate in the Plan on the first day of the month following the completion of 12 months of employment.

(Amended by Amendment No. 7, effective January 1, 2001.)

5.3 Less Than Full-Time Employees

Each Employee employed on a less than full-time basis who was not a Member of the Prior Plan, or who is hired subsequent to the Effective Date, shall be subject to the following eligibility rules:

(a) If the Employee is classified as working 40% or more of a regular full-time Employee's standard hours, that Employee will be required, as a condition of employment, to participate in the Plan on the first day of such classification;

(b) Any Employee working less than 40% of a regular full time Employee’s standard hours will be required to participate in the Plan on the first day of the month following completion of the lessor of Earnings of not less than 35% of the YMPE or 700 hours of employment in each of 2 consecutive calendar years.

(*Revised by Amendment No. 10, effective January 1, 2003*.)

5.4 Membership Does Not Cease Due to Less Than Full-Time Status

Once an Employee becomes a Member of the Plan, eligibility to participate as a Member shall not cease solely because the Employee's hours of work are reduced such that the Employee no longer satisfies the eligibility requirements in subsection 5.3.

5.5 Participation Option

(a) Employees of the Company

Effective from January 1, 2001, an Employee of the Company who is eligible to join the Plan under subsection 5.2 or 5.3 above must elect to participate under the DB Provision of the Plan or the DC Provision of the Plan.

(b) Employees of Participating Employers

(i) Effective from January 1, 2001, where a Participating Employer participates under the DC Provision of the Plan only, an Employee of that Participating Employer who is eligible to join the Plan under subsection 5.2 or 5.3 above will participate under the DC Provision of the Plan.

(ii) Effective from January 1, 2001, where a Participating Employer participates under the DB Provision and the DC Provision of the Plan, an Employee of that Participating Employer must elect to participate under the DB Provision of the Plan or the DC Provision of the Plan.

(c) Employees on July 1, 2001

An Employee on July 1, 2001 who became a Member of the Plan prior to January 1, 2001 has the option to cease participating in the DB Provision of the Plan and to commence participating in the DC Provision of the Plan, effective from July 1, 2001. If a Member so elects, all benefits earned by the Member under the DB Provision of the Plan up to July 1, 2001 will continue to be payable from the DB Provision of the Plan, based on the Member’s Credited Service to the date of transfer and on the Member’s Earnings at the date of termination of employment or retirement, as applicable.

(Added by Amendment No. 7, effective January 1, 2001 and amended by Amendment No. 8, effective July 1, 2001.)

5.6 Change in Employment

(a) Member Participating in the DB Provision

(i) If a Member who participates under the DB Provision becomes an Employee of a Participating Employer who participates under the DC Provision only, the Member will cease participating in the DB Provision effective from the date that the Member becomes an Employee of the Participating Employer and will commence participating in the DC Provision from that date. All benefits earned by the Member under the DB Provision of the Plan up to the date of transfer of employment will continue to be payable from the DB Provision of the Plan, based on the Member's Credited Service to the date of transfer and on the Member's Earnings at the date of termination of employment or retirement, as applicable.

(ii) If a Member who participates under the DB Provision becomes an Employee of the Company or of a Participating Employer who participates under the DB Provision, the Member will continue to participate under the DB Provision.

(b) Member Participating in the DC Provision

(i) If a Member, other than a Member under (ii) below, who participates under the DC Provision becomes an Employee of the Company or of another Participating Employer, the Member will continue to participate under the DC Provision.

(ii) If a Member who is an Employee of a Participating Employer who participates only under the DC Provision of the Plan becomes an Employee of the Company or of a Participating Employer who participates under the DB Provision and the DC Provision of the Plan, the Member will have the option, effective from the date of the transfer of employment, to commence participating in the DB Provision of the Plan. If the Member elects to commence participating in the DB Provision, all benefits earned by the Member under the DC Provision of the Plan up to the date of transfer of employment will continue to be payable from the DC Provision of the Plan.

(Added by Amendment No. 7, effective January 1, 2001 and amended by Amendment No. 8, effective January 1, 2001.)

5.7 Participation

(a) DB Provision

The following Members participate under the DB Provision of the Plan:

(i) Employees who were Members of the Plan on December 31, 2000 and who did not elect to participate under the DC Provision of the Plan under paragraph 5.5(c) above;

(ii) Employees of the Company who become Members of the Plan on or after January 1, 2001 and who elect to participate under the DB Provision of the Plan;

(iii) Employees of a Participating Employer who elect to participate under the DB Provision of the Plan, where that Participating Employer participates under the DB Provision and the DC Provision of the Plan; and

(iv) An Employee of a Participating Employer who participated under the DC Provision, who becomes an Employee of the Company or an Employee of a Participating Employer who participates under the DB Provision and the DC Provision of the Plan and who elects to commence participating in the DB Provision under subsection 5.6 above, effective from the date the Member becomes an Employee of the Company.

(b) DC Provision

The following Members participate under the DC Provision of the Plan:

(i) Employees who were Members of the Plan on December 31, 2000 and who elected to participate under the DC Provision of the Plan under paragraph 5.5(c) above;

(ii) Employees of the Company who become Members of the Plan on or after January 1, 2001 and who elect to participate under the DC Provision of the Plan;

(iii) Employees of a Participating Employer who are Members of the Plan, where that Participating Employer participates only under the DC Provision of the Plan;

(iv) Employees of a Participating Employer who elect to participate under the DC Provision of the Plan, where that Participating Employer participates under the DB Provision and the DC Provision of the Plan;

(v) Employees who become Employees of a Participating Employer who participates only under the DC Provision of the Plan, effective from the date the Employee becomes an Employee of that Participating Employer.

(Added by Amendment No. 7, effective January 1, 2001 and amended by Amendment No. 8, effective July 1, 2001.)

5.8 Payment of Benefits

The benefits payable to a Member on retirement or termination of employment or to a Member's beneficiary on death will be paid from the DB Provision in respect of the Member's Credited Service while a Member of the DB Provision and from the DC Provision in respect of the Member's Continuous Service while a Member of the DC Provision.

(Added by Amendment No. 7, effective January 1, 2001.)

Section 6 - Contributions

6.1 Employee Contributions

Except as provided by Section 12, each Member of the Plan shall contribute, by way of payroll deduction, 5.4% of his Earnings up to the YMPE plus 7.0% of his Earnings in excess of the YMPE.

Contributions by a Member for a Plan Year will not be permitted to exceed the lesser of:

(a) 9% of the Member's compensation for the year; and

(b) the aggregate of $1,000 and 70% of the Member's pension credits for the year,

as determined in accordance with the Tax Act.

Further, contributions by a Member for a Plan Year will not be permitted to exceed an amount determined as the sum of the following:

i) 3.5 times the Defined Benefit Limit for the year; plus

ii) 0.85% of the YMPE for the year.

Notwithstanding this provision, once a Member has attained 35 years of Credited Service under the Plan, he shall cease to make contributions to the Plan, and will not accrue further Credited Service.

Note: *For clarification of this provision, Section 8301(6) of the regulations to the Tax Act provides that a Member's pension credit for a year is normally calculated as follows:*

> *9 times the amount of his Lifetime Retirement Benefits earned in the year, based on the formula in subsection 7.2 of the Plan, and using his current Earnings and the current year's YMPE, less $1,000.*

The salary level which corresponds to the Defined Benefit Limit and the YMPE in a Plan Year is determined by reference to the formula outlined in Section 7.2(b). This results in a maximum salary level, for contribution purposes, of 50 times the Defined Benefit Limit plus 35% of the YMPE for the Plan Year. Further, by applying the formula outlined in the first paragraph of this Section 6.1 to this maximum salary level, the maximum contribution in a Plan Year is seen to be 3.5 times the Defined Benefit Limit plus 0.85% of the YMPE.

(Amended by Amendment No. 3, effective February 10, 1995.)

6.2 Employee Contributions During Periods of Reduced Pay or Temporary Absence

A Member has the option of contributing to the Plan during an Eligible Period of Reduced Pay or Temporary Absence and receiving Credited Service in the regular manner for such period. The amount of such contribution will be determined using the formula in subsection 6.1 and will be based upon any actual Earnings received by the Employee from the Employer plus an amount of Prescribed Compensation calculated in accordance with the Tax Act.

A Member who exercises this option will be assigned an amount of "Additional Compensation Fraction", determined in accordance with the Tax Act, which is added to his Cumulative Additional Compensation Fraction. A Member may only exercise his option to contribute under this subsection to the extent that his Cumulative Additional Compensation Fraction does not exceed the limits permitted under the Tax Act and subsection 11.5 of the Plan.

Note: *On the Effective Date, section 8507 of the regulations to the Tax Act governed the determination of Prescribed Compensation and Additional Compensation Fractions, associated with benefit accruals during periods of reduced pay or temporary absence.*

6.3 Company Contributions

The Company shall contribute each Plan Year an amount equal to the sum of the following:

(a) such amounts as are indicated by the Actuary as necessary to amortize the remaining balance of the initial unfunded liability of the Plan which existed on the date on which Sections 10 and 11 of the Nova Scotia Power Privatization Act, Stats. N.S. 1992, Chapter 8 came into force in accordance with the amortization period adopted by the Company.

(b) such amount as is indicated by the Actuary as necessary to provide for the cost of benefits accruing in the Plan Year, after deducting the contributions made to the Plan in accordance with subsections 6.1, 6.2, 12.2 and 12.4;

(c) such amounts as are indicated by the Actuary as necessary to amortize the remaining balance of any unfunded liability or solvency deficiency which may arise after the Effective Date as a result of any amendments to the Plan, actuarial losses, or changes in the actuarial methods used in performing the funding valuation for the Plan;

(d) an amount, if positive, equal to A. less B., where

A. is an amount which, when added to the other contributions required by the Company under this subsection 6.3, but excluding any Company contributions required under subsection A.6 of Appendix A, provides a total Company contribution for the Plan Year equal to the aggregate of all contributions made by the Members of the Plan in accordance with subsections 6.1, 6.2, 12.2, and 12.4. Further, such additional contribution will only be made to the extent that Employee contributions do not exceed the level in effect on the Effective Date, namely 5.4% of Earnings up to the YMPE, and 7% of Earnings in excess of the YMPE.

B. is the Accumulated Excess Company Contributions at the beginning of the Plan Year.

6.4 Payment of Contributions

All Employee and Company contributions shall be paid to the Pension Fund not less frequently than monthly and not later than 30 days after the end of the month in which they were deducted.

6.5 Utilization of Surplus

Notwithstanding the provisions of subsections 6.1, 6.2 and 6.3, if the Plan should develop a Surplus on a going concern basis, that exceeds the amount permitted to be disregarded under the Tax Act when determining the Company's eligible contributions to the Plan, then after the Accumulated Excess Company Contributions have been reduced to a zero balance, such Surplus shall be utilized either to improve the benefits provided by the Plan or to equally reduce both Member and Company contributions to the Plan. In any instance where the Plan has a Surplus which may be disregarded in its entirety for this purpose, under the Tax Act, when determining the Company's eligible contributions to the Plan, the Company will contribute in accordance with subsection 6.3.

6.6 Refund of Contributions While Employed

A Member's contributions with Credited Interest may not be withdrawn, in whole or in part, while a Member remains an Employee of the Employer.

6.7 Mandatory Refund of Contributions

Notwithstanding any other provision of the Plan, in any instance where a contribution to the Plan, either by a Member or the Company, exceeds the amount which is permissible as an eligible contribution to the Plan under the Tax Act, such contribution shall be refunded from the Plan, with Credited Interest, to avoid revocation of the Plan's registration with Revenue Canada.

6.8 Return of Excess Amount

Subject to the Pension Benefits Act, the Company may direct that a payment be made out of the Pension Fund to the Company of an amount not in excess of the amount of an overpayment made by the Company into the Pension Fund or of an amount paid by the Company that should have been paid out of the Pension Fund.

6.9 Reciprocal Transfer Agreements

Funds may be transferred to the Plan directly from another pension plan in respect of an Employee whose employment with the sponsor of such other pension plan has ceased and who becomes an Employee. Such a transfer of funds may only be made pursuant to a reciprocal transfer agreement (which has been registered with the Superintendent and Revenue Canada) between the Employer and such other employer. In the event that such a transfer occurs, the amount of such transfer, and the terms and conditions upon which Credited Service and benefits under the Plan will be granted with respect to service with the other employer, shall be determined in accordance with the terms of the reciprocal transfer agreement.

6.10 Transfer From Prior Plan

Funds may be transferred to the Plan directly from the Prior Plan as contemplated by Section 11 of the Nova Scotia Power Privatization Act, Stats. N.S. 1992, Chapter 8.

6.11 Permissible Contributions

No contribution may be made to the Plan other than a contribution made in accordance with this Section 6, as amended from time to time.

6.12 Employee Contributions for Past Service

Any Employee who had entered into an agreement with the Company prior to August 1, 1992 whereby the Employee would make additional contributions to the Plan in order to have a period of prior pensionable service which was not yet Credited Service count as Credited Service under the Plan, shall be permitted to continue to make contributions to the Plan in accordance with the terms of such agreement.

(Added by Amendment No. 2, effective August 1, 1992.)

Section 7 - Normal Retirement

7.1 Normal Retirement

The Normal Retirement Date of a Member or Former Member is the last day of the month in which the Member or Former Member attains age 65.

7.2 Pension Formula

The annual pension payable to a Member or Former Member whose pension commences on his Normal Retirement Date is calculated as the sum of the following:

(a) 2% of his Final Average Earnings multiplied by his Credited Service prior to January 1, 1966; plus

(b) the sum of:

(i) 1.3% of his Final Average Earnings up to the Final Average YMPE; plus

(ii) 2.0% of the excess, if any, of his Final Average Earnings over the Final Average YMPE;

multiplied by his Credited Service after December 31, 1965,

subject to any limits imposed under subsection 7.5 below.

7.3 Alternate Formula

Provided only if the pension which would be payable to a Member or Former Member pursuant to subsection 8.2(a) would be less than $4,200 per annum, then the pension determined in subsection 7.2 shall be the greater of:

(a) the pension determined under subsection 7.2 if in that subsection the words "Final 3 Earnings" were substituted for "Final Average Earnings" wherever they occur; or

(b) the pension determined under subsection 7.2.

7.4 Minimum Pension Benefit

Notwithstanding any other provision of this Section 7, the annual pension payable to a Member or Former Member pursuant to Section 7 shall not be less than the sum obtained by multiplying $120 by the number of years of his Credited Service not exceeding 20 years, except as required under subsection 7.5.

7.5 Pension Subject to Revenue Canada Maximum

A Member's or Former Member's pension with respect to Credited Service after December 31, 1991 will be subject to the limits applicable to pensions under the Tax Act, as described in Section 11 of the Plan. In any instance where the Member's or Former Member's pension with respect to Credited Service after December 31, 1991 exceeds the maximum pension permitted under the Tax Act, such benefit will be reduced so as to be equal to such maximum pension permissible.

7.6 Minimum Benefit

A Member's Pre January 1, 1988 Pension will be subject to a minimum of the amount of pension which can be provided by the Member's Pre January 1, 1988 Contributions.

A Member's Post December 31, 1987 Contributions may not be used to provide more than 50% of the Commuted Value of the Post December 31, 1987 Pension. If the Post December 31, 1987 Contributions exceed 50% of the Commuted Value, such excess amount shall, at the option of the Member, be:

(a) refunded in cash to the Member,

(b) transferred to the Member's personal RRSP, subject to the restrictions of the Tax Act, or

(c) transferred to the Member's personal life income fund, subject to the restrictions of the Tax Act and the Pension Benefits Act.

Section 8 - Early Retirement

8.1 Eligibility for Unreduced Pension – Termination Prior to Age 55

A Former Member or a Member who has ceased employment with the Employer prior to age 55 and who is entitled to a deferred pension as described in subsection 13.2 is entitled to an unreduced pension at the end of any month prior to his Normal Retirement Date as follows:

(a) For a member with Original Plan Credited Service:

In respect of Original Plan Credited Service:

(i) attainment of age 60, provided the Member or Former Member has at least 2 years of Continuous Service; or

(ii) attainment of age 55, provided the Member's or Former Member's age plus Continuous Service total 85 years or more.

In respect of Revised Plan Credited Service:

(iii) attainment of age 55, provided the Member's or Former Member's age plus Continuous Service total 85 years or more.

(b) For a member who has no Original Plan Credited Service:

An unreduced pension is available only at age 65.

(Amended by Amendment No. 12, effective July 1, 2004.)

8.1A Eligibility for Unreduced Pension – Termination on or after Age 55

A Former Member or a Member who has ceased employment with the Employer on or after age 55 is entitled to an unreduced pension at the end of any month prior to his Normal Retirement Date as follows:

(a) For a Member with Original Plan Credited Service.

In respect of all Credited Service:

(i) attainment of age 60, provided the Member or Former Member has at least 2 years of Continuous Service; or

(ii) attainment of age 55, provided the Member’s or Former Member’s age plus Continuous Service total 85 years or more.

(b) For a Member who has no Original Plan Credited Service.

In respect of all Credited Service:

(i) attainment of age 62, provided the Member or Former Member has at least 15 years of Continuous Service; or

(ii) attainment of age 55, provided the Member's or Former Member's age plus Continuous Service total 85 years or more.

(Added by Amendment No. 12, effective July 1, 2004.)

8.2 Amount of Unreduced Pension Payable

The annual pension payable to a Member or Former Member who commences his pension on his Unreduced Pension Commencement Date as determined under subsection 8.1 or 8.1A is calculated in the following manner:

(a) Amount Payable On Or Before Age 65 – Members who terminate prior to age 55

For a Member who ceases employment with the Employer prior to age 55, from the Unreduced Pension Commencement Date up to and including the month in which the Member or Former Member attains age 65, the Member or Former Member shall receive:

(i) 2% of his Final Average Earnings multiplied by his Original Plan Credited Service; plus

(ii) (1) 1.3% of his Final Average Earnings not in excess of the Final Average YMPE; plus

(2) 2.0% of the excess, if any, of his Final Average Earnings over the Final Average YMPE;

multiplied by Revised Plan Credited Service

Amount Payable On Or Before Age 65 – Members who terminate on or after age 55

For a Member who ceases employment with the Employer on or after age 55, from the Unreduced Pension Commencement Date up to and including the month in which the Member or Former Member attains age 65, the Member or Former Member shall receive:

(iii) If the Member has (1) Original Plan Credited Service, or (2) has no Original Plan Credited Service but has completed 15 years of Continuous Service:

2% of his Final Average Earnings multiplied by his Credited Service

(iv) If the Member has no Original Plan Credited Service and has not completed 15 years of Continuous Service:

The amount described in subsection 8.2(b)

(b) Amount of Pension Payable After Age 65

Commencing with the month following the month in which the Member or Former Member attains age 65, the Member or Former Member shall receive the sum of:

(i) 2% of his Final Average Earnings multiplied by his Credited Service prior to January 1, 1966, plus

(ii) (1) 1.3% of his Final Average Earnings not in excess of the Final Average YMPE; plus

(2) 2.0% of the excess, if any, of his Final Average Earnings over the Final Average YMPE;

multiplied by his Credited Service after December 31, 1965,

subject to the limits imposed under subsection 8.6 below.

(Amended by Amendment No. 12, effective July 1, 2004.)

8.3 Eligibility for Reduced Pension

A Former Member or a Member who has ceased employment with the Employer and who is not eligible to commence his pension under subsection 8.1 or 8.1A, as applicable, is entitled to commence receiving a pension at the end of any month after attaining age 55, provided the Member or Former Member has at least 24 months of Continuous Service.

The amount of pension payable to a Member or Former Member who elects to commence his pension under this subsection 8.3 is the pension calculated in accordance with subsections 8.2, 8.4, 8.5, and 8.6, reduced by 1/2 of 1% for each month by which the Member's or Former Member's date of retirement precedes the date on which the Member of Former Member would have been entitled to an unreduced pension in accordance with subsection 8.1 or 8.1A, as applicable, such reduction not to exceed 1/2 of 1% for each month by which the Member's or Former Member's age is less than 65 years.

(Amended by Amendment No. 12, effective July 1, 2004.)

8.4 Alternate Formula

Provided only if the pension which would be payable to a Member or Former Member pursuant to subsection 8.2(a) would be less than $4,200 per annum, then the pension determined in subsection 8.2 shall be the greater of:

(a) the pension determined under subsection 8.2 if in that subsection the words "Final 3 Earnings" were substituted for "Final Average Earnings" wherever they occur; or

(b) the pension determined under subsection 8.2.

8.5 Minimum Pension Benefit

Notwithstanding any other provision of this Section 8, the annual pension payable to a Member or Former Member pursuant to Section 8 shall not be less than the sum obtained by multiplying $120 by the number of years of his Credited Service not exceeding 20 years, except where such pension has been reduced in accordance with subsection 8.3, or as required under subsection 8.6.

8.6 Pension Subject to Revenue Canada Maximum

Where a pension commences prior to Normal Retirement Date, a Member's or Former Member's benefit with respect to Credited Service after December 31, 1991 will be subject to the limits applicable to pensions under the Tax Act, as described in Section 11 of the Plan. In any instance where the Member's or Former Member's benefit with respect to Credited Service after December 31, 1991 exceeds the maximum pension permitted under the Tax Act, such benefit will be reduced so as to be equal to such maximum pension permissible.

8.7 Minimum Benefit

A Member's Pre January 1, 1988 Pension will be subject to a minimum of the amount of pension which could be provided with the Member's Pre January 1, 1988 Contributions.

A Member's Post December 31, 1987 Contributions may not be used to provide more than 50% of the Commuted Value of the Post December 31, 1987 Pension. If the Post December 31, 1987 Contributions exceed 50% of such Commuted Value, the excess shall, at the option of the Member, be:

(a) refunded in cash to the Member,

(b) transferred to the Member's personal RRSP subject to the restrictions of the Tax Act, or

(c) transferred to the Member's personal life income fund, subject to the restrictions of the Tax Act and the Pension Benefits Act.

Section 9 - Postponed Retirement

9.1 Eligibility for Postponed Retirement

Where employment with the Employer continues beyond a Member's Normal Retirement Date, a Member's pension commencement for purposes of the Plan will be postponed, to the earlier of:

(a) the end of the month in which employment with the Company ceases; or

(b) the end of the month in which the Member's 71st birthday occurs.

Note: The policy of the Employer is that all Employees must retire no later than age 65.

9.2 Continued Accrual

In the event of postponed retirement, the Member shall continue to make contributions pursuant to subsection 6.1 and to accumulate Credited Service until his pension commences in accordance with subsection 9.1.

9.3 Amount of Pension

The annual pension payable to a Member who postpones commencement of his pension in accordance with subsection 9.1 is calculated as set out in Section 7 of the Plan text.

9.4 Notwithstanding any other provision of the plan, the pension benefits to which an individual is entitled under the plan will commence to be paid not later than the end of the calendar year in which the individual attains 69 years of age, or such other time as is acceptable under the *Income Tax Act* of Canada and its Regulations.

(Added by Amendment No. 5, effective January 1, 1997.)

Section 10 - Payment of Retirement Benefits

10.1 Commencement of Pension Payments

The annual pension and survivor benefits provided by the Plan are payable in monthly instalments. Payments to a Member or Former Member commence on the last day of the month following the date of retirement and continue each month thereafter during the lifetime of such Member or Former Member, ceasing with the payment on the last day of the month in which the Member or Former Member dies. Following the Member's or Former Member's death, payments may continue to the Spouse, Children, or Dependents of the Member or Former Member in accordance with Section 15.

10.2 Indexation of Pension

(a) Effective January 1 of each Plan Year, each pension currently being paid and each deferred pension which is eligible for indexing will be increased by the rate of increase in the Consumer Price Index for Canada, as published by Statistics Canada or its successor, over the 12 month period ending October 31 of the immediately preceding Plan Year, such increase to be rounded to the nearer 0.1%, and subject to a maximum of 6% and a minimum of 0% in any Plan Year.

Notwithstanding the above, the maximum increase in respect of a pension for a Member who has no Original Plan Credited Service shall be 4% per year, unless the most recently filed actuarial report indicates that both the going concern and wind-up ratios of the Plan are at least 105%, in which case the maximum increase shall be 6% for that year.

Note: Only deferred pensions in respect of a Former Member who was a) a member of the Union and terminated prior to July 1, 2004, or b) was not a member of the Union and terminated prior to October 1, 2004 are potentially eligible for indexing during the deferral period. Please refer to the Plan terms in effect at the Former Member's termination date for details.

(Amended by Amendment No. 12, effective July 1, 2004.)

(b) Notwithstanding subsection 10.2(a), if on January 1 of a Plan Year, less than 12 months have elapsed since a pension first commenced being paid to a Former Member, Spouse, Child, Dependent or other beneficiary of a Member or Former Member, or since a deferred pension first became eligible for indexing, the increase which shall apply to such pension or deferred pension, as the case may be, shall be prorated to reflect the number of months out of 12, that such pension had been paid, and/or such deferred pension was eligible for indexing. Where a pension becomes payable to a Spouse, Child, Dependent or other beneficiary of a Former Member who had been receiving pension payments prior to dying, payments to such Former Member shall be included in determining the time which has elapsed since the pension first commenced, for purposes of determining whether the increase described herein must be prorated.

(Amended by Amendment No. 7, effective January 1, 2001.)

10.3 Re-Employment Following Retirement

If a Former Member who has commenced receiving his pension should return to employment with the Employer, he will not be considered as a Member, and accordingly, he will not contribute to the Plan nor accrue further benefits during such employment, and his pension shall continue without interruption.

Section 11 - Revenue Canada Maximum Pension

11.1 Maximum Pension

Note: *While the various other Sections of the Plan define how a pension is to be calculated, there are certain maximums imposed by the Tax Act which are not to be exceeded.*

The maximum level of Lifetime Retirement Benefits applicable to credited service after December 31, 1991 (as set out in subsections 7.5 and 8.6) payable to a Member or Former Member shall be the lesser of:

(a) 2% of the Highest Average Indexed Compensation of the Member or Former Member multiplied by the number of years of Credited Service of the Member or Former Member; and

(b) the Defined Benefit Limit for the year, multiplied by the number of years of Credited Service of the Member or Former Member.

(Amended by Amendment No. 3, effective February 10, 1995.)

11.2 Maximum Bridging Benefits

The initial level of Bridging Benefits payable to a Member or Former Member pursuant to subsection 8.2(a) of the Plan shall not exceed the sum of the Canada Pension Plan and Old Age Security payments which would be payable to the Member or Former Member if he were 65 years old at the time. Further, if the Member or Former Member has not attained age 60, the maximum Bridging Benefit will be reduced by 0.25% for each month between the Member's or Former Member's age at commencement of Bridging Benefits and age 60. In addition, if the Member or Former Member has not completed 10 years of Continuous Service, the maximum Bridging Benefit will be prorated downward. The age and service restrictions described herein do not apply if the Member is Totally And Permanently Disabled.

Further, the total initial pension payable to a Member or Former Member, including both Lifetime Retirement Benefits and Bridging Benefits, may not exceed the sum of:

(a) the Defined Benefit Limit for the year multiplied by the number of years of Credited Service of the Member or Former Member; plus

(b) 25% of the average of the YMPE in the current year and the two preceding calendar years, divided by 35, and multiplied by the number of years of Credited Service of the Member or Former Member, to a maximum of 35.

In any case where the initial pension payable exceeds the above amount, the Bridging Benefits payable pursuant to subsection 8.2(a) will be reduced to the extent necessary to comply with the above limits.

11.3 Indexing of Maximum Pension

The maximum pensions described in this Section apply in the year in which benefits commence to be paid. The maximum benefit permitted to be paid in subsequent years is adjusted to reflect the increase in the average Consumer Price Index (for all of Canada) from the year of commencement to the particular year.

11.4 Benefits Not to Produce Excessive Pension Adjustment

In no case shall a benefit be provided to a Member under the Plan with respect to Credited Service in a particular Plan Year, where that benefit would produce a Pension Adjustment for the Member which exceeds the lesser of:

(a) the Money Purchase Limit for the Plan Year; and

(b) 18% of the Member's "compensation" from the Employer for the Plan Year.

Note: *Compensation is defined in section 147.1(1) of the Tax Act.*

11.5 Cumulative Additional Compensation Fraction

In no event will a Member's Cumulative Additional Compensation Fraction in respect of Eligible Periods of Reduced Pay or Temporary Absence exceed the maximum permitted under the Tax Act; that is, no pension will be provided in respect of a period of reduced pay or temporary absence if this would result in a Member's Cumulative Additional Compensation Fraction exceeding the maximum permitted under the Tax Act.

Note: *Section 8507 of the regulations to the Tax Act defines the maximum Cumulative Additional Compensation Fraction permitted.*

11.6 Permissible Distributions

No payments are permitted from the Pension Fund except as provided by the Plan provisions, or if required by the Tax Act or the Pension Benefits Act.

11.7 Maximum Commuted Value

In any case where a Member's or Former Member's benefits under the Plan are to be commuted, the maximum amount which may be transferred on a tax-free basis to a Member's or Former Member's RRSP or life income fund (locked-in where required) or to a money purchase benefit under the registered pension plan of a subsequent employer, may not exceed the limits set out in the Tax Act. In any case where the Commuted Value of the benefits to be transferred exceeds such limits, the excess Commuted Value shall be paid in cash to the Member or Former Member, unless payment of cash is contrary to the Pension Benefits Act, in which event payment of the excess Commuted Value shall be in such form as is acceptable to the Superintendent and Revenue Canada.

Note: Section 8517 of the regulations to the Tax Act provides details of the limits for such transfers.

Section 12 - Disability

12.1 Continued Accrual of Benefits

If a Member becomes Disabled, he will continue to accrue Credited Service under the Plan, until such time as he is no longer Disabled and the Member either resumes employment, terminates employment, dies, or retires. The Member's Earnings for such period shall be equal to the Member's rate of Earnings immediately prior to the date that benefits commenced under the terms of the Long Term Disability Plan sponsored by the Employer.

Note: *For clarity, Earnings includes any increases which were granted between the date the actual disability occurred and the date that benefits commenced under such Long Term Disability Plan.*

12.2 Contributions While Disabled

While a Member is Disabled, the Employer's Long Term Disability Plan will make, on behalf of the Member, the contributions required of the Member under subsection 6.1 based upon the Member's rate of Earnings immediately prior to the date that benefits commenced under the terms of such Long Term Disability Plan.

12.3 Prescribed Compensation for Periods of Disability

For purposes of calculating Pension Adjustments only, a Member who suffers a Disability will be credited, during the period while Disability persists, with an amount of Prescribed Compensation for each Plan Year equal to the Earnings the Member would have reasonably been expected to receive from the Employer had he not been Disabled, less any actual Earnings received during that Plan Year from the Employer.

Note: *This provision does not confer any additional benefits to the Members. Its purpose is to determine the extent by which the Member's RRSP limit is reduced.*

12.4 Workers' Compensation

Should a Member be receiving Workers' Compensation benefits, he shall continue to contribute to the Plan in accordance with subsection 6.1, unless contributions are made on his behalf by a Long Term Disability Plan sponsored by the Employer.

12.5 Disability Which Does Not Qualify For Company's LTD Plan

If a Member becomes Totally And Permanently Disabled, as certified by a medical doctor licensed to practise under the laws of a province of Canada, and he qualifies for disability benefits under the Canada Pension Plan, but does not qualify for benefits under either the Employer's Long Term Disability Plan or Workers' Compensation, such Member shall be eligible for an immediate unreduced pension determined in accordance with subsection 8.2, and payable in accordance with subsection 10.1.

Section 13 - Termination of Service

13.1 Termination Prior to 24 Months of Plan Membership

A Member whose employment terminates prior to his being a Member of the Plan and/or the Prior Plan for at least 24 months shall receive a refund of his contributions to the Plan, with Credited Interest. Such refund will be payable in cash, or may, at the option of the Member, be transferred directly to the Member's personal RRSP, life income fund, or such other option which may be permitted under the Tax Act.

13.2 Termination After Completion of 24 Months of Plan Membership

A Member whose employment terminates after his being a Member of the Plan and/or the Prior Plan for at least 24 months is entitled to a deferred pension, based upon his Final Average Earnings and Credited Service to the date of termination, and calculated in accordance with subsection 8.2. Such pension may commence, at the Member's option, at either his Reduced Pension Commencement Date or his Unreduced Pension Commencement Date. Eligibility for commencing the deferred pension on his Unreduced Pension Commencement Date or the Reduced Pension Commencement Date will be determined pursuant to subsections 8.1 and 8.3 respectively, based upon his Continuous Service to date of termination.

13.3 Option To Receive Refund of Contributions

A Member who is entitled to receive a deferred pension under subsection 13.2 and who has either not attained age 45 or has not completed 10 years of Continuous Service, has the option of foregoing the portion of his deferred pension with respect to Credited Service prior to January 1, 1988 and receiving instead a refund of his contributions made to the Prior Plan before January 1, 1988, with Credited Interest. Such refund will be payable in cash, or may, at the option of the Member, be transferred directly to the Member's personal RRSP, life income fund, or such other option which may be permitted under the Tax Act.

13.4 Options for Receiving Deferred Pension

A Member may, upon his termination of employment, if prior to the attainment of age 55, and provided the Member is not entitled to an immediate pension, elect to have the Commuted Value of his deferred pension:

(a) transferred to a registered retirement savings plan of his choice;

(b) transferred to a life income fund of his choice;

(c) transferred to the pension plan of another employer, subject to that employer agreeing to administer the transferred amount in accordance with the Pension Benefits Act; or

(d) applied to purchase a deferred life annuity from a life insurance company licensed to carry on a life insurance business in Canada;

subject to any limits or restrictions imposed under subsections 11.7 and 13.5, or under the Tax Act or the Pension Benefits Act.

(Amended by Amendment No. 4, effective April 1, 1997.)

13.5 Locking-In

The Commuted Value of a Member's deferred pension with respect to Credited Service after December 31, 1987 will be locked-in if the Member has been a Member of the Plan and/or the Prior Plan for at least 24 months. As regards benefits with respect to Credited Service prior to January 1, 1988, where a Member has attained age 45 and has completed at least 10 years of Continuous Service, 75% of the Commuted Value of such benefits will be locked-in in accordance with the Pension Benefits Act; as regards to the remaining 25% of the Commuted Value, the Member may elect either a cash refund of such amount or one of the options set out in subsection 13.4. In such a case, any transfer of the Commuted Value of a deferred pension made in accordance with subsection 13.4 shall be made only on condition that the administrator of the plan receiving the transfer agrees to administer the funds transferred on a locked-in basis. Locking-in refers to the restrictions on refunds in the Pension Benefits Act. Locking-in does not apply to the portion of benefits which exceed the limits under subsection 11,7, or where a benefit is commuted pursuant to subsection 17.3.

Note: Locking-in means that the benefits may not be commuted or refunded in cash to the Member, but must be used to provide a pension payable for the life of the Member, or such other arrangement as may from time to time be permissible under the Pension Benefits Act.

13.6 Minimum Benefit

(a) Pre January 1, 1988 Benefits

If the Commuted Value, as determined by the Actuary, of a Member's Pre January 1, 1988 Pension under subsection 13.2 is less than the value of the Member's Pre January 1, 1988 Contributions, the excess of the Member's Pre January 1, 1988 Contributions over the Commuted Value of the Pre January 1, 1988 Pension shall be payable to the Member in addition to the deferred pension for such service.

(b) Post December 31, 1987 Benefits

A Member's Post December 31, 1987 Contributions may not be used to provide more than 50% of the Commuted Value of the Post December 31, 1987 Pension. If the Post

December 31, 1987 Contributions exceed 50% of the Commuted Value, the excess shall be payable to the Member in addition to the deferred pension for such service.

(c) Excess Contributions

Any excess contributions, as determined under (a) or (b) of this subsection, may, at the option of the Member, be paid in cash to the Member, or be transferred directly to the Member's personal RRSP, life income fund, or such other option as may be permitted under the Tax Act.

(Renumbered by Amendment No. 12, effective October 1, 2004.)

13.7 Reciprocal Transfer Agreements

Funds may be transferred from the Plan directly to another pension plan to provide pension benefits thereunder in respect of an Employee whose employment with the Employer has ceased and who becomes an employee of the sponsor of such other pension plan. Such a transfer of funds may be made pursuant to a reciprocal transfer agreement between the Employer and such other employer which has been registered with the Superintendent and Revenue Canada. In the event that such a transfer occurs, the amount of such transfer, and the terms and conditions relating to Credited Service and benefits under such other employer's pension plan shall be determined in accordance with the terms of the reciprocal transfer agreement.

(Renumbered by Amendment No. 12, effective October 1, 2004.)

Section 14 - Benefits Payable in Event of Death Prior to Retirement

14.1 Spouse's Pension

In the event of the death of a Member or Former Member prior to pension commencement, there shall be payable to the Member's or Former Member's Spouse a pension equal to the lesser of:

(a) 60% of the Projected Lifetime Retirement Benefit of the Member or Former Member, as defined in subsection 1.43; and

(b) 60% of the pension that the Member or Former Member had earned up to the date of his death, calculated in accordance with subsection 8.2(a).

14.2 60% Pension if There is No Spouse

In the event of the death of a Member or Former Member prior to pension commencement, where the Member or Former Member did not have a Spouse, or following the subsequent death of the Spouse, the pension described in subsection 14.1 will instead be payable to any Children of the Member. Such pension shall be distributed equally amongst all eligible Children, with the portion allocated to a child who subsequently no longer qualifies as a Child being redistributed amongst the remaining Children.

The pension described in subsection 14.1 shall be payable to any Dependent of the Member or Former Member if there should be no Spouse or Children, initially or at some subsequent date. If there should be more than one Dependent, then the benefit will be split equally amongst all eligible Dependents.

14.3 Child's Pensions

In the event of the death of a Member or Former Member prior to pension commencement, where there is a Spouse receiving the benefit described in subsection 14.1, there shall be payable to each Child of the Member or Former Member a pension equal to the lesser of:

(a) 10% of the Projected Lifetime Retirement Benefit of the Member or Former Member, as defined in subsection 1.43; and

(b) 10% of the pension that the Member or Former Member had earned up to the date of his death, calculated in accordance with subsection 8.2(a).

In the event that there are more than 4 eligible Children, a benefit equal to 4 times the 10% pension that a single Child would have received will be divided equally amongst all of the Children. Should a child no longer qualify as a Child, the portion of the benefit that such child was receiving will be redistributed amongst the remaining Children, subject to a maximum of the 10% pension a single Child would have received.

14.4 Payment of Survivor Pensions

Payment of survivor pensions under this Section 14 shall commence on the last day of the month in which the Member or Former Member dies. The first payment shall be prorated for the number of days in the month between the date of death and the last day of the month.

Payments to the Spouse will continue for the remainder of the Spouse's lifetime, ceasing with the payment at the end of the month in which the Spouse dies.

Payments to Children will be paid as long as the child qualifies under the definition of a Child, ceasing with the payment at the end of the month in which the child no longer qualifies as a Child, or dies. If a Child requalifies for benefits, payments will recommence in the same amount as they had been paid before the child ceased to qualify as a Child.

Payments to a Dependent will continue until the earlier of cessation of dependency or the Dependent's death.

14.5 Indexing of Death Benefits

Any survivor's pension payable in accordance with this Section 14 shall be increased effective January 1 of each subsequent Plan Year according to the indexing formula in subsection 10.2.

14.6 Minimum Death Benefits

Following the death of a Member or Former Member, and upon all required payments, if any, being made to any Spouse, Children, or Dependents of the Member or Former Member pursuant to subsections 14.1, 14.2, and 14.3, a death benefit payable to the estate of the Member or Former Member will be paid, equal to the excess (if any) of the Member's or Former Member's contributions to the Plan, with Credited Interest to the date the Member or Former Member died, over the sum of all survivor pension payments which have been made.

Section 15 - Benefits Payable in Event of Death After Retirement

15.1 Spouse's Benefits

In the event of the death of a Former Member after pension commencement, there shall be payable to the Former Member's Spouse a pension equal to 60% of the amount of pension that the Former Member would have received had the Former Member been living. Such Spouse's pension is subject to reduction in accordance with subsection 8.2 at the date the Former Member would have attained his Normal Retirement Date, if the Former Member had not already done so prior to death.

15.2 60% Pension if No Spouse Exists

In the event of the death of a Former Member after pension commencement, where the Former Member did not have a Spouse, or following the subsequent death of the Spouse, the pension described in subsection 15.1 will be payable to any Children of the Former Member. Such pension shall be distributed equally amongst all eligible Children, with the portion allocated to a child who subsequently no longer qualifies as a Child being redistributed amongst the remaining Children.

The pension described in subsection 15.1 shall be payable to any Dependent of the Former Member if there should be no Spouse or Children initially or at some subsequent date. If there should be more than one Dependent, then the benefit will be split equally amongst all eligible Dependents.

15.3 Child's Benefits

In the event of the death of a Former Member after pension commencement, where there is a Spouse receiving the benefit described in subsection 15.1, there shall be payable to each Child of the Former Member a pension equal to 10% of the amount of pension that the Former Member would have received had the Former Member been living. Such Child's pension is subject to reduction in accordance with subsection 8.2 at the date the Former Member would have attained his Normal Retirement Date, if the Former Member had not already done so prior to death.

In the event that there are more than 4 eligible Children, a benefit equal to 4 times the 10% pension that a single Child would have received will be divided equally amongst all of the Children. Should a child no longer qualify as a Child, the portion of the benefit that such child was receiving will be redistributed amongst the remaining Children, subject to a maximum of the 10% pension a single Child would have received.

15.4 Payment of Survivor Benefits

Payment of survivor pensions under this Section 15 shall commence on the last day of the month following the month in which the Member dies.

Payments to the Spouse will continue for the remainder of the Spouse's lifetime, ceasing with the payment at the end of the month in which the Spouse dies.

Payments to Children will be paid as long as the child qualifies under the definition of a Child, ceasing with the payment at the end of the month in which the child no longer qualifies as a Child, or dies. If a Child requalifies for benefits, payments will recommence in the same amount as they had been paid before the child ceased to qualify as a Child.

Payments to a Dependent will continue until the earlier of cessation of dependency or the Dependent's death.

15.5 Indexing of Death Benefits

Any survivor's pension payable in accordance with this Section 15 shall be increased effective January 1 of each subsequent Plan Year according to the indexing formula in subsection 10.2.

15.6 Minimum Death Benefits

Upon all required payments being made to any Spouse, Children, or Dependents of the Former Member pursuant to subsections 15.1, 15.2, and 15.3, a death benefit payable to the estate of the Former Member will be paid, equal to the excess (if any) of the Former Member's contributions to the Plan, with Credited Interest to the date that the Former Member retired over the sum of all pension and survivor pension payments which have been made.

15.7 Other Beneficiary's Benefits

In the event of the death of a Former Member after pension commencement, where the Former Member did not have a Spouse, the Member's beneficiary will be entitled to the difference, if any, between (a) and (b) as follows:

(a) 120 guaranteed monthly payments equal to 100% of the benefit payable to the Member under subsection 7.2 or paragraph 8.2(b), as applicable, less any early retirement reduction applied to the Member's pension under subsection 8.3 and subject to any indexing payable under subsection 10.2; and

(b) the payments received by the Member prior to death and any payments received by the Children or Dependents of the Member after the Member's death.

The Commuted Value of the benefit under this subsection 15.7 will be payable to the beneficiary in a lump sum payment. If the Member has not named a beneficiary, the Commuted Value of the remaining guaranteed payments will be paid to the Member's estate.

(Added by Amendment No. 7, effective January 1, 2001.)

Section 16 - Pension Entitlement on Marriage Breakdown

16.1 Definitions

In this Section16,

(a) "Court Order" means an order of the Supreme Court of Nova Scotia or an order of a court of competent jurisdiction, made outside of but enforceable in Nova Scotia, that provides for the division of a pension or pension benefit;

(b) "Matrimonial Property Act" means the Nova Scotia *Matrimonial Property Act*, R.S.N.S. 1989, c. 275, any regulations thereunder, and any successor legislation, as may be amended from time to time;

(c) "Pension Benefit Earned During The Marriage" means the pension or the pension benefit, as applicable, earned during:

(i) a marriage, or

(ii) a period of cohabitation;

(d) "Separation Agreement" means an agreement in writing between a Member or Former Member and his or her Spouse that provides for the division of a pension or pension benefit.

16.2 Division of Pension

Where a Member or Former Member is entitled to a pension or a pension benefit, as applicable, and

(a) a petition for divorce is filed;

(b) an application is filed for a declaration of nullity; or

(c) the Member or Former Member and his or her Spouse have been living separate and apart and there is no reasonable prospect of the resumption of cohabitation,

the Pension Benefit Earned During the Marriage may only be divided pursuant to a Court Order or Separation Agreement.

16.3 Entitlement of Spouse

Where there is a Court Order or Separation Agreement regarding the division of the Pension Benefit Earned During The Marriage, a Spouse is entitled to receive a separate pension or a proportionate share of the Member's of Former Member's pension. Subject to subsection 16.5 of the Plan, a Spouse is entitled to no more than one half of the Pension Benefit Earned During the Marriage. Where a pension is to be divided pursuant to a Court Order or Separation Agreement, a Spouse is entitled to receive a proportionate share of the pension paid until the earlier of the death of the Spouse or the cessation of the pension.

16.4 Transfer From Plan

(a) DB Provision

Where a benefit under the DB Provision is divided pursuant to a Court Order or Separation Agreement, the Spouse is entitled, in accordance with the Act, to have a proportionate share of the Commuted Value of the pension benefit transferred from the Plan to his or her credit when the Member or Former Member retires or terminates membership in the Plan.

(b) DC Provision

Where a benefit under the DC Provision is divided pursuant to a Court Order or Separation Agreement, the Spouse is entitled, in accordance with the Act, to transfer his or her proportionate share of the benefit from the Plan.

(c) Transfer to Spouse

A transfer of benefits under paragraphs (a) and (b) above may only be made, in accordance with the Act, as follows:

(i) to another pension plan;

(ii) into a prescribed retirement savings arrangement; or

(iii) to allow for the purchase of a deferred life annuity.

16.5 Unequal Division

In accordance with the Act, nothing in this Section 16 precludes a division of assets pursuant to the Matrimonial Property Act in settlement of the value of any pension or other benefit under the Plan where, by reason of the termination of a relationship, the chance of acquiring it would be lost. Where there is an unequal division of a pension or pension benefit based upon the aforementioned grounds, the provisions of the Act are not applicable.

16.6 Adjustment of Benefit

A benefit received by a Member or Former Member under the DB Provision that is subject to division under subsection 16.2, must be adjusted in accordance with the Act where the Spouse receives a separate pension, a transfer of a proportionate share of the commuted value of the benefit under subsection 16.4, or a death benefit paid under subsection 16.7.

16.7 Death of Member or Spouse

(a) If the Member or Former Member dies before the Spouse receives his or her share of the Member's or Former Member's benefit under the DB Provision, the Spouse is entitled to a proportionate share, as determined in accordance with the Act, of the pre-retirement death benefit payable in accordance with Section 14 of the Plan.

(b) If the Member or Former Member dies after the Spouse transfers his or her share of the Member's or Former Member's benefit under the DB Provision, the pre-retirement death benefit payable in accordance with Section 14 is not payable to the Spouse unless the Member or Former Member has designated the Spouse as his or her beneficiary.

(c) If the Spouse dies before the Member or Former Member and before transferring his or her proportionate share of the Member's or Former Member's benefit under the DB Provision, the Plan must pay to the Spouse's beneficiary or estate, as applicable, the death benefit payable in respect of the Spouse's proportionate share as if the Member or Former Member had died.

(Section 16 replaced by Amendment No. 9, effective June 4, 2001).

Section 17 - General Provisions

17.1 Primary Purpose of Plan

The primary purpose of the Plan is to provide periodic payments to the Members and Former Members of the Plan after retirement and until death in respect of their service as Employees.

17.2 Non-Assignability of Benefits

Except as otherwise required by law and permitted under the Pension Benefits Act or the Tax Act, all pension and other benefits provided under the terms of the Plan are for the Member's and Former Member's own use and benefit, and may not be attached, anticipated, assigned, charged, alienated, surrendered or given as security and are exempt from execution, seizure, alienation and any transaction purporting to attach, anticipate, assign, charge, alienate, surrender or give as security such money is void.

17.3 Non-Commutation of Pensions

A pension or deferred pension payable under this Plan shall not be capable of being commuted, except as specified in subsection 13.4 and in either of the following cases:

(a) if the annual pension payable at the Normal Retirement Date is not more than 4% of the YMPE in the year that the Member or Former Member terminated employment of if the commuted value of a benefit is less than 10% of the YMPE in the year that the Member or Former Member terminated employment, or such other amount as may be prescribed by the Pension Benefits Act from time to time, then such pension may be commuted;

(*Revised by Amendment No. 10, effective January 1, 2001).*

(b) as permitted in accordance with the Pension Benefits Act and the Tax Act, in the event that the life expectancy of the Member or Former Member is likely to be considerably shortened by reason of his mental or physical disability, as certified by a medical doctor licensed to practise under the laws of a province of Canada, then such pension may be commuted.

In either of the above two cases, the Commuted Value of the pension will not be subject to the locking-in requirements of subsection 13.5.

Note: Commuting is a term which refers to the varying of the terms of payment of a pension or deferred pension to provide for the immediate payment of the Commuted Value.

17.4 Information To Be Provided Before Administrator Pays Benefits

Payment of benefits hereunder shall not be made until the person entitled to payment of the benefits delivers to the Administrator the following:

> satisfactory proof of age of the person and other persons who may become entitled to payment of the pension and such other information as may be required to determine eligibility, calculate, pay, or continue payment of the benefit.

Once such information and/or documentation has been provided, the Administrator will authorize the payment of all pension payments accrued from the date of commencement of entitlement. If the person does not provide such information and/or documentation and the Administrator does not have actual notice to the contrary, the Administrator may authorize the payment of the pension in accordance with the latest information in its records.

17.5 No Right to Employment

Nothing herein contained shall be deemed to give any Employee any right to be accepted, retained or reinstated in the employment of the Employer or to interfere with the right of the Employer to discharge any Employee at any time notwithstanding the effect which such discharge might have upon the Employee as a Member under the Plan.

When a Member or Former Member has received all of the benefits to which he or she is entitled hereunder, he or she will thereupon cease to be a Member or Former Member of the Plan.

(Amended by Amendment No. 7, effective January 1, 2001.)

17.6 Notices and Elections

For the purposes of this Plan, notices to any Member or Former Member may be given, made, or communicated, as the case may be, in such manner as the Company shall determine, including mailing the same by ordinary pre-paid post letter addressed to him at his last place of abode as known to the Company or at his address as entered in the personnel records of the Company. Any notice so given shall be deemed to have been given 5 days after the mailing of such notice. Any notice to the Administrator may be given by ordinary pre-paid post letter addressed to "Pension Administrator" at the Company's head office. It will be the responsibility of any person entitled to a benefit under the Plan to notify the Administrator in writing of his mailing address and subsequent changes of mailing address.

17.7 Incapacity to Receive Benefit Payments

If any person entitled to receive a pension or other benefit under the Plan is incapable of managing his own affairs and/or of giving a valid receipt for such pension or other benefit, the pension or other benefit may be paid to a legally appointed representative or guardian of such person, and any such payment will be deemed a payment for the account of the person entitled to the pension or other benefit, and will constitute a full and complete discharge for the payment of the pension or other benefit under the Plan. If such person dies before receiving all the payments to which he is entitled under the Plan, the remaining payments will be made to his estate, subject to the provisions of the Plan.

17.8 Gender

The gender of a Member or other beneficiary shall not be taken into account in

(a) determining the amount of contributions required to be made by a Member of the Plan;

(b) determining the pension benefits or the Commuted Value of pension benefits that a Member or other beneficiary is or may become entitled to;

(c) the provision of eligibility conditions for membership;

(d) the provision of ancillary benefits.

17.9 Construction

The Plan, and the rights hereunder, will be governed, construed, and administered in accordance with the laws of the Province of Nova Scotia, and the Tax Act.

17.10 Conformity with Legislation

In the event that any provision of the Plan is less favourable to Employees than is required by the terms of the Pension Benefits Act, and until such time as the Plan is amended to comply with the terms of the Pension Benefits Act, the Plan shall be administered as if such provision conformed with the terms of the Pension Benefits Act to the extent necessary to remedy any such deficiency.

In the event that any provision of the Plan does not comply with the terms of the Tax Act, and until such time as the Plan is amended to comply with the terms of the Tax Act, the Plan shall be administered as if such provision conformed with the terms of the Tax Act to the extent necessary to remedy any such noncompliance.

17.11 Employer Records

Wherever the records of the Employer are used for the purposes of this Plan, such records shall be conclusive as to the facts with which they are concerned.

(Amended by Amendment No. 7, effective January 1, 2001.)

17.12 Severability

The provisions of the Plan shall be construed as a whole in such manner to carry out the purposes of the Plan as set out herein and to provide to, or in respect of, Members and Former Members, the benefits specifically defined herein. If any provision of the plan is found to be invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, the Plan shall be enforced and construed to the extent possible without regard to that portion of the provision found to be invalid or unenforceable.

17.13 Captions, Headings, And Notes

The captions, headings, notes and table of contents of this Plan are included for convenience of reference only and are not part of the Plan and shall not be used in interpreting the provisions of this Plan.

Section 18 - Amendment to or Termination of the Plan

18.1 Right to Amend

The Company may make any modifications, alterations or amendments to this Plan necessary to obtain and retain the approvals of Revenue Canada, Taxation, the Superintendent and other appropriate regulatory bodies as is required in order to establish the qualified status of the Plan for registration, and the deductibility for income tax purposes of Company contributions to the Pension Fund. The Company reserves the right to amend or discontinue the Plan, either in whole or in part, if, in the opinion of the Company, future conditions warrant such action, subject always to the Tax Act and the provisions of the Pension Benefits Act.

18.2 No Reduction of Accrued Benefits

No amendment to the Plan shall operate to reduce the benefits which have accrued to any Member or Former Member or any other individual entitled to benefits under the Plan prior to the date of such amendment, unless such amendment is required to avoid the revocation of the Plan's registration under the Tax Act, and not unless the Superintendent's approval for such amendment has been obtained.

18.3 Termination of the Plan

(a) DB Provision

(i) If the Plan is wound up in whole or in part, an Employer who participates in the DB Provision shall contribute to the DB Fund all amounts required to be remitted by the Employer which are due or that have accrued up to the effective date of the wind-up under the DB Provision and that have not been remitted to the DB Fund as required by the Plan and the Pension Benefits Act.

(ii) If the Plan is wound up in whole or in part, the assets of the DB Fund shall be allocated for the provision of benefits in accordance with the DB Provision of the Plan, and in accordance with the Pension Benefits Act and the Tax Act.

(iii) If the Plan is wound up in whole or in part and the assets in the DB Fund are not sufficient to pay all the benefits under the DB Provision of the Plan, or the portion of the DB Provision being wound-up, as the case may be, an Employer who participates in the DB Provision shall, to the extent that it has sufficient assets, pay into the Plan an amount sufficient, when added to the existing DB Fund, to pay all the benefits under the DB Provision that have accrued to Members who are Employees of that Employer. If the Employer does not have sufficient assets, the benefits payable under the DB Provision shall be reduced in a manner acceptable to the Company and the Actuary provided that it is in accordance with the Pension Benefits Act.

(iv) If, after provision for pension and other benefits payable to or in respect of Members, Former Members or any other individual entitled to benefits under the DB Provision of the Plan, on the wind-up in whole or in part of the Plan, the assets of the DB Fund exceed the liabilities of the DB Provision of the Plan, such Surplus shall be used to improve benefits for Members, Former Members or other individuals entitled to benefits under the Plan, as the Company may direct, provided that the total benefits payable to Members, Former Members or other individuals entitled to benefits under the DB Provision of the Plan shall not exceed the maximum benefit permitted to be paid under Section 11, and the portion of such Surplus that is not used to provide benefits shall be refunded to the Employer at the Company's direction.

(b) DC Provision

In the event of the whole or partial termination of the Plan, the Employer will not be obliged to make any further contributions to the DC Provision of the Plan with respect to service after the date of termination. Any Employer contributions that were due or accrued prior to the date of termination will be deposited to the DC Fund.

The rights of any person entitled to benefits under the DC Provision will be limited to the assets of the DC Fund existing at the time.

Any Forfeited Amounts or Surplus remaining in the DC Provision of the Plan on the whole or partial wind-up of the Plan will be paid to the Company or distributed at the Company's direction.

(Amended by Amendment No. 7, effective January 1, 2001.)

Appendix A - Voluntary Early Retirement Incentive Pension Program of May, 1993

Note: *In May, 1993, the Company approved a Voluntary Early Retirement Incentive Program. This Appendix A describes only the portion of the Voluntary Early Retirement Incentive Program which is to be provided through this Plan.*

A.1 Eligibility

To be eligible for the voluntary early retirement incentive pension program described in this Appendix A, a Member must satisfy the criteria described in either (a) or (b) below, before December 31, 1994.

(a) Age Between 50 and 60, and Age Plus Service Equals or Exceeds 80

In order to qualify under part (a) herein, a Member must have attained age 50, but not age 60, and the sum of his age and years of Continuous Service must equal or exceed 80 years, on or before December 31, 1994.

(b) Age Between 60 and 65, with at Least 2 years of Service

In order to qualify under part (b) herein, a Member must have attained age 60, but not age 65, and have completed at least 2 years of Continuous Service, on or before December 31, 1994.

A.2 Election to Participate and Retirement Dates

In order to receive the benefits described in this Appendix A, a Member must elect to participate in the program and retire within the following time periods:

(a) Members who satisfy either of the eligibility criteria in subsection A.1 prior to August 31, 1993, must elect to participate between May 31, 1993 and July 5, 1993, and retire between the date on which the eligibility criteria are satisfied and August 31, 1993.

(b) Members who first satisfy either of the eligibility criteria in subsection A.1 after August 31, 1993 but prior to December 31, 1994, must elect to participate between May 31, 1993 and August 3, 1993, and retire on the last day of the month in which they first satisfy the eligibility requirements in subsection A.1.

In individual instances, the Company may permit Members to delay the actual date of retirement, but in no event shall the retirement be postponed beyond December 31, 1994.

A.3 Members Who Have Attained Age 55

Members who elect to participate in accordance with subsection A.2, and who have attained age 55 at retirement, will receive an immediate pension, calculated in accordance with the following:

(a) the Member will receive the regular pension, calculated in accordance with Sections 1 to 18 of this Plan; plus

(b) the Member will also receive an additional annual pension equal to 2% of his Final Average Salary, multiplied by the lesser of:

(i) 5 additional years of Credited Service;

(ii) an additional amount of Credited Service equal to the amount of Credited Service which the Member had accrued up to the date of retirement; or

(iii) an additional amount of Credited Service equal to the number of years and complete months between the Member's retirement date and the end of the month in which the Member will attain age 65;

(c) the pensions described in parts (a) and (b) above are not subject to reduction pursuant to subsection 8.3; and

(d) the additional pension provided in part (b) above is not subject to the maximum pension rules described in subsection 11.1, but is subject to the limits described in subsection A.5 of this Appendix.

A.4 Members Who Have Not Attained Age 55

Members who elect to participate in accordance with subsection A.2, and who have not attained age 55 at retirement, will receive an immediate pension, calculated in accordance with the following:

(a) the Member will receive an annual pension equal to 2% of his Final Average Salary, multiplied by any years of Continuous Service prior to January 1, 1990 which the Member may have, which do not count as part of his Credited Service under the Plan, reduced by any pension which may be payable under the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies with respect to such Continuous Service; plus

(b) the Member will receive an annual pension equal to 2% of his Final Average Salary, multiplied by his years of Credited Service prior to January 1, 1990; plus

(c) the Member will receive an annual pension equal to the sum of:

(i) 1.3% of his Final Average Earnings not in excess of the Final Average YMPE; plus

(ii) 2.0% of the excess, if any, of his Final Average Earnings over the Final Average YMPE;

multiplied by his Credited Service after December 31, 1989; plus

(d) the Member will receive an annual bridge pension, payable from retirement and ceasing with the payment for the month in which the Member attains age 65, equal to the maximum bridge allowed under subsection 11.2;

(e) the pensions described in parts (a), (b), and (c) of subsection A.4 are not subject to reduction pursuant to subsection 8.3;

(f) any increase in the Member's annual pension benefits, either before or after age 65, including both Lifetime Retirement Benefits and bridge benefits, payable as a result of the application of parts (a), (b), (c) and (d) of subsection A.4 shall not exceed 10% of the Member's Final Average Salary, plus indexing thereon as per subsection 10.2;

(g) the Lifetime Retirement Benefits for any Member following application of parts (a), (b), and (c) of subsection A.4 shall be subject to the maximum pension rules described in subsection 11.1, subject to the condition that benefits for service prior to January 1, 1992 are not reduced through the application of this part (g); and

(h) any increase in benefits granted pursuant to this subsection A.4 shall be subject to the limits described in subsection A.5 of this Appendix;

A.5 Restrictions on Benefit Improvements

The pension benefits provided in subsections A.3 and A.4 above are subject to the following restrictions:

(a) Credited Service in the Plan, including deemed service provided in subsection A.3.(b) or any Continuous Service applied pursuant to subsection A.4.(a), shall not exceed 35 years.

If the Member has any service which counts as credited service under the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies, then any additional service granted or recognized shall not exceed the amount which increases the total benefits payable under the Plan and the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies to the benefit that would be paid if the Member had 35 years of Credited Service in the Plan.

(b) The difference between the Commuted Value of the total benefits payable under both this Plan and the Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies and the Commuted Value of the benefits which would have been payable under both pension plans had the Member voluntarily retired without receiving any enhanced benefits shall not exceed 36 months of the Member's base pay as at May 31, 1993. In any case where the enhancements would have a Commuted Value in excess of this amount, the enhancements will be reduced sufficiently to satisfy this requirement.

(c) The maximum pension restrictions described in subsection 11.1 will apply in the normal manner, in accordance with the rest of the Plan provisions, except where specifically exempted in subsection A.3.(d).

(d) In the year in which benefits commence to be paid to a Member, the pension granted pursuant to subsection A.3.(b) shall not exceed the amount determined as the product of:

(i) the lesser of the Defined Benefit Limit for the year and 2 per cent of the Member's Highest Average Indexed Compensation; and

(ii) the number of years, including fractions of a year, from the time the Member terminates employment to the Member's 65th birthday, subject to a maximum of 7 years.

In subsequent years, the pension may be increased in accordance with subsection 10.2.

A.6 <u>Funding of Benefits Provided Under Appendix A</u>

The increase in each Member's benefits as a result of the application of this Appendix A is to be paid for entirely through Company contributions to the Plan. Such Company contributions are not to be taken into consideration when determining the Company's requirement to match Member contributions under subsection 6.3, or in calculating the Accumulated Excess Company Contributions.

A.7 Re-Employment

In the event that a Former Member who retired and received enhanced benefits under this Appendix A is re-employed by the Company, that Former Member shall retain entitlement to the enhanced benefits granted under Appendix A, to the fullest extent permissible under the Tax Act and the Pension Benefits Act.

(Added by Amendment No. 1, effective May 31, 1993.)

Appendix B - Voluntary Early Retirement Program of 1997 to 2001

B.1 Eligibility

To be eligible for the early retirement program described in this Appendix B, a Member's age plus years of Continuous Service must total 80 or more.

(Added by Amendment No. 4, effective April 1, 1997.)

B.2 Election to Participate and Retirement Dates

In order to receive the benefits described in this Appendix B, a Member must elect to participate in the program between April 1, 1997 and December 31, 2001.

(Added by Amendment No. 4, effective April 1, 1997.)

B.3 Amount of Unreduced Pension Payable

A Member who retires under subsection B.2 will be entitled to receive a pension calculated in accordance with subsection 8.2 of the Plan.

(Added by Amendment No. 4, effective April 1, 1997.)

Appendix C - DC Provision

C1. Contributions

(a) Contributions During Regular Service

The Employer shall elect to contribute to the Plan under one of the options in (i) and (ii) below. The Employer may choose one option to apply to all Employees or may choose different options for different classes of Employees, provided that those classes are acceptable under the Pension Benefits Act. The contribution option or options under which each Employer participates are listed in Appendix D.

(i) Option 1 - The Employer contributes 3% of the Member's Earnings on behalf of each Member who participates in the DC Provision of the Plan.

(ii) Option 2 - The Employer contributes 3% of the Member's Earnings on behalf of each Member who participates in the DC Provision of the Plan and makes a further contribution on behalf of each Member who participates in the DC Provision of the Plan equal to 50% of the Member's Optional Contribution.

Members have the option to make Optional Contributions of 0% to 6% of Earnings to the Plan by payroll deduction, in 0.5% increments. A Member may change his or her level of Optional Contributions once per quarter.

(b) Contributions During Periods of Absence

(i) If a Member is absent from work due to Disability and the Member is in receipt of benefits under the Long Term Disability Plan sponsored by the Employer, the Employer's Long Term Disability Plan will make the Member's contributions on behalf of the Member. The Employer will also continue to contribute to the DC Provision on the Member's behalf during the Period of Disability. The contributions made by the Long Term Disability Plan and by the Employer will be based on the Member's Earnings immediately prior to the date of Disability and, where applicable, on the Member's level of Optional Contributions immediately prior to the date of Disability.

(ii) If a Member is absent from work due to Disability and the Member is not in receipt of benefits under the Long Term Disability Plan sponsored by the Employer, but the Member is in receipt of benefits under workers' compensation legislation, the Member will have the option to continue to contribute to the DC Provision of the Plan in accordance with paragraph C1(a) above and the Employer will continue to contribute to the DC Provision of the Plan on the Member's behalf in accordance with paragraph C1(a) above, based on the Member's Earnings immediately prior to the date of Disability and, where applicable, on the Member's Optional Contributions during the period of

Disability.

(iii) If a Member is absent from work due to Disability and the Member is not in receipt of benefits under the Long Term Disability Plan sponsored by the Employer nor under workers' compensation legislation, the Member will not be permitted to make contributions to the DC Provision and the Employer will not make contributions to the DC Provision on the Member's behalf.

(iv) If a Member is absent from work due to an Eligible Period of Temporary Absence that has been approved by the Employer, the Member will have the option to continue to contribute to the DC Provision of the Plan in accordance with paragraph C1(a) above and the Employer will continue to make contributions on the Member's behalf in accordance with paragraph C1(a) above, based on the Member's Earnings immediately prior to the commencement of the Eligible Period of Temporary Absence.

(v) If a Member is experiencing an Eligible Period of Reduced Pay, the Member has the option to contribute to the DC Provision of the Plan based on the Member's Earnings immediately prior to the Eligible Period of Reduced Pay. If the Member so elects, the Employer will continue to make contributions on the Member's behalf in accordance with paragraph C1(a) above, based on the Member's Earnings immediately prior to the Eligible Period of Reduced Pay.

(c) Maximum Contributions

In no event shall a contribution be made under the DC Provision of the Plan in a particular year where that contribution would produce a Pension Adjustment for the Member which exceeds the lesser of:

(i) the Money Purchase Limit for the year; and

(ii) 18% of the Member's compensation (as defined in the Tax Act) from the Employer for the year.

Note: "Compensation" is defined in subsection 147.1(1) of the Tax Act as, generally speaking, income from employment that would be required to be included in an individual's taxable income plus any prescribed amounts.

(d) Payment of Contributions

All Member and Employer contributions shall be paid to the DC Fund not less frequently than monthly and not later than 30 days after the end of the month in which they were deducted or to which they relate.

(e) Withdrawal of Contributions

A Member's Individual Member Account may not be withdrawn, in whole or in part, while a Member remains an Employee of the Employer.

(f) Return of Contributions

Where permitted by the Pension Benefits Act and the Tax Act, contributions made by a Member or by the Employer may be returned to the Member or Employer, as applicable, to avoid revocation of the registration of the Plan.

(g) Permissible Contributions

No contribution may be made to the DC Provision other than a contribution made in accordance with this Section C1.

(Added by Amendment No. 7, effective January 1, 2001.)

C2. Accounts and Allocations

(a) Individual Member Account

An Individual Member Account will be established for each Member, that will consist of two sub-accounts. Contributions made by the Employer on behalf of the Member will be deposited to one sub-account (the "Employer Contribution Account") and any Optional Contributions made by the Member will be deposited to the second sub-account (the "Member Contribution Account"). The Employer shall have the option to transfer Surplus available under the DB Provision of the Plan to the DC Provision, in accordance with the Tax Act, to reduce all or part of such contributions payable by the Employer, on behalf of Members, under the DC Provision.

The two sub-accounts will be invested in the Pension Fund. A pro-rata share of reasonable administrative, investment and similar expenses may, at the Employer's option, be charged against such accounts, provided the Employer shall have the option to pay all or part of such expenses itself and provided the Company shall have the option to pay all or part of such expenses from such Surplus as exists under the DC Provision. All benefits payable under the DC Provision of the Plan in respect of a Member shall be provided from the value of the Member's Individual Account.

Note: Regulation 8502(k) under the Tax Act provides that surplus held under one benefit provision of the plan is not available to pay benefits under another benefit provision of the plan, except where the transfer of surplus from one provision to the other, is such that if the provisions were in separate plans, the transfer would be a transfer as described in subsection 147.3(4.1) of the Tax Act. A transfer under subsection 147.3(4.1) occurs where the amount transferred is a surplus under a DB provision and is transferred to and allocated under a money purchase provision.

(Added by Amendment No, 7 , effective January 1, 2001, revised by Amendment No. 9, effective January 1, 2001).

(b) Allocation of Plan Investment Earnings

Net investment earnings of the Plan after payment of any expenses shall be allocated to Individual Member Accounts on a periodic basis, not less frequently than annually. On any Member's retirement, termination of employment or death, Credited Interest shall be allocated to the Member's Individual Member Account to such date.

(c) Forfeited Amounts

If at any time the DC Fund contains Forfeited Amounts, the Forfeited Amounts and Credited Interest thereon shall either be used by the Company to offset the Employer's required contributions under Section C1 above or be paid out to the Company or, at the Company's direction, to an Employer, within the year following the year in which the amounts were forfeited.

(d) Surplus

The Employer shall not make contributions to the DC Provision of the Plan if the DC Provision of the Plan contains a Surplus, but shall use the Surplus to offset its required contributions under Section C1.

(Added by Amendment No. 7, effective January 1, 2001.)

C3. Investment of Assets

(a) Investment of Contributions

The balances in Members' Individual Member Accounts shall be invested in any of the investment options offered by the Company from time to time. The Company may impose restrictions or conditions on the number of times in a year that a member [sic] may alter his or her investment choices and the advance notice required to make such changes.

(Added by Amendment No. 7, effective January 1, 2001.)

C4. Amount of Pension

(a) Retirement Date

A Member who participates under the DC Provision of the Plan may retire at any time on or after the date the Member reaches age 55, provided that the Member has terminated employment and provided further that the Member must retire no later than the end of the calendar year in which the Member reaches age 69.

Note: The policy of the Employer is that all Employees must retire no later than age 65.

(b) Basic Pension

Subject to subsection 17.3 and paragraph C4(c) below, a Member will be entitled to receive an annual pension commencing on the first of the month following the Member's retirement date in the amount that may be purchased from a life insurance company licensed to do business in Canada with the balance in the Member's Individual Member Account, provided that payments under the annuity commence no later than the end of the calendar year in which the Member reaches age 69.

(c) Transfer

Notwithstanding paragraph C4(b) above, a Member may elect to have the balance in the Member's Individual Member Account transferred on a locked-in basis to a registered retirement savings arrangement prescribed under the Pension Benefits Act and the Tax Act.

(Added by Amendment No. 7, effective January 1, 2001.)

C5. Termination of Service

(a) Termination Benefits

Subject to subsection 17.3 and paragraph C5(b), a Member who terminates employment must elect one of the following with respect to the balance in the Member's Individual Member Account:

(i) a transfer to a locked-in registered retirement savings arrangement prescribed under the Pension Benefits Act and the Tax Act;

(ii) a transfer to a life insurance company licensed to do business in Canada, for the purchase of a deferred life annuity, provided that payments under the annuity commence no earlier than the date the Member reaches age 55 and no later than the end of the calendar year in which the Member reaches age 69; or

(iii) to leave the funds in the DC Provision for up to two years from the date of termination, at which time the Former Member must elect a transfer under (i) or (ii) above, unless he or she has been re-employed by the Employer within the two year period.

(b) Restrictions on Transfers

Any transfer of funds from the Plan shall be subject to the restrictions imposed under the Tax Act and, in particular, Section 147.3 thereof, unless otherwise approved by the Canada Customs and Revenue Agency.

Note: Section 147.3 governs the tax-free transfer of lump sum amounts from registered pension plans to other registered pension plans, RRSPs or registered retirement income funds ('RRIFs"), limiting the nature of the vehicle to which the transfer can be made.

(Added by Amendment No. 7, effective January 1, 2001.)

C6. Benefits on Death

(a) Death Prior to Retirement

If a Member dies before retirement, the Member's beneficiary will receive a refund of the balance in the Member's Individual Member Account.

If the Member's beneficiary is his or her Spouse, the Spouse will have the option to transfer the refund described in this paragraph C6(a) to a registered retirement savings arrangement prescribed under the Pension Benefits Act and the Tax Act.

(b) Death After Retirement

(i) Benefits Elected by Member at Retirement

If a Member dies after retirement, the death benefit, if any, payable to the Member's beneficiary shall be paid in accordance with the transfer arrangements or annuity purchase made by the Member at the time of retirement.

(ii) Benefits Required by Legislation

The Pension Benefits Act requires that, if a Member has a Spouse at the date of retirement, the form of pension elected by the Member include a survivor benefit, payable to the Spouse for his or her lifetime, in an amount equal to at least 60% of the amount paid to the Member prior to death, provided that the survivor benefit does not exceed 100% of the amount paid to the Member prior to death. This requirement can be waived in writing by both the Member and his or her Spouse.

(Added by Amendment No. 7, effective January 1, 2001.)

Appendix D – Participating Employers

Employers participating in the Plan participate under the following Plan provisions and contribution options:

Employer	Provision(s)	Date of Entry	Contribution Option
Nova Scotia Power Inc.	DB / DC	January 1, 2001	Option 2
Emera Incorporated	DB / DC	January 1, 2001	Option 2
Emera Fuels Inc.	DC	January 1, 2001	Option 1
Cablecom Ltd.	DC	January 1, 2001	Option 1
Fibretek Inc.	DC	January 1, 2001	Option 1
510845 N.B. Inc.	DC	January 1, 2001	Option 1
Emera Energy Inc.	DB/DC*	Nov. 1, 2001	Option 2

*All new employees hired by Emera Energy Inc. participate in the DC provision. All members who transfer to Emera Energy Inc. from another participating employer and who were accruing under the DB Provision will continue to accrue under the DB Provision.

(Added by Amendment No. 7, effective January 1, 2001, and revised by Amendment No. 9, paragraph 5 effective November 1, 2001 and paragraph 6 effective, January 2, 2002.)

NOVA SCOTIA POWER INCORPORATED:

PENSION PLAN FOR

EMPLOYEES OF CERTAIN ACQUIRED COMPANIES

(Plan Text Effective August 1, 1992 as Amended)

December 31, 2003

This Consolidation incorporates the changes adopted by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, and Amendment No. 7 to the Plan text effective August 1, 1992. It is not an official text and has not been filed with the Canada Customs and Revenue Agency or the Nova Scotia Department of Environment and Labour, Pension Regulation Division.

Note:

INTRODUCTION

The Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies ("Acquired Companies Plan", "the Plan" or "this Plan") is a merger and amendment and continuation of two existing pension plans of Nova Scotia Power Incorporated ("NSPI") being:

(a) the Nova Scotia Light and Power Company, Limited Improved Pension Plan ("Improved Plan"); and

(b) the Supplemental Pension Plan for Certain Employees of the Nova Scotia Power Corporation ("Supplemental Plan").

The registration of the Acquired Companies Plan under both the Nova Scotia Pension Benefits Act and the Income Tax Act will be maintained.

While the Improved Plan and the Supplemental Plan have been merged, their two separate and distinct trust funds will continue as such for the future. Pension Fund I, which emanates from the Improved Plan pension fund, will be used solely to pay benefits to those persons previously covered under the Improved Plan in accordance with those provisions of the Plan which replace the Improved Plan; Pension Fund II, which emanates from the Supplemental Plan pension fund, will be used solely to pay benefits to persons previously covered under the Supplemental Plan in accordance with those provisions of the Plan which replace the Supplemental Plan.

A few comments with respect to the history of the Improved Plan and the Supplemental Plan are appropriate:

IMPROVED PLAN

The Improved Plan was established January 1, 1955, replacing a Prior Plan which was effective January 1, 1945. Effective February 1, 1972, Nova Scotia Power Corporation ("NSPC") acquired the Nova Scotia Light and Power Company, Limited and effective April 1, 1973 all former employees at Nova Scotia Light and Power Company, Limited were eligible for coverage under the Public Service Superannuation Plan. The employees, however, continued to contribute to the Improved Plan during the period February 1, 1972 to March 31, 1973. Nova Scotia Power Incorporated ("NSPI") and its predecessors have continued the Improved Plan in effect as regards credited service to March 31, 1973 and have administered the Improved Plan since February 1, 1972.

Benefits have been unilaterally improved from time to time under the Improved Plan with respect to Credited Service earned up to March 31, 1973, with the most recent such improvement being effective January 1, 1988, at which time the spouse's benefit in the case of members who either die in service or retire after January 1, 1988 was increased from 25 to 60%.

The Improved Plan has been revised and restated in this Plan in order to comply with both the revised Nova Scotia Pension Benefits Act (which was effective January 1, 1988) and the revisions to the Income Tax Act and its regulations (which were effective January 1, 1992). Because the changes required as a result of the new legislation were fairly extensive, the Improved Plan is restated in its entirety in this merged Plan.

Benefits for employees or their surviving beneficiaries in the case of employees who retired, died or terminated prior to August 1, 1992 were determined in accordance with the Improved Plan provisions and applicable legislation in effect at that time, and such benefits shall continue to be provided under this Plan. This Plan outlines all provisions applicable to employees in service as of August 1, 1992, its effective date.

For purposes of clarity, all of the provisions relating to the rights and benefits of persons formerly covered under the Improved Plan as of July 31, 1992 are contained in Part I of the Plan. Persons entitled to benefits under Part I of the Plan are referred to as Group I members and the separate trust fund applicable to them is referred to as Pension Fund I.

SUPPLEMENTAL PLAN

The Supplemental Plan was formed effective January 1, 1971 primarily to provide certain supplemental benefits to those employees who had prior service with one of the companies specified in Part II of Appendix A.

While the Supplemental Plan was formed primarily to provide supplemental benefits to those employees who worked for Nova Scotia Power Corporation (NSPC) after the date of acquisition of their former employer and who joined the Public Service Superannuation Plan as soon as becoming eligible, it also provided certain benefits to those employees who worked for NSPC and did not join the Public Service Superannuation Plan, but rather continued as a member under the former employer's pension plan. The Supplemental Plan also provided certain benefits to certain employees of acquired companies which did not have a pension plan and also to certain employees of acquired companies who retired prior to the date of such acquisition.

The Supplemental Plan also provided certain "discretionary" benefits to certain employees who may or may not have worked for an acquired company, where NSPC deemed such benefits to be appropriate in the circumstances. Such benefits are no longer permitted under either the Income Tax Act or the Nova Scotia Pension Benefits Act, and as a result, there will be no benefits of that kind provided under the Plan. NSPI, rather than this Plan, will pay all commitments with respect to such discretionary benefits in the future. In addition, the provisions under the Supplemental Plan relating to war service have been deleted as such benefits are paid under the Nova Scotia Public Service Superannuation Act.

NSPC has unilaterally improved benefits from time to time under the Supplemental Plan, with the most recent such amendment being effective January 1, 1988, at which time the spouse's benefit for members who either die in service or retire after January 1, 1988 was increased from 25% to 60%.

It was necessary to amend the Supplemental Plan to comply with both the Nova Scotia Pension Benefits Act (which was effective January 1, 1988) and revisions to the Income Tax Act and its regulations (which were effective January 1, 1992). Because the required changes were fairly extensive, the Supplemental Plan is restated in its entirety in this merged Plan.

Benefits for employees, or their surviving beneficiaries in the case of employees who retired, died or terminated prior to August 1, 1992, shall be determined in accordance with the Supplemental Plan provisions and applicable legislation in effect at that time, and such benefits, with the exception of both the "discretionary" benefits and the war service benefits referred to above, shall continue to be provided under this Plan. This Plan outlines all provisions applicable to employees in service as of August 1, 1992, its effective date.

For purposes of clarity, any person entitled to benefits under the provisions of Part II of this Plan was previously entitled to such benefits under the Supplemental Plan as of July 31, 1992. Persons entitled to benefits under the provisions of Part II of the Plan are referred to as Group II members and the separate trust fund applicable to them is referred to as Pension Fund II.

NOVA SCOTIA POWER INCORPORATED:
PENSION PLAN FOR
EMPLOYEES OF CERTAIN ACQUIRED COMPANIES
(ACQUIRED COMPANIES PLAN)

I N D E X

GENERAL PROVISIONS

Section 1 - Effective Date

1.1 Effective Date

Effective August 1, 1992, the Improved Plan and the Supplemental Plan are amended and merged and continued as one pension plan in accordance with the provisions set forth herein.

1.2 Merger of Seaboard Plan

Effective January 1, 1997, the Seaboard Power Corporation Pension Plan (1966) is merged with the Plan.

(Added by Amendment No. 3, effective January 1, 1997).

Section 2 - Definitions

For purposes of this Plan, the following terms shall have the meanings set out below. In addition, Section 8 contains definitions of various terms which apply for Group I in Sections 1 through 6 of the Plan and also apply to Part I of the Plan, and Section 20 also contains definitions of various terms which apply for Group II in Sections 1 through 6 of the Plan and also apply to Part II of the Plan.

2.1 "Actuary" means the actuary retained by the Company for the purposes of the Plan, and qualified through Fellowship in the Canadian Institute of Actuaries.

2.2 "Administrator" means the Employer, but only when it is acting in a capacity appropriate to perform the functions and duties set out in the Pension Benefits Act and the Tax Act as are required to be performed by the administrator (as that term is defined in the Pension Benefits Act and the Tax Act) and to perform the functions and duties assigned in the Plan to the Administrator from time to time. The Employer as Administrator, through appropriate action of the Board of Directors of Nova Scotia Power Incorporated, may delegate any or all of the functions and duties assigned to the Administrator to one or more of the officers of the Employer or such other persons as they may identify from time to time, subject to the requirements of the Pension Benefits Act.

2.3 "Commuted Value" means, in relation to benefits that a person has a present or future entitlement to receive from the Plan, a lump sum amount which is the actuarial present value of such benefits computed on a unisex basis, and using a rate of interest and actuarial tables adopted by the Administrator on the recommendation of the Actuary, subject to the requirements of the Pension Benefits Act and the Tax Act.

2.4 "Company" means the Employer when it is acting in its personal capacity and in its own best interests, and this shall include the Employer acting in a capacity appropriate to perform any duties or functions specified in the Pension Benefits Act or set out in the Plan from time to time to be duties or functions of the Company, and it shall also include all actions taken by the Employer which are not actions specified in the Plan or in the Pension Benefits Act to be actions of the Administrator. The Employer as Company, through appropriate actions of the board of directors of Nova Scotia Power Incorporated, may delegate any or all of the functions and duties assigned to the Company and the Employer in the Plan and the Pension Benefits Act respectively, to one or more of the officers of the Employer or such other persons as they may identify from time to time subject to the requirements of the Pension Benefits Act.

2.5 "Effective Date" means August 1, 1992.

2.6 "Employer" means Nova Scotia Power Incorporated, Nova Scotia Power Corporation, or any successor of Nova Scotia Power Incorporated, and any subsidiary or associated company of Nova Scotia Power Incorporated which may from time to time be included in the Plan by appropriate action of the Board of Directors of Nova Scotia Power Incorporated and the Board of Directors of such subsidiary or associated company.

2.7 "Group I" means the group of persons who are entitled to benefits under the provisions of Part I of the Plan.

2.8 "Group II" means the group of persons who are entitled to benefits under the provisions of Part II of the Plan.

2.9 "Improved Plan" means the Nova Scotia Light and Power Company, Limited Improved Pension Plan as at immediately before the Effective Date.

2.10 "NSPI Plan" means the Pension Plan for Employees of Nova Scotia Power Incorporated. Any reference to the NSPI Plan shall also include the Nova Scotia Public Service Superannuation Plan which was the predecessor pension plan to the NSPI Plan.

2.11 "Part I" means Sections 7 through 18 of the Plan, which contain the specific provisions of the Plan which pertain to Group I.

2.12 "Part II" means Sections 19 through 30 of the Plan, which contain the specific provisions of the Plan which pertain to Group II.

2.13 "Pension Benefits Act" means the Nova Scotia Pension Benefits Act and all regulations thereunder.

2.14 "Pension Fund" means Pension Fund I or Pension Fund II, as defined in subsections 8.11 and 20.9 respectively, or both, whichever is appropriate in the context.

2.15 "Plan" means this Nova Scotia Power Incorporated Pension Plan for Employees of Certain Acquired Companies as amended from time to time, sometimes referred to herein as the 'Acquired Companies Plan', 'this Plan' or 'the Plan'.

2.16 "Plan Year" means the twelve-month period from January 1 to December 31 each year.

2.17 "Superintendent" means the Nova Scotia Superintendent of Pensions.

2.18 "Supplemental Plan" means the Supplemental Pension Plan for Certain Employees of the Nova Scotia Power Corporation as at immediately before the Effective Date.

2.19 "Tax Act" means the Income Tax Act (Canada), as amended from time to time, and the Regulations made thereunder.

In this Plan, words importing the singular number include the plural and vice versa, and words importing the male or female gender include the other gender, unless the context requires otherwise. References to a Section or subsection mean a Section or subsection in the Plan.

Section 3 - Administration

3.1 Responsibility for Administration

Except as otherwise expressly set out herein, the Administrator shall decide all matters in respect of the operation, administration and interpretation of the Plan. The Administrator shall administer the Plan in accordance with the terms set out herein and in accordance with the Pension Benefits Act and the Tax Act.

3.2 Employment of Agents

Where it is reasonable and prudent to do so, the Administrator may employ agents to perform actuarial, clerical, legal, and other services as the Administrator may require to carry out any act required to be done by it in the administration of the Plan and the administration and investment of the Pension Funds.

3.3 Rules for Administration

The Administrator may enact rules and regulations relating to the administration of the Plan to carry out the terms thereof and may amend such rules and regulations from time to time. Such rules and regulations shall not conflict with any provisions of this Plan, the Pension Benefits Act, or the Tax Act.

Section 4 - Explanation and Disclosure to Employees

4.1 Plan Explanation

The Administrator shall provide each Member with a written description of the Plan and any amendments thereto within such periods of time as prescribed by the Pension Benefits Act. Such description shall explain the pertinent terms and conditions of the Plan and amendments thereto as applicable to the Employee, shall outline the rights and obligations of the Employee with reference to the benefits available under the Plan, and shall provide any other information prescribed by the Pension Benefits Act. Such written description does not form part of the Plan, and in all circumstances the provisions of the Plan shall govern.

4.2 Notice of Amendment

Unless notice is dispensed with by the Superintendent, the Administrator shall provide a notice and written explanation of an amendment to the Plan to each Member, Former Member, or other individual who is receiving benefits under the Plan who is affected by the amendment within the time frame prescribed by the Pension Benefits Act.

4.3 Inspection of Documents

The Administrator shall make available for inspection the documents and information concerning the Plan and the Pension Funds as prescribed by the Pension Benefits Act. Inspection may be made by eligible individuals as specified below:

(a) a Member or Former Member of the Plan;

(b) the Spouse of a Member or Former Member of the Plan;

(c) an agent authorized in writing by a Member or Former Member, or the Spouse of a Member or Former Member of the Plan; or

(d) a representative of a trade union that represents Members or Former Members of the Plan.

4.4 Benefit Statement

Upon termination of employment of a Member of the Plan, the Administrator shall provide the Member, or any other person who becomes entitled to a benefit under the Plan as a result of such termination, with a written statement of the benefits, rights, and obligations of the Member or any other person entitled to a payment under the Plan within 60 days after the later of the Member's termination or the date on which the Administrator is notified of the Member's termination.

4.5 Annual Statement

The Administrator shall annually provide each active Member with a written statement containing the information prescribed under the Pension Benefits Act in respect of the Member's benefits under the Plan, within 6 months of the end of each Plan Year.

Section 5 - General Provisions

5.1 No Increase in Benefits

Notwithstanding any other provision of this Plan, no provision in this Plan shall be interpreted to increase the rights or benefits of any individual from those that were previously provided under the Improved Plan or the Supplemental Plan, whichever may be applicable, prior to the merger of these plans. No Member will have any increase in right or benefits as a result of the merger of these two plans into this Plan.

5.2 Primary Purpose of Plan

The primary purpose of the Plan is to provide periodic payments to the Members of the Plan after retirement and until death in respect of their service as Employees.

5.3 Non-Assignability of Benefits

Except as otherwise required by law and permitted under the Pension Benefits Act or the Tax Act, all pension and other benefits provided under the terms of the Plan are for the Member's own use and benefit, and may not be attached, anticipated, assigned, charged, alienated, surrendered or given as security and are exempt from execution, seizure, alienation and any transaction purporting to attach, anticipate, assign, charge, alienate, surrender or give as security such money is void.

5.4 Non-Commutation of Pensions

A pension or deferred pension payable under this Plan shall not be capable of being commuted, except as specified in subsections 17.1 and 29.1 and in either of the following cases:

a) if the annual pension payable at the Normal Retirement Date is not more than 4% of the YMPE in the year that the Member or Former Member terminated employment or if the commuted value of a benefit is less than 10% of the YMPE in the year that the Member or Former Member terminated employment, or such other amount as may be prescribed by the Pension Benefits Act from time to time, then such pension may be commuted;

b) as permitted in accordance with the Pension Benefits Act and the Tax Act, in the event that the life expectancy of the Member is likely to be considerably shortened by reason of his mental or physical disability, as certified by a medical doctor licensed to practise under the laws of a province of Canada, then such pension may be commuted.

In either of the above two cases, the Commuted Value of the pension will not be subject to the locking-in requirements of subsections 17.1.(b)(ii) and 29.1.(b)(ii).

(Revised by Amendment No. 7, effective January 1, 2003).

Note: Commuting is a term which refers to the varying of the terms of payment of a pension or deferred pension to provide for the immediate payment of the Commuted Value.

5.5 Information To Be Provided Before Administrator Pays Benefits

Payment of benefits hereunder shall not be made until the person entitled to payment of the benefits delivers to the Administrator the following:

satisfactory proof of age of the person and other persons who may become entitled to payment of the pension and such other information as may be required to determine eligibility, calculate, pay, or continue payment of the benefit.

Once such information and/or documentation has been provided, the Administrator will authorize the payment of all pension payments accrued from the date of commencement of entitlement. If the person does not provide such information and/or documentation and the Administrator does not have actual notice to the contrary, the Administrator may authorize the payment of the pension in accordance with the latest information in its records.

5.6 No Right to Employment

Nothing herein contained shall be deemed to give any Employee any right to be accepted, retained or reinstated in the employment of the Employer or to interfere with the right of the Employer to discharge any Employee at any time notwithstanding the effect which such discharge might have upon the Employee as a Member under the Plan.

5.7 Notices and Elections

For the purposes of this Plan, notices to any Member may be given, made, or communicated, as the case may be, in such manner as the Company shall determine, including mailing the same by ordinary pre-paid post letter addressed to him at his last place of abode as known to the Company or at his address as entered in the personnel records of the Company. Any notice so given shall be deemed to have been given 5 days after the mailing of such notice. Any notice to the Administrator may be given by ordinary pre-paid post letter addressed to "Pension Administrator" at the Company's head office. It will be the responsibility of any person entitled to a benefit under the Plan to notify the Administrator in writing of his mailing address and subsequent changes of mailing address.

5.8 Incapacity to Receive Benefit Payments

If any person entitled to receive a pension or other benefit under the Plan is incapable of managing his own affairs and/or of giving a valid receipt for such pension or other benefit, the pension or other benefit may be paid to a legally appointed representative or guardian of such person, and any such payment will be deemed a payment for the account of the person entitled to the pension or other benefit, and will constitute a full and complete discharge for the payment of the pension or other benefit under the Plan. If such person dies before receiving all the payments to which he is entitled under the Plan, the remaining payments will be made to his estate, subject to the provisions of the Plan.

5.9 Gender

The gender of a Member or other beneficiary shall not be taken into account in

a) determining the pension benefits or the Commuted Value of pension benefits that a Member or other beneficiary is or may become entitled to;

b) the provision of eligibility conditions for membership; or

c) the provision of ancillary benefits.

5.10 Construction

The Plan, and all rights hereunder, will be governed, construed, and administered in accordance with the laws of the Province of Nova Scotia, and the Tax Act.

5.11 Conformity with Legislation

In the event that any provision of the Plan is less favourable to Employees than is required by the terms of the Pension Benefits Act, and until such time as the Plan is amended to comply with the terms of the Pension Benefits Act, the Plan shall be administered as if such provision conformed with the terms of the Pension Benefits Act to the extent necessary to remedy any such deficiency.

In the event that any provision of the Plan does not comply with the terms of the Tax Act, and until such time as the Plan is amended to comply with the terms of the Tax Act, the Plan shall be administered as if such provision conformed with the terms of the Tax Act to the extent necessary to remedy any such noncompliance.

5.12 Company Records

Wherever the records of the Company are used for the purposes of this Plan, such records shall be conclusive as to the facts with which they are concerned.

5.13 Severability

The provisions of the Plan shall be construed as a whole in such manner to carry out the purposes of the Plan as set out herein and to provide to, or in respect of, Members, the benefits specifically defined herein. If any provision of the plan is found to be invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, the Plan shall be enforced and construed to the extent possible without regard to that portion of the provision found to be invalid or unenforceable.

5.14 Captions, Headings, And Notes

The captions, headings, notes and table of contents of this Plan are included for convenience of reference only and are not part of the Plan and shall not be used in interpreting the provisions of this Plan.

Section 6 - Future of the Plan

6.1 Future Amendments to Plan

The Company expects to maintain the Plan indefinitely, but reserves the right at any time to amend or discontinue the Plan or a part of the Plan should conditions in the judgement of the Company require such future action, subject in any case to the applicable provisions of both the Pension Benefits Act and the Tax Act with regard to registered pension plans, in effect at such time.

6.2 No Reduction in Accrued Benefits

No amendment to the Plan shall reduce the benefits which have accrued to the Members to the date of such amendment, nor shall the Company have the power, while the Plan is still in existence, to use any portion of the Pension Fund for purposes other than providing benefits to the Members or their beneficiaries, in accordance with the provisions of the Plan.

PART I - SPECIFIC PROVISIONS FOR GROUP I

Section 7 - Effective Date and Continuation

7.1 Effective Date

The Improved Plan was effective January 1, 1955, replacing the Prior Plan which was effective January 1, 1945, and has been amended from time to time, and is continued in Part I of this Plan effective August 1, 1992.

7.2 Continuation

Any pension which commenced to be paid under the Improved Plan prior to August 1, 1992 shall continue to be paid from Pension Fund I after July 31, 1992, in accordance with the terms of payment applicable to such pension in effect on July 31, 1992. Any Former Member who terminated employment with the Employer prior to August 1, 1992, and retained entitlement to a deferred pension under the Improved Plan as of July 31, 1992 shall be entitled to such deferred pension from Pension Fund I in accordance with the applicable terms and conditions of the Improved Plan in effect at the time of such termination.

Section 8 - Part I Definitions

For purposes of Part I, and for Group I, Sections 1 through 6 of the Plan, the following terms shall have the meanings set out below.

8.1 "Continuous Service" shall mean the Employee's most recent period of unbroken service with the Employer and the Former Employer; for this purpose, service shall not be considered broken by any sick leave or leave of absence approved by the Employer or the Former Employer.

8.2 "Credited Interest" means interest on Member required contributions compounded annually and calculated for each Plan Year as the average rate of interest payable on 5 year personal fixed term chartered bank deposits (CANSIM Series B14045) in effect for the 12 months ending in October of the Plan Year.

Credited Interest will be applied, at the end of each Plan Year, on the balance of contributions at the beginning of the Plan Year. Where a Member ceases to be a Member, retires, or dies during a Plan Year, Credited Interest will be applied at a rate equal to a pro rata portion of the interest rate used to credit interest on Member contributions in the previous Plan Year, to the end of the month of termination. A Member or any other person entitled to a lump sum payment, or who elects to transfer a benefit out of the Plan, shall receive Credited Interest up to the end of the month in which payment is made.

8.3 "Credited Service" for any Member means

(a) if the Member was a full-time regular Employee as of January 1, 1955 who joined the Improved Plan when first eligible to do so, his years of Continuous Service up to March 31, 1973; and

(b) if the Member was not a full-time regular Employee as of January 1, 1955, or did not join the Improved Plan when first eligible to do so, his years of membership in the Improved Plan up to March 31, 1973, provided such service qualifies as Continuous Service.

Any leave of absence for other than total disability or maternity leave which was unpaid shall be excluded in the determination of a Member's period of Credited Service.

8.4 Earnings" means the amount of compensation received by the Member each year from either the Employer or the Former Employer for purposes of the Plan. Earnings shall normally mean base salary and any overtime pay; it will also include the value of any special compensation allowances which are included in the Member's taxable income, but shall exclude any taxable benefits.

8.5 "Employee" means a person who was employed by the Former Employer on a full-time regular basis, and continues to be employed, without any interruption in Continuous Service, by the Employer.

8.6 "Final Average Salary" means the average of the Member's highest 5 years of Salary. Normally Salary shall be determined strictly on a calendar year basis, except that in the final year of a Member's service where the Member works for a part-year only, his Salary shall be annualized by dividing by the number of months of his Continuous Service in that year and multiplying by 12. If his Salary in such final year, when annualized, represents one of his highest 5 years, then his 5 years of highest Salary for purposes of this subsection shall be determined as:

(a) the Member's actual Salary in his final calendar year,

(b) the Member's Salary in the highest 4 full calendar years, not counting the final calendar year, and

(c) such fraction of the Member's Salary in the next highest calendar year, as is necessary to complete the 5 years of Salary.

If the Member has calendar years other than his final year in which he worked for less than a full year, for whatever reason, his actual Salary for such year will be annualized in order to determine if such Salary would be among his highest 5 years.

If the Member has less than 5 years of Continuous Service, Final Average Salary means his average annual Salary calculated over the Member's full period of Continuous Service.

8.7 "Former Employer" means the Nova Scotia Light and Power Company, Limited.

8.8 "Former Member" means anyone who does not qualify as a Member, but who retains entitlement to a pension, a deferred pension or any other payment from Pension Fund I, as a result of previous service with the Former Employer.

8.9 "Member" means an Employee who is eligible to participate in Part I of the Plan in accordance with Section 10, and who has accrued benefits under Part I of the Plan.

8.10 "Normal Retirement Date" is the last day of the month in which the Member's 65th birthday occurs.

8.11 "Pension Fund I" means the pension fund maintained under the Improved Plan as at the Effective Date and all earnings thereon thereafter, to which further contributions with regard to Part I are made by the Employer (the Members do not contribute to the Plan), and from which pension and other benefits under Part I as well as an appropriate share of any disbursements permitted under the Plan, are paid.

Note: Pension Fund I is the separate fund emanating from the fund established and held under the Improved Plan which will provide for those benefits under Part I that were formerly provided under the Improved Plan.

8.12 "Prior Plan" means the pension plan in effect for employees of the Nova Scotia Light and Power Company, Limited from January 1, 1945 to December 31, 1954, and all arrangements for benefits thereunder.

8.13 "Salary" means the amount of base salary received by the Member from the Employer or the Former Employer each year, and shall exclude any overtime compensation, any special compensation allowances and any taxable benefits.

8.14 “Spouse” means a person who:

(a) is legally married to the Member or Former Member;

(b) is married to the Member or Former Member by a marriage that is voidable but has not been annulled by a declaration of nullity;

(c) has gone through a form of marriage with the Member or Former Member, in good faith, that is void and is cohabiting, or if the person has ceased to cohabit with the Member or Former Member, has cohabited with the Member or Former Member in the twelve-month period immediately preceding the date of entitlement; or

(d) has cohabited with the Member or Former Member in a conjugal relationship for a period of at least two years, provided the person and the Member or Former Member are not married to each other or to any other person.

i) For the purposes of Part I, a Spouse may be a person of the same or the opposite sex to the Member or Former Member. Further, for the purposes of Part I, the Spouse of a Member or Former Member will be determined on the date the Member's or Former Member's pension commences. If there is a Spouse on that date, said Spouse will continue to be eligible for any benefits that may be provided under Part I.

ii) Should there be no Spouse when the Member's or the Former Member's pension commences, or if the Spouse at the time of pension commencement dies prior to the death of the Member or Former Member, a person who subsequently qualifies under the above requirements will be considered the Spouse for the purposes of the Part I after a period of two years has elapsed, provided said person remains a Spouse throughout the two years and the Member or Former Member is still living at the end of the two years.

(Replaced by Amendment No. 6, effective June 4, 2001).

8.15 "<u>Totally And Permanently Disabled</u>" means, in relation to a Member, suffering as a result of from a physical or mental impairment that prevents the Member from engaging in any employment for which the Member is reasonably suited by virtue of the Member's education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime.

8.16 "<u>Trust Agreement I</u>" means any agreement or agreements now or hereafter executed between the Company and the Trustee, for the purpose of maintaining Pension Fund I.

8.17 "<u>Trustee</u>" means either of an insurance company authorized to carry on a life insurance business in Canada or a trust company in Canada, and includes any combination or successors thereof appointed by the Company to hold, administer and/or invest Pension Fund I.

Section 9 - Pension Fund I

9.1 Pension Fund I

Pension Fund I will be maintained and administered by the Trustee in accordance with the terms of Trust Agreement I entered into between the Company and the Trustee.

9.2 Separate Fund

Pension Fund I will be maintained separate and apart from Pension Fund II, and shall be used solely in accordance with the provisions of Part I. In no event shall any of the assets of Pension Fund I be used to provide benefits under Part II.

9.3 Trust Agreement I

Any provisions of Trust Agreement I that are inconsistent with the terms of Part I shall to the extent of the inconsistency be of no force or effect. Trust Agreement I is subordinate to Part I. Pension Fund I is to be maintained for the purposes of Part I.

9.4 Investment of Pension Fund

The Administrator shall direct the investment of Pension Fund I in accordance with the Pension Benefits Act, and the Tax Act.

9.5 Authorization of Disbursements

The Administrator shall have the power necessary to authorize all disbursements made by the Trustee. The Administrator may delegate the power to authorize disbursements as described in subsection 2.2.

9.6 Payment of Expenses

Expenses incurred with respect to the operation or administration of Part I may be paid out of Pension Fund I.

9.7 Fiscal Year

The fiscal year of Pension Fund I shall be the period ending on December 31 each year.

9.8 Payment from Pension Fund I

All benefits payable under Part I shall be payable only from Pension Fund I. All payments will be made in Canadian currency.

9.9 Right, Title and Interest

Nothing in Part I shall be construed to give to any person other than the Employer any right, title or interest in or to any assets, profits, or earnings to Pension Fund I except as expressly provided herein. The merger and continuance of the Improved Plan in and under this Plan and the amendment and restatement thereof constituted hereby does not constitute an enlargement of any right, or a grant of any interest which any person other than the Company may have in or in respect of Pension Fund I except as expressly provided in Part I. If Part I or Pension Fund I is terminated in whole or in part, or if Part I or Pension Fund I is consolidated with any other plan or fund, or if the employment of an Employee is terminated, or if employment status changes, persons other than the Company shall have only such rights as are specifically defined in Part I and required to be granted pursuant to the Pension Benefits Act or any other relevant legislation.

9.10 Exclusion of Liability

a) Benefits under Part I shall be payable only from Pension Fund I and only to the extent that there are assets in Pension Fund I, except as provided under subsection 18.1.

b) None of the Employer, the Administrator or the Trustee, or their directors, officers, employees or agents, shall be liable in any manner if Pension Fund I should be insufficient to provide the payment of any benefits hereunder, provided that the Employer has made contributions to Pension Fund I as required by Section 12, the Pension Benefits Act, and other relevant legislation, and provided that such insufficiency is not the result of fraud, gross negligence or wilful misconduct, wilful breach of the Pension Benefits Act or other relevant legislation, or wilful breach of any part of Trust Agreement I or any other document that creates, supports or establishes Pension Fund I or Part I.

c) The Company shall indemnify its officers, directors and employees against any and all claims, losses, damages, expenses and liabilities arising from any act or failure to act in respect of Part I or Pension Fund I, except for any act or failure resulting from the fraud, gross negligence or wilful misconduct of such person.

Section 10 - Eligibility for Membership In Part I

10.1 Eligibility For Membership

Membership in Part I is restricted to Employees who were employed by the Former Employer and who have continued to be employed without interruption by the Employer. Since the Former Employer no longer exists, there can be no new Members in Part I.

10.2 Eligibility Requirements

Each member in the Prior Plan automatically became a member in the Improved Plan as of January 1, 1955.

10.3 Each Employee who was not a member in the Prior Plan was required to:

(a) have one year's Continuous Service with the Former Employer, and

(b) have attained age 25 (revised to age 21 as of May, 1970)

in order to be eligible for membership in the Improved Plan.

Each Employee employed after January 1, 1955 was required to join the Improved Plan on the first of the month on or immediately following the date on which he satisfied the above eligibility requirements.

Section 11 - Retirement Dates

11.1 Normal Retirement Date

Normal Retirement Date is the last day of the month in which the Member attains age 65.

11.2 Early Retirement Date - Unreduced Pension

(a) A Member may at his option retire prior to his Normal Retirement Date anytime after;

(i) attainment of age 60; or
(ii) attainment of age 55, provided his combined years of Continuous Service and age total 85 years.

(b) If a Member becomes Totally And Permanently Disabled, as certified by a medical doctor licensed to practise under the laws of a province of Canada, and he qualifies for disability benefits under the Canada Pension Plan, but does not qualify for benefits under either the Employer's Long Term Disability Plan or Workers' Compensation, such Member shall be eligible for an immediate unreduced pension.

11.3 Early Retirement - Reduced Pension

A Member who has attained age 55, but does not qualify for an unreduced pension under subsection 11.2, may terminate his active employment at any time and receive a pension allowance calculated in the normal manner in accordance with subsection 13.1, and then reduced by the lesser of:

a) 0.5% for each month between the commencement date of his pension and the last day of the month next following his 60th birthday; and

b) 0.5% for each month that the sum of the Member's age and Continuous Service (including all completed months in each case) is less than 85 years.

11.4 Postponed Retirement

Where employment with the Employer continues beyond a Member's Normal Retirement Date, a Member's pension commencement for purposes of Part I will be postponed, to the earlier of:

(a) the end of the month in which employment with the Employer ceases; or

(b) the end of the month in which the Member's 71st birthday occurs.

The annual pension payable to a Member who postpones commencement of his pension is calculated in the regular manner, as set out in Section 13.1.

11.5 Note: The policy of the Employer is that all Employees must retire no later than age 65.

Section 12 - Contributions

12.1 Contributions By The Member

Each Member contributed by payroll deduction 5% of his Earnings as determined by the Former Employer up to March 31, 1973. As of April 1, 1973, no further employee contributions were required to be made to the Improved Plan, and no employee contributions are required to be made pursuant to Part I.

12.2 Employer Contributions

The Employer will contribute such amounts as are determined by the Actuary as necessary to provide the benefits provided under Part I, as required under the Pension Benefits Act. All Employer contributions will be paid to Pension Fund I in monthly instalments within 90 days of the applicable month.

Note: S.J(3)(a) of the Regulations with the Nova Scotia Pension Benefits now requires that contributions me made within 30 days following the month in which the sum was received or deducted.

12.3 Refund of Contributions While Employed

A Member's contributions, including Credited Interest thereon, may not be withdrawn, in whole or in part, while a Member remains an Employee.

12.4 Mandatory Refund of Contributions

Notwithstanding any other provision of the Plan, in any instance where a contribution by the Employer to Pension Fund I results in a total contribution to the Plan which exceeds the amount which is permissible as an eligible contribution to the Plan under the Tax Act, such excess contribution shall be refunded from Pension Fund I, with Credited Interest, to avoid revocation of the Plan's registration with Revenue Canada. However, the Superintendent's approval must be obtained before any such refund may occur.

12.5 Return of Excess Amount

Subject to the Pension Benefits Act, the Employer may direct that a payment be made out of Pension Fund I to the Employer of an amount not in excess of the amount of an overpayment made by the Employer into Pension Fund I or of an amount paid by the Employer that should have been paid out of Pension Fund I.

12.6 Permissible Contributions

No contribution may be made to Pension Fund I other than a contribution made in accordance with this Section 12, as amended from time to time.

Section 13 - Amount of Pension

13.1 Active Members

A Member retiring under any of subsections 11.1, 11.2, or 11.4 on or after April 1, 1987 shall receive an annual pension, payable on a monthly basis with each monthly payment being 1/12th of the annual amount, equal to the greater of:

(a) 1.25% of the average of his highest ten consecutive years' Earnings, multiplied by his years of Credited Service up to March 31, 1973; and

(b) 1.25% of his Final Average Salary, multiplied by his years of Credited Service up to March 31, 1973, subject to the limitation that the sum of his pension under Part I and the NSPI Plan shall not exceed the amount of pension that would have been payable if his combined years of credited service under Part I and under the NSPI Plan had been covered under the NSPI Plan.

Under certain circumstances described in subsection 16.1(b), a reduced pension may be required in order to provide a pension to a surviving Spouse of the Member.

Note: Contributions to the Prior Plan were used to purchase deferred annuities from the Government Annuities Branch. Such deferred annuities will be used to provide a portion of the benefit described herein.

13.2 Commencement Date of Pension

Payments to a Former Member commence on the last day of the month following the date of retirement and continue each month thereafter during the lifetime of such Former Member, ceasing with the payment on the last day of the month in which the Former Member dies. Following the Former Member's death, payments may continue to either the beneficiary or estate of the Former Member for the remainder of any guaranteed payments, or for the lifetime of the Spouse of the Former Member, in accordance with the form of pension elected under Section 16.

13.3 Indexing of Pension After Retirement

Any pension paid to a Former Member, surviving Spouse or other beneficiary under Part I will be adjusted each January 1, by means of a percentage increase. The percentage increase in each instance will be equal to the percentage increase in the Consumer Price Index for the 12 month period ending the preceding October 31, subject to the maximum annual increase described in (a), (b), and (c) below. The pension will not be reduced in the case of a decrease in the Consumer Price Index. In no event is there any indexing of pensions prior to the eventual commencement of pension in the case of Members who terminate employment prior to retirement.

(a) Members Who Terminate or Retire After August 1, 1992

In the case of a Member who terminates employment or retires on or after August 1, 1992, the maximum annual increase in the pension shall be 6%.

(b) Former Members Who Retired Prior to August 1, 1992

In the case of a Former Member who retired from the Employer or Former Employer prior to August 1, 1992 and immediately commenced to receive a pension, the maximum annual increase in the pension shall be 6%.

(c) Former Members Who Terminated Prior to August 1, 1992

In the case of a Former Member who terminated employment with the Employer prior to August 1, 1992 and elected to receive a deferred pension, the maximum annual increase applicable upon the eventual commencement of the pension shall be determined based upon the provisions of the Improved Plan at the time of such termination, as set out below:

(i) For Former Members who terminated employment prior to April 1, 1973, there shall be no indexing applied to the pension;

(ii) For Former Members who terminated employment between April 1, 1973 and December 31, 1976, the annual percentage increase in the pension shall not exceed 2%;

(iii) For Former Members who terminated employment between January 1, 1977 and December 31, 1979, the annual percentage increase in the pension shall not exceed 4%; and

(iv) For Former Members who terminated employment on or after January 1, 1980, the annual percentage increase in the pension shall not exceed 6%.

Notwithstanding the above, effective January 1, 1992, if on January 1 of a Plan Year, less than 12 months have elapsed since a pension first commenced being paid to a Former Member or surviving Spouse, the increase which shall apply to such pension shall be prorated to reflect the number of months, out of 12, that such pension had been paid. Where a pension becomes payable to a surviving Spouse of a Former Member who had been receiving pension payments prior to dying, payments to such Former Member shall be included in determining the time which has elapsed since the pension first commenced, for purposes of determining whether the increase described herein must be prorated.

Section 14 - Maximum Pension

14.1 Maximum Pension

The maximum annual pension payable to a Member under Part I shall be the lesser of:

(a) 2% of the average of the best 3 consecutive years' Earnings of the Member multiplied by his years of Credited Service, to a maximum of 35 such years; and

(b) $1,715 multiplied by his years of Credited Service, to a maximum of 35 such years.

14.2 Indexing of Maximum Pension

The maximum annual pension described in subsection 14.1 applies in the year in which benefits commence to be paid. The maximum annual pension permitted to be paid in subsequent years is adjusted to reflect the increase in the average Consumer Price Index from the year of commencement to the particular year.

14.3 Permissible Distributions

No payments are permitted from Pension Fund I except as provided by Part I of the Plan, or if required by the Tax Act or the Pension Benefits Act.

14.4 Maximum Commuted Value

In any case where a Member's benefits under Part I are to be commuted, the amount transferred on a tax-free basis to a Member's RRSP or life income fund (locked-in where required) or to a money purchase benefit under the registered pension plan of a subsequent employer may not exceed the limits set out in the Tax Act. In any case where the Commuted Value of the benefits to be transferred exceeds such limits, the excess Commuted Value shall be paid in cash to the Member, unless payment of cash is contrary to the Pension Benefits Act, in which event payment of the excess Commuted Value shall be in such form as is acceptable to both the Superintendent and Revenue Canada.

Note: Section 8517 of the regulations to the Tax Act provides details of the limits for such transfers.

Section 15 - Benefits Payable in Event of Death Prior to Retirement

15.1 Member Without A Spouse

If a Member who does not have a Spouse should die before his retirement, the amount payable will be two times his own required contributions, both with Credited Interest. Settlement of the amount payable will be by payment in a lump sum to his designated beneficiary or estate, as soon as practicable, not later than one year following the death of the Member.

15.2 Member With A Spouse

In the event that a Member with a Spouse dies in service with the Employer, the surviving Spouse of such Member is eligible to receive, in lieu of a refund of twice the Member's contributions pursuant to subsection 15.1, a monthly pension payable for life equal to 60% of the pension benefit earned by the Member under subsection 13.1 up to the date of death.

15.3 Increase to Survivor Pensions

Effective beginning with the pension payments for the month of January, 2000, where the monthly pension amount payable to a Member's surviving Spouse who is either in receipt of a pension on December 31, 1999 or who becomes entitled to a pension at any time on or after December 31, 1999 is less than 60% of the benefit amount earned by the Member to the date of death, the pension shall be increased to 60% of the benefit amount earned by the Member to the date of death.

(Revised by Amendment No. 5, effective December 31, 1999).

Section 16 - Benefits Payable in Event of Death After Retirement

16.1 Normal Form of Pension

(a) Member Without a Spouse

The normal type of pension in the case of a Member who does not have a Spouse is a pension payable on a monthly basis for the life of the Member and in any event for a guaranteed period of 60 monthly instalments.

(b) Member With a Spouse

The normal form of pension for any Member who either retires, or terminates with a deferred vested pension after January 1, 1988, and has a Spouse as of the due date of his first pension payment, shall be life, guaranteed 5 years, with a lifetime pension payable thereafter to such Spouse if still surviving equal to 60% of the pension benefit payable to the Former Member, including any applicable indexing thereon.

The normal form of pension for any Former Member who terminated employment after January 1, 1985 but prior to January 1, 1988 and elected a deferred pension payable under Part I of the Plan shall be life, guaranteed 5 years, with a lifetime pension payable thereafter to such Spouse if still surviving equal to 25% of the pension benefit payable to the Former Member, including any applicable indexing thereon. If such pension commences on or after January 1, 1988, and the Former Member has a Spouse on such date, the Member's pension must be reduced on an actuarial equivalent basis to provide a minimum of a 60% Spouse's pension, unless an appropriate waiver is signed by both the Spouse and the Former Member.

The normal form of pension for any Former Member who terminated employment prior to January 1, 1985 and elected a deferred pension payable under Part I of the Plan shall be life, guaranteed 5 years, including any applicable indexing thereon. If such pension commences on or after January 1, 1988, and the Former Member has a Spouse on such date, the Member's pension must be reduced on an actuarial equivalent basis to provide a minimum of a 60% Spouse's pension, unless an appropriate waiver is signed by both the Spouse and the Former Member.

16.2 Optional Forms of Pension

Instead of the normal form of pension outlined in subsection 16.1, a Member may elect, at any time prior to his retirement date, one of the alternative forms of pension described in this subsection 16.2. The amount of pension which a Member will receive under any alternative option will be determined at his retirement date in accordance with his age and the age of his joint annuitant. The amount of pension under any of the optional forms will be determined so that the Commuted Value of the pension under the optional form is equal to the Commuted Value of the pension under the applicable normal form of pension as determined under subsection 16.1. Pension payments under any optional type of annuity are eligible for indexing as outlined in subsection 13.3.

(a) Member Without a Spouse

(i) Life, Guaranteed 10 Years

Under this option, the pension is payable for the Member's lifetime, and in any event for a guaranteed period of 120 monthly instalments.

(ii) Level Income

Under this option, any Member who retires prior to age 65 may elect to receive an increased pension prior to age 65 (at which time the Old Age Security (OAS) and full Canada Pension Plan (CPP) benefits are payable) and a reduced pension thereafter. The last increased payment is due with respect to the month in which the Member's 65th birthday occurs. The difference between the pension prior to age 65 and the pension after age 65 must not exceed the current OAS benefit applicable to the Member at the time of his retirement.

The level income option may be elected with either a 5 or 10 year guaranteed period. Under the level income option, the "level" feature ceases on the Member's death and the death benefit in respect of any remaining guaranteed payments is determined as if the level income option had never been elected.

(b) Member with A Spouse

(i) Life, Guaranteed 10 Years

Under this option, the pension is payable to the Member for life and guaranteed to be payable for 120 monthly payments in any event, and 60% of such amount is continued thereafter for the lifetime of the Spouse.

(ii) Level Income

As in subsection 16.2(a) above, an increased pension is payable prior to age 65 and a reduced pension is payable thereafter.

The level income option may be elected with either a 5 or 10 year guaranteed period.

The "level" feature ceases on the Member's death, and any death benefit is determined as if the level income option had not been elected; i.e. any remaining payments in the applicable guaranteed period would be first payable, followed by 60% of such amount for the Spouse's lifetime.

(iii) Life Plus 100% Spouse's Pension

The pension is payable in the same manner as under the normal type, except that the amount of pension payable to the surviving Spouse is 100% of the Member's adjusted pension, instead of 60%.

Note: *For information with regard to the optional forms of pension and the method of determining the amount payable under such options in the case of Members who retired prior to January 1, 1988, reference should be made to the rules of the Improved Plan in effect at the time of the Member's retirement.*

A 25% Survivor Benefit was introduced effective January 1, 1985 and applied both to active and retired Members. In the case of an active Member who retired between January 1, 1985 and January 1, 1988 and elected a joint and survivor pension option, the amount of his pension was automatically calculated so as to allow for the value of the 25% Survivor Benefit in the type of pension elected. In the case of a Member who had retired prior to January 1, 1985 with a joint and survivor pension, the amount of his pension was increased with effect from January 1, 1985 so as to include the value of the 25% Survivor Benefit under the normal type. In the case of a Member who had already retired without a joint and survivor pension, provided such Member had a Spouse at the time of his retirement, the 25% Survivor Benefit was introduced. Finally, in the case of a Member who had died in service with a surviving Spouse without taking a refund of his contributions, the 25% Survivor Benefit was introduced.

16.3 Increase to Survivor Pensions

Effective beginning with the pension payments for the month of January, 2000, where the amount of monthly pension payable to a Member or a Former Member's surviving Spouse who is either in receipt of a pension on December 31, 1999 or who becomes entitled to a pension at any time on or after December 31, 1999 is less than 60% of the benefit amount payable to the Member prior to the date of death, including any applicable indexing thereon, the pension amount shall be increased to 60% of the benefit amount payable to the Member prior to the date of death, including any applicable indexing thereon.

(Added by Amendment No. 3, effective December 31, 2003).

Section 17 - Termination of Employment

17.1 A Member who leaves the service of the Employer prior to age 55 for any reason other than death or retirement may elect either (a) or (b) below.

(a) To receive a refund of his own contributions from Pension Fund I, except those which may have been paid under the Prior Plan, in a lump sum with Credited Interest. Such refund will be payable in cash, or may, at the option of the Member, be transferred directly to the Member's personal RRSP, life income fund, or such other option which may be permitted under the Tax Act.

(b) If he has completed 10 years of Continuous Service and had joined the Improved Plan when first eligible, he may elect either (i) or (ii) below:

(i) to leave his contributions in Pension Fund I and to receive a deferred pension under either (1) or (2) below;

(1) a pension calculated in accordance with subsection 13.1, commencing on the last day of the month following his 60th birthday; or

(2) a pension commencing on the last day of any month following his 55th birthday, calculated initially in accordance with subsection 13.1, and then reduced in accordance with subsection 11.3, based upon his age at the time of pension commencement and his Continuous Service at the date of his termination for purposes of subsection 11.3(b).

Any deferred pension is not eligible for indexing under subsection 13.3 until the January 1 following the commencement of pension, at which time the provisions of subsection 13.3 will apply.

(ii) where the member is not eligible for an immediate pension to have the Commuted Value of his accrued pension benefit:

(1) transferred to a Registered Retirement Savings Plan (RRSP) of his choice, provided that such RRSP shall be "locked in" as required

under the Pension Benefits Act, and as such may be used only to provide a life annuity commencing any time after age 55;

(2) transferred to a life income fund of his choice, provided that such life income fund shall be "locked in" as required under the Pension Benefits Act;

(3) transferred to the pension plan of a subsequent employer; or

(4) applied to purchase a deferred life annuity from a life insurance company, subject to the condition that such pension may not commence prior to age 55.

(Revised by Amendment No. 2, effective April 1, 1997)

<u>Note:</u> *Any transfer under paragraph (ii) above is subject to Part I being fully funded on a solvency basis. If Part I has a solvency deficiency, as defined by the Pension Benefits Act, then the transfer of a Member's full Commuted Value out of the Plan may be delayed or restricted.*

Section 18 - Termination of Part I

18.1 Termination of Plan Affecting Group I

In the event of termination of Part I, the Employer shall not be obliged to make any further contributions to Pension Fund I in accordance with Section 12, provided that it has made at least the required contributions as outlined in Section 12. The rights of any person entitled to benefits under Part I shall be limited to the assets of Pension Fund I existing at the time.

Pension Fund I shall be applied to provide the benefits earned under Part I for the Members, Former Members, Spouses of Members and Former Members, and any other beneficiaries, in one of the following ways:

(a) Persons In Receipt of Pension on Termination Date

In the case of any Former Member, surviving Spouse or other beneficiary in receipt of a pension on the termination date, by the purchase of an annuity contract from a life insurance company licensed to carry on a life insurance business in Canada; and

(b) Members and Former Members Not In Receipt of Pension On Termination Date

(i) by the purchase of an annuity contract from a life insurance company licensed to carry on a life insurance business in Canada;

(ii) by the transfer of the Commuted Value of the benefits to which the Member or Former Member is entitled to a registered retirement savings plan (RRSP), provided that the issuer of such RRSP agrees in writing to administer such monies, where required by the Pension Benefits Act, as locked-in for the purpose of providing a life annuity commencing at some future date, but, in the case of a Member, not prior to his 55th birthday;

(iii) by continuation of Pension Fund I in order to pay directly the benefits as are payable; or

(iv) to the extent permissible, by the payment of a cash refund, subject to the provision that any Member or Former Member may in all cases elect that Part I provide him with a deferred pension payable at such age as is provided for in Section 11 in the amount of his pension entitlement earned to date; and

subject in each case to the applicable provisions of the Pension Benefits Act.

In the event of a wind-up of Part I, any action taken with regard to the wind-up shall be made in accordance with the Pension Benefits Act and the approval of the Superintendent.

If the assets in Pension Fund I should be insufficient to provide the total benefits accrued under Part I, the assets will be applied in a manner proposed by the Employer and the Actuary and approved by the Superintendent. Otherwise, after provision has been made for the satisfaction of all liabilities under Part I, any surplus assets as may remain in Pension Fund I will be paid to the Employer.

PART II - SPECIFIC PROVISIONS FOR GROUP II

Section 19 - Effective Date and Continuation

19.1 Effective Date

The Supplemental Plan was effective January 1, 1971, and has been amended from time to time, and is continued in Part II effective August 1, 1992 except with regard to those provisions (a), (b), (c) or (d) referred to in subsection 19.2.

19.2 Continuation

Any pension which commenced to be paid under the Supplemental Plan prior to August 1, 1992 shall continue to be paid from Pension Fund II after July 31, 1992, in accordance with the terms of payment applicable to such pension in effect on July 31, 1992, except for the following benefits (including any indexing thereon) which are no longer provided under Part II:

(a) management personnel supplements,

(b) reorganization supplements,

(c) disabled or redundant employee supplements, and

(d) war service pensions.

Note: *The benefits described above will be paid either by, or on behalf of, the Employer, or under the Nova Scotia Public Service Superannuation Act.*

Any Former Member who terminated employment with the Employer prior to August 1, 1992 and retained entitlement to a deferred pension under the Supplemental Plan as of July 31, 1992 shall be entitled to a deferred pension to be paid from Pension Fund II in accordance with the applicable terms and conditions of the Supplemental Plan in effect at the time of such termination, except that any of the benefits referred to above under (a), (b), (c), or (d) of this subsection will not be paid from Pension Fund II.

Section 20 - Part II Definitions

For purposes of Part II and, for Group II, Sections 1 through 6 of the Plan, the following terms shall have the meanings set out below.

20.1 "Child" means any child who is legally considered to be a child of the Member or Former Member, or the Member's or Former Member's Spouse, and who is either:

(a) under the age of 18; or

(b) under the age of 25, and in attendance on a full-time basis at an educational institution, and who annually submits evidence of such attendance to the Administrator.

For this purpose, a child may temporarily cease to qualify under (b) above, and subsequently resume full-time attendance at an educational institution, and be eligible for reclassification as a Child upon application to the Administrator.

If a Former Member should acquire a new Spouse after pension commencement, any child or children of such Spouse will qualify as a Child or Children after a period of 3 years has elapsed from the date of acquiring such Spouse, provided such Spouse remains a Spouse of the Former Member and that the Former Member is still living at the end of the 3 years.

20.2 "Continuous Service" shall mean the Employee's most recent period of unbroken service with the Employer and the Former Employer; for this purpose, service shall not be considered broken by any sick leave or leave of absence approved by the Employer or the Former Employer.

20.3 "Credited Service" for any Member means his years of Continuous Service as a member in any Prior Plan up to his date of entry into the Nova Scotia Public Service Superannuation Plan, as set out in Part II of Appendix A. Any approved leave of absence for other than total disability, certified by a medical doctor licensed to practise under the laws of a province of Canada, for which the Member was not paid shall be excluded in the determination of his Credited Service.

20.4 "Employee" means a person who was employed by a Former Employer on a full-time regular basis, and continues to be employed, without any interruption in Continuous Service, by the Employer.

20.5 "Final Average Salary" means the average of the Member's highest 5 years of Salary. Normally Salary shall be determined strictly on a calendar year basis, except that in the final year of a Member's service where the Member works for a part-year only, his Salary shall be annualized by dividing by the number of months of his Continuous Service in that year and multiplying by 12. If his Salary in such final year, when annualized, represents one of his highest 5 years, then his 5 years of highest Salary for purposes of this subsection shall be determined as:

(a) the Member's actual Salary in his final calendar year,

(b) the Member's Salary in the highest 4 full calendar years, not counting the final calendar year, and

(c) such fraction of the Member's Salary in the next highest calendar year, as is necessary to complete the 5 years of Salary.

If the Member has calendar years other than his final year in which he worked for less than a full year, for whatever reason, his actual Salary for such year will be annualized in order to determine if such Salary would be among his highest 5 years.

If the Member has less than 5 years of Continuous Service, Final Average Salary means his average annual Salary calculated over the Member's full period of Continuous Service.

20.6 "Former Employer" means a company which was acquired by the Employer, as listed in Part II of Appendix A.

20.7 "Former Member" means anyone who does not qualify as a Member, but who retains entitlement to a pension, a deferred pension or any other payment from Pension Fund II, as a result of previous service with a Former Employer.

20.8 "Member" means an Employee who is eligible to participate in Part II in accordance with Section 22 and, who has accrued benefits under Part II.

20.9 "Normal Retirement Date" is the last day of the month in which the Member's 65th birthday occurs.

20.10 "Pension Fund II" means the pension fund maintained under the Supplemental Plan as at the Effective Date and all earnings thereon thereafter, to which further contributions with regard to Part II are made by the Employer (the Members do not contribute to the Plan), and from which the pension and other benefits under Part II, as well as an appropriate share of any disbursements permitted under the Plan, are to be paid.

Note: Pension Fund II is the separate fund emanating from the pension fund established under the Supplemental Plan which will provide those benefits now provided under Part II which were formerly provided under the Supplemental Plan.

20.11 "Prior Plan" means the pension plan of a Former Employer as in effect immediately prior to the date of acquisition by the Employer, and in certain cases for a short time after such acquisition.

20.12 "Salary" means the amount of base salary received by the Member from the Employer or the Former Employer each year, and shall exclude any overtime compensation, any special compensation allowances and any taxable benefits.

20.13 "Spouse" means a person who:

(a) is legally married to the Member or Former Member;

(b) is married to the Member or Former Member by a marriage that is voidable but has not been annulled by a declaration of nullity;

(c) has gone through a form of marriage with the Member or Former Member, in good faith, that is void and is cohabiting, or if the person has ceased to cohabit with the Member or Former Member, has cohabited with the Member or Former Member in the twelve-month period immediately preceding the date of entitlement; or

(d) has cohabited with the Member or Former Member in a conjugal relationship for a period of at least two years, provided the person and the Member or Former Member are not married to each other or to any other person.

For the purposes of Part II, a Spouse may be a person of the same or the opposite sex to the Member or Former Member. Further, for the purposes of Part II, the Spouse of a Member or Former Member will be determined on the date the Member's or Former Member's pension commences. If there is a Spouse on that date, said Spouse will continue to be eligible for any benefits that may be provided under Part II.

Should there be no Spouse when the Member's or the Former Member's pension commences, or if the Spouse at the time of pension commencement dies prior to the death of the Member or Former Member, a person who subsequently qualifies under the above requirements will be considered the Spouse for the purposes of the Part II after a period of two years has elapsed, provided said person remains a Spouse throughout the two years and the Member or Former Member is still living at the end of the two years.

(Replaced by Amendment No. 6, effective June 4, 2001).

20.14 "Trust Agreement II" means any agreement or agreements now or hereafter executed between the Company and the Trustee, for the purpose of maintaining Pension Fund II.

20.15 "Trustee" means either of an insurance company authorized to carry on a life insurance business in Canada or a trust company in Canada, and includes any combination or successors thereof appointed by the Company to hold, administer and/or invest Pension Fund II.

Section 21 - Pension Fund II

21.1 Pension Fund II

Pension Fund II will be maintained and administered by the Trustee in accordance with the terms of Trust Agreement II entered into between the Company and the Trustee.

21.2 Separate Fund

Pension Fund II will be maintained separate and apart from Pension Fund I, and shall be used solely in accordance with the provisions of Part II. In no event shall any of the assets of Pension Fund II be used to provide benefits under Part I.

21.3 Trust Agreement II

Any provisions of Trust Agreement II that are inconsistent with the terms of Part II shall to the extent of the inconsistency be of no force or effect. Trust Agreement II is subordinate to Part II. Pension Fund II is to be maintained for the purposes of Part II.

21.4 Investment of Pension Fund

The Administrator shall direct the investment of Pension Fund II in accordance with the Pension Benefits Act, and the Tax Act.

21.5 Authorization of Disbursements

The Administrator shall have the power necessary to authorize all disbursements made by the Trustee. The Administrator may delegate the power to authorize disbursements as described in subsection 3.2.

21.6 Payment of Expenses

Expenses incurred with respect to the operation or administration of Part II may be paid out of Pension Fund II.

21.7 Fiscal Year

The fiscal year of Pension Fund II shall be the period ending on December 31 each year.

21.8 Payment from Pension Fund II

All benefits payable under Part II shall be payable only from Pension Fund II. All payments will be made in Canadian currency.

21.9 Right, Title and Interest

Nothing in Part II shall be construed to give to any person other than the Employer any right, title or interest in or to any assets, profits, or earnings to Pension Fund II except as expressly provided herein. The merger and continuance of the Supplemental Plan in and under this Plan and the amendment and restatement thereof constituted hereby does not constitute an enlargement of any right, or a grant of any interest which any person other than the Company may have in or in respect of Pension Fund II except as expressly provided in Part II. If Part II or Pension Fund II is terminated in whole or in part, or if Part II or Pension Fund II is consolidated with any other plan or fund, or if the employment of an Employee is terminated, or if employment status changes, persons other than the Company shall have only such rights as are specifically defined in Part II and required to be granted pursuant to the Pension Benefits Act or any other relevant legislation.

21.10 Exclusion of Liability

(a) Benefits under Part II shall be payable only from Pension Fund II and only to the extent that there are assets in Pension Fund II, except as provided under subsection 30.1.

(b) None of the Employer, the Administrator or the Trustee, or their directors, officers, employees or agents, shall be liable in any manner if Pension Fund II should be insufficient to provide the payment of any benefits hereunder, provided that the Employer has made contributions to Pension Fund II as required by Section 24, the Pension Benefits Act, and other relevant legislation, and provided that such insufficiency is not the result of fraud, gross negligence or wilful misconduct, wilful breach of the Pension Benefits Act or other relevant legislation, or wilful breach of any part of Trust Agreement II or any other document that creates, supports or establishes Pension Fund II or Part II.

(c) The Company shall indemnify its officers, directors and employees against any and all claims, losses, damages, expenses and liabilities arising from any act or failure to act in respect of Part II or Pension Fund II, except for any act or failure resulting from the fraud, gross negligence or wilful misconduct of such person.

Section 22 - Eligibility for Membership in Part II

22.1 Eligibility For Membership

Membership in Part II is restricted to Employees who were employed by a Former Employer set out in Part II of Appendix A and who have continued to be employed without interruption by the Employer. Since these Former Employers no longer exist, there can be no new Members in Part II, unless the Company should acquire any additional companies and make them eligible to participate hereunder.

Each Employee whose Former Employer had a Prior Plan automatically became a Member of the Supplemental Plan as of the later of January 1, 1971 or the date of joining the NSPI Plan.

Section 23 - Retirement Dates

23.1 Normal Retirement Date

Normal Retirement Date is the last day of the month in which the Member attains age 65.

23.2 Early Retirement - Unreduced Pension

A Member may retire at his option prior to his Normal Retirement Date any time after;

(a) attainment of age 60; or

(b) attainment of age 55, provided his combined years of Continuous Service and age total 85 years.

23.3 Early Retirement - Reduced Pension

A Member who has attained age 55, but does not qualify for an unreduced pension under subsection 23.2, may terminate his active employment at any time and receive a pension allowance calculated in the normal manner in accordance with subsection 25.1, and then reduced by the lesser of:

(a) 0.5% for each month between the commencement date of his pension and the last day of the month next following his 60th birthday; and

(b) 0.5% for each month that the sum of the Member's age and Continuous Service (including all completed months in each case) is less than 85 years.

23.4 Postponed Retirement

Where employment with the Employer continues beyond a Member's Normal Retirement Date, a Member's pension commencement for purposes of Part II will be postponed, to the earlier of:

(a) the end of the month in which employment with the Employer ceases; or

(b) the end of the month in which the Member's 71st birthday occurs.

The annual pension payable to a Member who postpones commencement of his pension is calculated in the regular manner, as set out in Section 25.1.

Note: The policy of the Employer is that all Employees must retire no later than age 65.

23.5 Seaboard Plan

Effective January 1, 1997, the Seaboard Power Corporation Pension Plan (1966) (the "Seaboard Plan") is merged with the Plan, with all assets and liabilities of the Seaboard Plan transferred to Part II of the Plan. All benefits which were payable from the Prior Plan to Members entitled to benefits from the Seaboard Plan are now payable from the Plan, as outlined in Appendix D.

(Added by Amendment No. 3, effective January 1, 1997).

Section 24 - Contributions

24.1 Contributions By The Member

Members do not contribute to Part II, nor did the Members under Part II previously contribute to the Supplemental Plan.

24.2 Employer Contributions

The Employer will contribute such amounts as are determined by the Actuary as necessary to provide the benefits provided under Part II, in accordance with any amortization schedule adopted for this purpose as may be acceptable under the Pension Benefits Act. All Employer contributions will be paid to the Pension Fund II by means of equal monthly contributions within 90 days of the applicable month.

24.3 Mandatory Refund of Contributions

Notwithstanding any other provision of the Plan, in any instance where a contribution by the Employer to Pension Fund II results in a total contribution to the Plan, which exceeds the amount which is permissible as an eligible contribution to the Plan under the Tax Act, such excess contribution shall be refunded from Pension Fund II, with Credited Interest, to avoid revocation of the Plan's registration with Revenue Canada. However, the Superintendent's approval must be obtained before any such refund may occur.

24.4 Return of Excess Amount

Subject to the Pension Benefits Act, the Employer may direct that a payment be made out of Pension Fund II to the Employer of an amount not in excess of the amount of an overpayment made by the Employer into Pension Fund II or of an amount paid by the Employer that should have been paid out of Pension Fund II.

24.5 Permissible Contributions

No contribution may be made to Pension Fund II other than a contribution made in accordance with this Section 24, as amended from time to time.

Section 25 - Amount of Pension

25.1 Active Members

A Member retiring under any of subsections 23.1, 23.2 or 23.4 on or after April 1, 1987 shall receive from this Plan an amount of annual pension which, when combined with any amount payable under the Prior Plan, provides a total annual pension equal to 1.25% of his Final Average Earnings multiplied by his years of Credited Service, subject to the limitation that the sum of his pension under this Part II, the Prior Plan, and the NSPI Plan shall not exceed the amount of pension that would have been payable if his combined years of Credited Service under this Plan together with his credited service under the NSPI Plan had been covered solely under the NSPI Plan.

Such pension shall be payable on a monthly basis with each monthly payment being 1/12th of the annual amount.

In the event that a Member entitled to a pension under a Prior Plan voluntarily forfeits such pension, either by electing a lump sum cash payment in lieu of such pension or in any other manner, the amount of any such pension forfeited shall be deemed to be a pension actually paid under the Prior Plan, and as such shall be deducted from the total amount of pension payable under this Section 25.1.

25.2 Minimum Pension

Each Member on January 1, 1988 is entitled to a pension equal to the greater of

(a) such amount as was payable under the Supplemental Plan prior to April 1, 1987, as outlined in Appendix B; and

(b) the amount determined in accordance with subsection 25.1.

25.3 Commencement Date of Pension

Payments to a Former Member who has retired in accordance with the Plan commence on the last day of the month following the date of retirement and continue each month thereafter during the lifetime of such Former Member, ceasing with the payment on the last day of the month in which the Former Member dies. Following the Former Member's death, payments may continue to the Spouse or Children of the Former Member in accordance with Section 28.

25.4 Indexing of Pension After Retirement

Any pension paid to a Former Member, surviving Spouse, Child or other beneficiary under Part II will be adjusted each January 1, by means of a percentage increase. The percentage increase in each instance will be equal to the percentage increase in the Consumer Price Index for the 12 month period ending the preceding October 31, subject to the maximum annual increase described in (a), (b), and (c) below. The pension will not be reduced in the case of a decrease in the Consumer Price Index. In no event is there any indexing of pensions prior to the eventual commencement of pension in the case of Members who terminate employment prior to retirement.

(a) Members Who Terminate or Retire After August 1, 1992

In the case of a Member who terminates employment or retires on or after August 1, 1992, the maximum annual increase in the pension shall be 6%.

(b) Former Members Who Retired Prior to August 1, 1992

In the case of a Former Member who retired from the Employer or Former Employer prior to August 1, 1992 and immediately commenced to receive a pension, the maximum annual increase in the pension shall be 6%.

(c) Former Members Who Terminated Prior to August 1, 1992

In the case of a Former Member who terminated employment with the Employer prior to August 1, 1992 and elected to receive a deferred pension, the maximum annual increase applicable upon the eventual commencement of the pension shall be determined based upon the provisions of the Improved Plan at the time of such termination, as set out below:

(i) For Former Members who terminated employment prior to April 1, 1973, there shall be no indexing applied to the pension;

(ii) For Former Members who terminated employment between April 1, 1973 and December 31, 1976, the annual percentage increase in the pension shall not exceed 2%;

(iii) For Former Members who terminated employment between January 1, 1977 and December 31, 1979, the annual percentage increase in the pension shall not exceed 4%; and

(iv) For Former Members who terminated employment on or After January 1, 1980, the annual percentage increase in the pension shall not exceed 6%.

Notwithstanding the above, effective January 1, 1992, if on January 1 of a Plan Year, less than 12 months have elapsed since a pension first commenced being paid to a Former Member, surviving Spouse, or Child, the increase which shall apply to such pension shall be prorated to reflect the number of months, out of 12, that such pension had been paid. Where a pension becomes payable to a surviving Spouse or Child of a Former Member who had been receiving pension payments prior to dying, payments to such Former Member shall be included in determining the time which has elapsed since the pension first commenced, for purposes of determining whether the increase described herein must be prorated.

Note: *Pensions payable under the Supplemental Plan and the Prior Plan were indexed on various occasions prior to December 31, 1980 to partially reflect increases in the Consumer Price Index for Canada. Details of such indexing are provided in earlier versions of this text.*

Section 26 - Maximum Pension

26.1 Maximum Pension

a) The maximum annual pension payable to a Member under Part II shall be the lesser of:

b) 2% of the average of the best 3 consecutive years' Earnings of the Member multiplied by his years of Credited Service, to a maximum of 35 such years; and

c) $1,715 multiplied by his years of Credited Service, to a maximum of 35 such years.

26.2 Indexing of Maximum Pension

The maximum annual pension described in subsection 26.1 applies in the year in which benefits commence to be paid. The maximum annual pension permitted to be paid in subsequent years is adjusted to reflect the increase in the average Consumer Price Index from the year of commencement to the particular year.

26.3 Permissible Distributions

No payments are permitted from Pension Fund II except as provided by Part II of the Plan, or if required by the Tax Act or the Pension Benefits Act.

26.4 Maximum Commuted Value

In any case where a Member's benefits under Part II are to be commuted, the amount transferred on a tax-free basis to a Member's RRSP or life income fund (locked-in where required) or to a money purchase benefit under the registered pension plan of a subsequent employer may not exceed the limits set out in the Tax Act. In any case where the Commuted Value of the benefits to be transferred exceeds such limits, the excess Commuted Value shall be paid in cash to the Member, unless payment of cash is contrary to the Pension Benefits Act, in which event payment of the excess Commuted Value shall be in such form as is acceptable to both the Superintendent and Revenue Canada.

Note: Section 8517 of the regulations to the Tax Act provides details of the limits for such transfers.

Section 27 - Benefits Payable in Event of Death Prior to Retirement

27.1 Member Without A Spouse

If a Member who does not have a Spouse should die before retirement, no benefit is payable under Part II.

Note: *There may be a benefit payable under the Prior Plan.*

27.2 Member With A Spouse

In the event a Member dies in service with the Employer, the surviving Spouse of such Member is eligible to receive a monthly pension payable for life equal to 60% of the pension benefit earned by the Member under both the Prior Plan and Part II up to the date of his death.

27.3 Child's Pensions

In the event of the death of a Member or Former Member prior to pension commencement, there shall be payable to each Child of the Member or Former Member a pension equal to 10% of the pension benefit earned by the Member under both the Prior Plan and Part II up to the date of his death.

In the event that there are more than 4 eligible Children, a benefit equal to 4 times the 10% pension that a single Child would have received will be divided equally amongst all of the Children. Should a child no longer qualify as a Child, the portion of the benefit that such child was receiving will be redistributed amongst the remaining Children, subject to a maximum of the 10% pension a single Child would have received.

27.4 Payment of Survivor Pensions

Payment of survivor pensions under this Section 27 shall commence on the last day of the month in which the Member or Former Member dies. The first payment shall be prorated for the number of days in the month between the date of death and the last day of the month.

Payments to the Spouse will continue for the remainder of the Spouse's lifetime, ceasing with the payment at the end of the month in which the Spouse dies.

Payments to Children will be paid as long as the child qualifies under the definition of a Child, ceasing with the payment at the end of the month in which the child no longer qualifies as a Child, or dies. If a Child requalifies for benefits, payments will recommence in the same amount as they had been paid before the child ceased to qualify as a Child.

27.5 Indexing of Death Benefits

Any survivor's pension payable in accordance with this Section 27 shall be increased effective January 1 of each subsequent Plan Year according to the indexing formula in subsection 25.4.

27.6 Increase to Survivor Pensions

Effective beginning with the pension payments for the month of January, 2000, where the monthly pension amount payable to a Member's surviving Spouse who is either in receipt of a pension on December 31, 1999 or who becomes entitled to a pension at any time on or after December 31, 1999 is less than 60% of the benefit amount earned by the Member to the date of death, the pension amount shall be increased to 60% of the benefit amount earned by the Member to the date of death.

(Added by Amendment No. 5, effective December 31, 1999).

Section 28 - Benefits Payable in Event of Death After Retirement

28.1 Integration of Benefits With Prior Plan

A Member or Former Member will be entitled to payment of his total pension from both the Prior Plan and Part II in the form set out in this Section 28. Part II will provide any supplemental amount required to pay the total pension on this basis.

28.2 Member Without a Spouse

When a Member without a Spouse retires and becomes a Former Member, the pension is payable on a monthly basis for the life of the Former Member.

28.3 Member With a Spouse

For a Member with a Spouse, the form of pension upon retirement shall be life, with a lifetime pension payable thereafter to the Former Member's Spouse, if such Spouse is still surviving, equal to 60% of the pension benefit payable to the Former Member immediately prior to the Former Member's death, including any applicable indexing thereon.

28.4 Child's Benefits

In the event of the death of a Former Member after pension commencement, there shall be payable to each Child of the Former Member a pension equal to 10% of the amount of pension that the Former Member would have received had the Former Member been living.

In the event that there are more than 4 eligible Children, a benefit equal to 4 times the 10% pension that a single Child would have received will be divided equally amongst all of the Children. Should a child no longer qualify as a Child, the portion of the benefit that such child was receiving will be redistributed amongst the remaining Children, subject to a maximum of the 10% pension a single Child would have received.

28.5 Payment of Survivor Benefits

Payment of survivor pensions under this Section 28 shall commence on the last day of the month following the month in which the Member dies.

Payments to the Spouse will continue for the remainder of the Spouse's lifetime, ceasing with the payment at the end of the month in which the Spouse dies.

Payments to Children will be paid as long as the child qualifies under the definition of a Child, ceasing with the payment at the end of the month in which the child no longer qualifies as a Child, or dies. If a Child requalifies for benefits, payments will recommence in the same amount as they had been paid before the child ceased to qualify as a Child.

28.6 Indexing of Death Benefits

Any survivor's pension payable in accordance with this Section 28 shall be increased effective January 1 of each subsequent Plan Year according to the indexing formula in subsection 25.4.

28.7 Increase to Survivor Pensions

Effective beginning with the pension payments for the month of January, 2000, where the monthly pension amount payable to a Member or a Former Member's surviving Spouse who is either in receipt of a pension on December 31, 1999 or who becomes entitled to a pension at any time on or after December 31, 1999 is less than 60% of the benefit amount payable to the Member prior to the date of death, including any applicable indexing thereon, the pension amount shall be increased to 60% of the benefit amount payable to the Member prior to the date of death, including any applicable indexing thereon.

(Added by Amendment No. 5, effective December 31, 1999).

Section 29 - Termination of Employment

29.1 A Member who leaves the service of the Employer for any reason other than death or retirement prior to age 55 is entitled to a benefit as follows:

(a) If he has not yet attained both age 45 and 10 years of continuous service, he is not entitled to a benefit under Part II.

(b) If he has both completed 10 years of Continuous Service and attained age 45, he may elect either (i) or (ii) below.

(i) to receive a deferred pension under either (1) or (2) below;

(1) a pension calculated in accordance with subsection 25.1, commencing on the last day of the month following his 60th birthday; or

(2) a pension commencing on the last day of any month following his 55th birthday, calculated initially in accordance with subsection 25.1, and then reduced, if applicable, in accordance with subsection 23.3, based upon his age at the time of commencement of his pension and his Continuous Service at the date of his termination for purposes of paragraph (b) in subsection 23.3.

Any such deferred pension is not eligible for indexing until the January 1 following the commencement of pension, at which time the respective provisions of subsection 25.4 will apply.

(ii) where the member is not eligible for an immediate pension, to have the Commuted Value of his accrued pension benefit:

(1) transferred to a Registered Retirement Savings Plan (RRSP) of his choice, provided that such RRSP shall be "locked in" as required under the Pension Benefits Act, and as such may be used only to provide a life annuity commencing any time after age 55;

(2) transferred to a life income fund of his choice, provided that such life income fund shall be "locked in" as required under the Pension Benefits Act;

(3) transferred to the pension plan of a subsequent employer; or

(4) applied to purchase a deferred life annuity from a life insurance company, subject to the condition that such pension may not commence prior to age 55.

Note: *Any transfer under paragraph (ii) above is subject to Part II being fully funded on a solvency basis. If Part II has a solvency deficiency, as defined by the Pension Benefits Act, then the transfer of a Member's full Commuted Value out of Part II may be delayed or restricted.*

(Revised by Amendment No. 2, effective August 1, 1992).

Section 30 - Termination of Part II

30.1 Termination of Plan Affecting Group II

In the event of termination of Part II, the Employer shall not be obliged to make any further contributions to Pension Fund II in accordance with Section 24, provided that it has made at least the required contributions as outlined in Section 24. The rights of any person entitled to benefits under Part II shall be limited to the assets of Pension Fund II existing at the time.

Pension Fund II shall be applied to provide the benefits earned under Part II for the Members, Former Members, Spouses of Members and Former Members, and any other beneficiaries, in one of the following ways:

(a) Persons In Receipt of Pension on Termination Date

In the case of any Former Member, surviving Spouse or other beneficiary in receipt of a pension on the termination date, by the purchase of an annuity contract from a life insurance company licensed to carry on a life insurance, business in Canada;

(b) Members and Former Members Not In Receipt of Pension On Termination Date

(i) by the purchase of an annuity contract from a life insurance company licensed to carry on a life insurance business in Canada;

(ii) by the transfer of the Commuted Value of the benefits to which the Member or Former Member is entitled to a registered retirement savings plan (RRSP), provided that the issuer of such RRSP agrees in writing to administer such monies, where required by the Pension Benefits Act, as locked-in for the purpose of providing a life annuity commencing at some future date, but, in the case of a Member, not prior to his 55th birthday;

(iii) by continuation of Pension Fund II in order to pay directly the benefits as are payable; or

(iv) to the extent permissible, by the payment of a cash refund, subject to the provision that any Member or Former Member may in all cases elect that Part II provide him with a deferred pension payable at such age as is provided for in Section 23 in the amount of his pension entitlement earned to date; and

subject in each case to the applicable provisions of the Pension Benefits Act.

In the event of a wind-up of Part II, any action taken with regard to the wind-up shall be made in accordance with the Pension Benefits Act and the approval of the Superintendent.

If the assets in Pension Fund II should be insufficient to provide the total benefits accrued under Part II, the assets will be applied in a manner proposed by the Employer and the Actuary and approved by the Superintendent. Otherwise, after provision has been made for the satisfaction of all liabilities under Part II, any surplus assets as may remain in Pension Fund II will be paid to the Employer.

Appendix A - Acquired Companies for Purposes of this Plan

APPENDIX A - PART I

Acquired Company	Date of Acquisition	Date of Employees Eligible to Join NSPI Plan
Nova Scotia Light & Power Company, Limited	February 1, 1972	April 1, 1973

APPENDIX A - PART II

Acquired Company	Date of Acquisition	Date Employees Eligible to Join NSPI Plan	Benefits Payable Under Prior Plan
Bridgewater	January 1, 1970	January 1, 1970	Money Purchase (London Life)
Caledonia	December 30, 1966	May 15, 197-	Money Purchase (Government Annuities) contribution of 5% by Employee and Employer
Canada Electric	January 1, 1961	June 1, 1961	1 1/7% Career Average
Clare	June 2, 1980	June 2, 1980	Money Purchase (London Life)
Digby	June 2, 1980	June 2, 1980	Money Purchase (Crown Life)
Dominion	December 30, 1966	May 15, 1970	1 ¼% Career Average
Eastern Light	December 30, 1966	May 15, 1979	1 ¼% Career Average
Liverpool	November 1, 1973	November 1, 1973	1 ½% Career Average
Pictou County	December 1, 1963	April 1, 1964	1 ½% Career Average
Town of Pictou	July 1, 1965	July 1, 1965	None

(Revised by Amendment No. 3, effective January 1, 1997).

Appendix B - Outline of Previous Supplemental Pension Benefits

Note: *As outlined in subsection 25.1, pensions were substantially improved applicable to certain Group II Members effective April 1, 1987 for all Group II Members retiring on or after such date. In practically all individual instances, the formula outlined in subsection 25.1 resulted in an improved pension.*

Nonetheless, in each individual instance the Group II Member is guaranteed that he will receive the higher of the benefits previously in effect or the formula outlined in subsection 25.1. The benefits previously in effect are outlined below.

B.1 Vested Pension Supplement

Each Group II Member, other than anyone who was an employee of the Digby County Power Board, The Town of Digby Electric Department, The Municipality of the County of Digby Electric Department, The Municipality of Clare Electric Department or The Village of Weymouth Electric Department, shall receive a supplemental pension commencing on the date of retirement equal to the excess (a) over (b) as follows:

(a) the pension accrued to him under any Prior Plan to the date of enrolment in the NSPI Plan, multiplied by the ratio of

(i) his average annual earnings during such period and his period of enrolment in the NSPI Plan to

(ii) his average annual earnings during his period of enrolment in the Prior Plan

over

(b) the pension actually accrued to him under the Prior Plan.

For purposes of (a), the Employer shall determine the compensation applicable to both of these periods.

B.2 Delayed Entry Supplement

Any Group II Member who remained a member under a Prior Plan for more than 14 months after the Employer purchased the Former Employer shall receive a supplemental pension commencing on the date of retirement equal to the excess of:

(c) the pension that would have been earned under the NSPI Plan during the period in excess of 14 months, reduced, where applicable, to reflect the lower rate of member contributions made to such Prior Plan

over

(d) the sum of

(i) the pension earned under the Prior Plan applicable to the excess period referred to in paragraph (a) above, and

(ii) that portion of any supplemental pension determined pursuant to B.1. above which is applicable to the excess period referred to in paragraph (a) above.

The Employer shall make all determinations and adjustments required in this subsection B.2.

B.1 Minimum Pension

Each Group II Member with at least 35 years of Continuous Service shall receive a supplemental pension commencing on the date of retirement equal to the excess of

(a) 45% of his annual Earnings, based on the Earnings received in his last full month in which he worked,

over

(b) the sum of the annual pension payable under:

(i) the NSPI Plan,

(ii) any Prior Plan, based on the level in effect at the time of retirement,

(iii) the Canada Pension Plan (commencing at age 65 and based upon the amount of Canada Pension Plan benefit payable at age 65),

(iv) any pension provided in subsection B.1 or B.2, and

(v) any other pension provided under Part II.

Each Group II Member with less than 35 years of Continuous Service shall receive a pension calculated as in the above paragraph, but with the figure of 45% reduced to reflect the ratio of his number of years of service to 35.

B.2 Actuarial Reduction Supplement

A Group II Member who has both attained age 60 and has completed at least 10 years of service and who retires prior to his Normal Retirement Date, and whose pension payable under a Prior Plan has been actuarially reduced because of such early retirement date, shall receive a supplementary annual pension equal to the amount of such actuarial reduction.

Appendix C - Voluntary Early Retirement Incentive Pension Program of May, 1993

Note: In May, 1993, the Company approved a Voluntary Early Retirement Incentive Program. This Appendix C describes only the portion of the Voluntary Early Retirement Incentive Program which is to be provided through this Plan.

C.1 Eligibility

To be eligible for the voluntary early retirement incentive program described in this Appendix C, a Member must have attained age 50 and the sum of his age and years of Continuous Service must equal or exceed 80 years, on or before December 31, 1994.

C.2 Election to Participate and Retirement Dates

In order to receive the benefits described in this AppendixC, a Member must elect to participate in the program and retire within the following time periods:

(a) Members who satisfy the eligibility criteria in subsection C.1 prior to August 31, 1993, must elect to participate between May 31, 1993 and July 5, 1993, and retire between the date on which the eligibility criteria are satisfied and August 31, 1993.

(b) Members who first satisfy the eligibility criteria in subsection C.1 after August 31, 1993 but prior to December 31, 1994, must elect to participate between May 31, 1993 and August 3, 1993, and retire on the last day of the month in which they first satisfy the eligibility requirements in subsection C.1.

In individual instances, the Company may permit Members to delay the actual date of retirement, but in no event shall the retirement be postponed beyond December 31, 1994.

C.3 Pension Benefits

Members who elect to participate in accordance with subsection C.2, will receive an immediate pension, calculated in accordance with Part I or Part II of this Plan, without being subject to reduction pursuant to either subsection 11.3 or 23.3.

The difference between the Commuted Value of the total benefits payable under both this Plan and the NSPI Plan and the Commuted Value of the benefits which would have been payable under both pension plans had the Member voluntarily retired without receiving any enhanced benefits shall not exceed 36 months of the Member's base pay as at May 31, 1993. In any case where the enhancements would have a Commuted Value in excess of this amount, the enhancements will be reduced sufficiently to satisfy this requirement.

C.4 Re-Employment

In the event that a Former Member who retired and received enhanced benefits under this Appendix C is re-employed by the Company, that Former Member's pension benefits and entitlements shall be administered in such a way as is necessary to ensure compliance with the Tax Act and the Pension Benefits Act."

(Added by Amendment No. 1, effective May 31, 1991).

Appendix D - Voluntary Early Retirement Program of 1997 to 2001

D.1 Eligibility

To be eligible for the early retirement program described in this Appendix D, a Member's age plus years of Continuous Service must total 80 or more.

D.2 Election to Participate and Retirement Dates

In order to receive the benefits described in this Appendix D, a Member must elect to participate in the program between April 1, 1997 and December 31, 2001.

D.3 Amount of Unreduced Pension Payable

A Member who retires under subsection D.2 will be entitled to receive a pension calculated in accordance with subsection 13.1 or 25. 1 of the Plan, as applicable.

(Appendix "D" added by Amendment No. 2, effective April 1, 1997).

Appendix D - Outline of Previous Seaboard Power Corporation Pension Plan (1966) Benefits

Note: As outlined in subsection 25.5, the Seaboard Power Corporation Pension Plan (1966) (the "Seaboard Plan") was merged with the Plan effective January 1, 1997. Prior Plan benefits payable to members of the Seaboard Plan are payable from the Plan, effective on the date of the merger. At the date of the merger there are four pensioners in receipt of benefits from the Seaboard Plan. There are no active or deferred members and no individuals in receipt of survivor benefits from the Seaboard Plan. This Appendix D describes the benefits payable from the Plan as a result of the merger.

D.1 Normal Pension

The annual amount of pension payable on retirement at age 65 shall be paid in monthly instalments and shall be equal to:

(a) any pension payment to which the Member was entitled under the provisions of the Dosco Plan prior to January 1, 1965 and for the period from January 1, 1965 to December 31, 1965; plus

(b) 1 1/4% of the earnings received by the Member while a participant in the Seaboard Power Corporation Pension Plan (1966) (the "Seaboard Plan").

For purposes of this subsection D.1, earnings means the Member's total wages in any pay period received from the Seaboard Power Corporation Limited, including overtime, incentive, bonuses and other increments of compensation paid in cash.

D.2 Early Pension

The annual amount of pension payable to a Member who retires from the Seaboard Plan on or after age 55, but before reaching age 65, shall be the amount of pension described in subsection D.1, reduced by 1/2 of 1% for each month that the Member's retirement precedes age 65.

D.3 Death Benefits

At the date of the merger of the Seaboard Plan with the Plan, no Member or Former Member is or will be entitled to receive any death benefits from the Seaboard Plan.

D.4 Termination Benefits

At the date of the merger of the Seaboard Plan with the Plan, no Member or Former Member is or will be entitled to receive any termination benefits from the Seaboard Plan.

(Appendix "D" added by Amendment No. 3, effective January 1, 1997).