

INFORMATION STATEMENT DATED SEPTEMBER 12, 2006

This Information Statement has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to the Deposit Notes. This Information Statement is confidential and should not be reproduced or disseminated in whole or in part without the permission of The Bank of Nova Scotia. This Information Statement constitutes an offering of these Deposit Notes only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Deposit Notes. No securities commission or similar authority in Canada has in any way passed upon the merits of the Deposit Notes offered hereunder and any representation to the contrary is an offence. The Deposit Notes offered under this Information Statement have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any State securities laws and, subject to certain exceptions, may not be offered for sale, sold or delivered, directly or indirectly in the United States, its territories or possessions to or for the account or benefit of US persons within the meaning of Regulation S under the 1933 Act. In addition, the Deposit Notes may not be offered or sold to residents of any jurisdiction or country in Europe.



The Bank of Nova Scotia

Automatic Portfolio Allocation™ Deposit Notes — Series 1

PRINCIPAL GUARANTEED

The Bank of Nova Scotia (the "Bank") is hereby offering Automatic Portfolio Allocation Deposit Notes, Series 1 (the "Deposit Notes"), the return on which is linked, in the manner provided herein, to the performance of a portfolio of stock, bond and commodity indices (the "Portfolio") consisting of the S&P/TSX 60® Index, the Scotia Capital Universe Overall™ Bond Index (Total Return), the Dow Jones EURO STOXX 50® Index, the Hang Seng China Enterprises Index® and the Goldman Sachs Commodity Index (GSCI®) Excess Return (each an "Asset" and, collectively, the "Assets"). The Deposit Notes will mature on October 31, 2011 (the "Maturity Date"). The Deposit Notes are not redeemable prior to the Maturity Date.

At the Maturity Date, a holder of a Deposit Note (each an "Investor") will receive an amount per Deposit Note equal to: (i) the amount deposited of \$100 (the "Principal Amount"); and (ii) the variable return, if any (the "Variable Return") in an amount equal to the Principal Amount multiplied by the Average Realized Value. The Average Realized Value is the average of the Realized Values determined for each Calculation Date during the term of the Deposit Notes. The Realized Value at any Calculation Date is the percentage increase or decrease in value of the best performing Asset then remaining in the Portfolio over the period between the Issue Date and the relevant Calculation Date. After a particular Asset is used to determine a Realized Value for any Calculation Date, that Asset will be removed from the Portfolio and its performance will no longer factor into the calculation of Variable Return on subsequent Calculation Dates. See "Description of the Deposit Notes — Variable Return".

A prospective investor should decide to invest in the Deposit Notes only after carefully considering with his or her advisor as to whether the Deposit Notes are a suitable investment in light of the information set out in this Information Statement. Neither the Bank, Scotia Capital Inc. nor any of their respective affiliates makes any recommendation as to whether the Deposit Notes are a suitable investment for any person. See "Risk Factors".

PRICE: \$100 PER DEPOSIT NOTE
Minimum Subscription: \$5,000 (50 Deposit Notes)
FundSERV Code: SSP 100

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The Bank has taken reasonable care to ensure that the facts stated in this Information Statement with respect to the Deposit Notes are true and accurate in all material respects. However, the Bank and the Selling Agent make no assurances, representations or warranties with respect to the accuracy, reliability or completeness of any information obtained from third parties reproduced herein.

Any directional view on the future performance of any of the Assets expressed in this Information Statement or implied within the terms of the Deposit Notes may not reflect the views of the Bank, the Selling Agent or any of their respective affiliates concerning any of the Assets and are not necessarily consistent with the views of the Bank's research analysts concerning any of the Assets. Investors should make any decision to invest in the Deposit Notes based only on their own views on the likely future performance of the Assets without reliance on the Bank or any of its affiliates and with the knowledge that the views of the Bank or any of its affiliates and the views of other market professionals may be different than theirs. Neither the Bank nor the Selling Agent nor any of their affiliates expresses any views on the future performance of any of the Assets.

SUITABILITY FOR INVESTMENT

An investment in Deposit Notes is suitable only for investors prepared to assume risks with respect to a return tied to the performance of the Assets. The return on the Deposit Notes, if any, is uncertain in that an investor may not receive anything more than the Principal Amount at the Maturity Date. **The Principal Amount is guaranteed to be repaid only if the Deposit Notes are held to the Maturity Date.** A person should reach a decision to invest in the Deposit Notes only after carefully considering, with his or her advisors, the suitability of this investment in light of his or her investment objectives and the information set out in this Information Statement. The Deposit Notes are not conventional indebtedness in that they have no fixed yield. It is possible that the Assets will not have appreciated in value by the Maturity Date and therefore the Deposit Notes could produce no yield at the Maturity Date. Therefore, the Deposit Notes are not suitable investments for investors requiring or expecting certainty of yield. See “Risk Factors”.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, the Deposit Notes offered hereby would, if issued on the date of this Information Statement, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans or deferred profit sharing plans (other than a trust governed by a deferred profit sharing plan to which contributions are made by the Bank or by an employer with which the Bank does not deal at arm’s length within the meaning of such Act).

SUMMARY

The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Information Statement. Capitalized terms that are used but not defined in this summary are defined elsewhere in this Information Statement. See the “Glossary” for defined terms.

Issue: Automatic Portfolio Allocation Deposit Notes — Series 1.

Issuer: The Bank of Nova Scotia.

Selling Agent: Scotia Capital Inc.

Sub-Agent: Gibraltar Consulting Group

Principal Amount: The Deposit Notes will be sold in denominations of \$100 per Deposit Note (the “Principal Amount”).

Subscription Price:	<u>Price to an Investor⁽¹⁾</u>	<u>Selling Agent Fees</u>	<u>Proceeds to the Bank⁽²⁾</u>
	\$100 per Deposit Note	\$4.00	\$96.00

(1) The price to be paid by each Investor upon issuance has been determined by negotiation between the Bank and the Selling Agent.

(2) Before deduction of expenses of issue, which will be paid by the Bank out of its general funds.

Minimum Subscription: Minimum subscription of \$5,000 (50 Deposit Notes).

Issue Size: A maximum of \$100,000,000 Principal Amount of Deposit Notes will be issued by the Bank. The maximum size of the Offering may be changed at any time without notice, in the sole discretion of the Bank.

Issue Date: The Deposit Notes will be issued on or about October 31, 2006 (the actual date of issuance being the “Issue Date”).

Maturity Date/Term: The Deposit Notes will mature on October 31, 2011, resulting in a term to maturity of approximately five years.

Portfolio: The five Assets comprising the Portfolio are as follows:

- S&P/TSX 60[®] Index;
- Scotia Capital Universe Overall[™] Bond Index (Total Return);
- Dow Jones EURO STOXX 50[®] Index;
- Hang Seng China Enterprises Index[®]; and
- Goldman Sachs Commodity Index (GSCI[®]) Excess Return.

All references herein to the Assets or the Portfolio are solely for purposes of establishing the sources of and the mechanics for determining the Realized Values. The Deposit Notes do not constitute an investment in any Asset or in any of the stocks, bonds or commodities underlying any Asset. By acquiring Deposit Notes, Investors will not have a direct economic or other interest in, claim or entitlement to, or any legal or beneficial ownership of, the Portfolio or any of the Assets notionally contained in the Portfolio or any stock, bond or commodity underlying any Asset.

Amounts Payable at Maturity: The amount payable in respect of each Deposit Note on the Maturity Date will be a Canadian dollar amount equal to the sum of: (i) the Principal Amount; plus (ii) the Variable Return, if any. An Investor does not have the right to retract or cause the redemption of the Deposit Notes prior to the

Maturity Date. However, an Investor may be able to sell Deposit Notes in any available secondary market prior to the Maturity Date. See “Description of the Deposit Notes — Secondary Trading of Deposit Notes” and “FundServ”. In no event will the Principal Amount of a Deposit Note be paid prior to the Maturity Date. The amount and method of calculating Variable Return and the timing of the payment of Variable Return, if any, may be affected by Market Disruption Events and Extraordinary Events.

Variable Return:

The Deposit Notes will not bear any interest during the term of the Deposit Notes, but will have a Variable Return, if any, per Deposit Note at maturity calculated as follows:

$$\text{Variable Return} = \text{Principal Amount} \times \text{Average Realized Value}$$

The Average Realized Value will equal the simple average of the Realized Values (which can be positive or negative) for each Calculation Date. See “Description of the Deposit Notes — Variable Return”.

Calculation Dates:

October 31 for each of the calendar years from 2007 to 2010 (or if any such day is not a Business Exchange Day, the next following Business Exchange Day) and two Business Exchange Days prior to October 31, 2011.

Realized Value:

The Realized Value, on a particular Calculation Date is the return of the best performing Asset of the Assets remaining in the Portfolio at that Calculation Date, expressed as a percentage of its increase or decrease in value (a price or total return, as applicable) measured from the Issue Date to the relevant Calculation Date. If a particular Asset has been used to determine the Realized Value for any Calculation Date, that Asset is removed from the Portfolio and its performance will no longer factor into the calculation of Variable Return for any subsequent Calculation Date. For purposes hereof, the reference to “best performing asset” means, of the Assets which remain in the Portfolio as of the relevant Calculation Date, the Asset with the largest increase in value since the Issue Date or, if all Assets then remaining in the Portfolio have decreased in value, the smallest decrease in value since the Issue Date.

The first Realized Value will be determined on October 31, 2007 or if such date is not a Business Exchange Day, the next following Business Exchange Day. This process will be repeated on October 31 in each of the calendar years 2008 through 2010 or if such date is not a Business Exchange Day, the next following Business Exchange Day and two Business Exchange Days before October 31, 2011. By a process of elimination, on the final Calculation Date in 2011, there will only be one Asset remaining in the Portfolio and that Asset will be used to determine the Realized Value for the final Calculation Date. In this manner, of the Assets initially contained in the Portfolio as of the Issue Date, each Asset will be selected only once to determine a Realized Value.

Currency Risk:

The performance of the Asset selected to determine a Realized Value for any Calculation Date will be based solely upon the rate of return of such Asset, which is determined by reference to the Closing Value of that Asset on the Issue Date and the relevant Calculation Date. Accordingly, the Variable Return payable in respect of the Deposit Notes will be unaffected by changes in the exchange rate of Canadian dollars relative to any other currency.

Deferral of Payment:	In certain circumstances, payment of Variable Return, if any, may be deferred to ensure compliance with Canadian laws regarding interest rates. See “Description of the Deposit Notes — Deferred Payment”.
Market Disruption Event:	If a Market Disruption Event occurs on a Calculation Date, determination of the Realized Value for that Calculation Date will be postponed to a later date. If a Market Disruption Event continues for a period of 8 consecutive Banking Days, the Calculation Agent may, in its discretion, elect to determine the Variable Return, if any, payable to Investors at that time. In such event, the Bank may elect to pay the Variable Return, if any, to Investors at that time or, instead, defer payment of any such Variable Return until the Maturity Date. Notwithstanding the occurrence of a Market Disruption Event, the Principal Amount of each Deposit Note will not, under any circumstances, be repaid until the Maturity Date. See “Description of the Deposit Notes — Special Circumstances — Market Disruption Event”.
Extraordinary Event:	The occurrence of an Extraordinary Event may result in the early determination of the Variable Return, if any, payable to Investors. If an Extraordinary Event occurs, the Bank may elect to pay the Variable Return, if any, to Investors at that time or, instead, defer payment of any such Variable Return until the Maturity Date. Notwithstanding the occurrence of an Extraordinary Event, the Principal Amount of each Deposit Note will not, under any circumstances, be repaid until the Maturity Date. See “Description of the Deposit Notes — Special Circumstances — Extraordinary Event”.
Credit Rating:	As of the date of this Information Statement, the Bank’s deposit liabilities with a term of more than one year were rated AA (low) by DBRS, AA – by S&P and Aa3 by Moody’s. The Deposit Notes have not been rated. There can be no assurance that if the Deposit Notes were specifically rated by these rating agencies that they would have the same rating as such other deposit liabilities. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency. See “Description of the Deposit Notes — Credit Rating”.
Secondary Market:	There is currently no market through which the Deposit Notes may be sold. There can be no assurance that a secondary market for the Deposit Notes will develop or, if such market does develop, that it will be sustained or liquid. The Deposit Notes will not be listed on any stock exchange. However, an Investor may be able to sell Deposit Notes prior to maturity in any available secondary market. The Selling Agent intends to use reasonable efforts to maintain a secondary market for the Deposit Notes, but reserves the right not to do so at any time in the future, in its sole discretion, without providing prior notice to Investors. These efforts will consist of posting a daily Bid Price through FundSERV for the Deposit Notes. The Selling Agent may, for any reason, elect not to purchase Deposit Notes from any particular Investor. If an Investor sells a Deposit Note to the Selling Agent within the first 720 days from the Issue Date, the Investor will receive sale proceeds equal to the Bid Price for the Deposit Note as determined by the Selling Agent minus any applicable Early Trading Charge. The Bid Price less any Early Trading Charge is referred to as the “secondary market price”. A sale of Deposit Notes originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV. See “Description of the Deposit Notes — Secondary Trading of Deposit Notes”, “FundSERV” and “Risk Factors”.

Early Trading Charge:

During the first 720 days following the issuance of the Deposit Notes, an Early Trading Charge will apply to any secondary market sale of a Deposit Note through the Selling Agent. The Early Trading Charge will be equal to a percentage of the Principal Amount of the Deposit Note, determined as follows:

<u>If Sold Within</u>	<u>Early Trading Charge</u>
0-90 days	5.50%
91-180 days	4.75%
181-270 days	4.00%
271-360 days	3.25%
361-450 days	2.50%
451-540 days	1.75%
541-630 days	1.00%
631-720 days	0.25%
Thereafter	Nil

An Investor should be aware that any price for the Deposit Notes appearing on his or her monthly or quarterly investment account statement will be before the application of any applicable Early Trading Charge. An Investor wishing to sell Deposit Notes prior to the Maturity Date should consult with his or her investment advisor as to whether the Investor will bear the Early Trading Charge and, if so, how much it will be.

Book-Entry Registration:

The Deposit Notes will be evidenced by a single global Deposit Note held by a depository (initially being CDS). Registration of the interests in and transfers of the Deposit Notes will be made only through the book-entry system of CDS. Subject to certain limited exceptions, you will not be entitled to any certificate or other instrument from us or the depository evidencing the ownership thereof and you will not be shown on the records maintained by the depository except through an agent who is a participant of the depository. See “Description of the Deposit Notes — Form of the Deposit Notes”.

Status:

The Deposit Notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* among themselves with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding (except as otherwise prescribed by law). Investors will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime.

Use of Proceeds:

The Net Proceeds (as defined herein) received from the issuance of the Deposit Notes will be deposits of the Bank. The Net Proceeds will not be held by the Bank in trust for the Investors in any segregated or other account, but rather the Bank will use the Net Proceeds of the Offering for its general banking purposes. See “Use of Proceeds”.

Income Tax Considerations:

If Deposit Notes are held until the Maturity Date, the Investor will be required to include in its income as interest the amount, if any, by which the payment at the Maturity Date exceeds the Principal Amount. The Bank will file an information return with the Canada Revenue Agency in respect of any interest or deemed interest to be included in an Investor’s income and will provide the Investor with a copy of such information return. Subject to the limitations outlined under “Certain Canadian Federal Income Tax Considerations”, an amount received by an Investor on a disposition or

deemed disposition of a Deposit Note (other than a repayment by the Bank) should give rise to a capital gain (or capital loss) to that Investor at such time to the extent such amount exceeds (or is less than) the aggregate of its adjusted cost base of the Deposit Note and any reasonable costs of disposition.

An Investor should consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Deposit Notes until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

Selling Expenses:

Selling expenses of \$4.00 per Deposit Note will be paid out of the proceeds of this Offering to qualified selling members for selling the Deposit Notes.

Risk Factors:

Investors should consider carefully certain risk factors set out under “Risk Factors” before reaching a decision to purchase the Deposit Notes.

DESCRIPTION OF THE DEPOSIT NOTES

Issue Size

Automatic Portfolio Allocation Notes — Series 1, will be issued by the Bank on the Issue Date. A maximum of \$100,000,000 Principal Amount of Deposit Notes will be issued by the Bank. The maximum size of the Offering may be changed at any time without notice in the sole discretion of the Bank.

Principal Amount and Minimum Subscription

Each Deposit Note will be issued in a Principal Amount of \$100. The price to be paid by each Investor upon issuance has been determined by negotiation between the Bank and the Selling Agent. The minimum subscription per Investor will be fifty (50) Deposit Notes (i.e., \$5,000).

Maturity and Principal Repayment

Each Deposit Note matures on the Maturity Date, on which date the Investor will receive a minimum of the Principal Amount of \$100 per Deposit Note. If the Maturity Date is not a Business Exchange Day for any reason, then the Maturity Date will be deemed to occur on the next following Business Exchange Day and no interest or other compensation will be paid to an Investor in respect of such postponement.

The Portfolio

The five Assets comprising the Portfolio are as follows:

- S&P/TSX 60[®] Index;
- Scotia Capital Universe Overall[™] Bond Index (Total Return);
- Dow Jones EURO STOXX 50[®] Index;
- Hang Seng China Enterprises Index[®]; and
- Goldman Sachs Commodity Index (GSCI[®]) Excess Return.

All references herein to the Assets or the Portfolio are solely for purposes of establishing the sources of and the mechanics for determining the Realized Values. The Deposit Notes do not constitute an investment in any Asset or in any of the stocks, bonds or commodities underlying any Asset. By acquiring Deposit Notes, Investors will not have a direct economic or other interest in, claim or entitlement to, or any legal or beneficial ownership of, the Portfolio or any of the Assets notionally contained in the Portfolio or any stock, bond or commodity underlying any Asset.

Variable Return

Each Deposit Note will bear Variable Return, if any, in an amount in Canadian dollars, as described herein, which Variable Return will be paid on the Maturity Date, subject to acceleration or deferral in the circumstances described under “Description of the Deposit Notes — Deferred Payment” and “Description of the Deposit Notes — Special Circumstances”. The Deposit Notes will not bear interest during the term of the Deposit Notes but will rather have a Variable Return per Deposit Note, if any, payable at maturity in Canadian dollars, calculated as follows:

$$\text{Variable Return} = \text{Principal Amount} \times \text{Average Realized Value}$$

The Average Realized Value will be determined by the simple average of the Realized Values (each of which may be positive or negative) determined for each Calculation Date. The Realized Value for any Calculation Date shall be equal to the rate of return, measured from the Issue Date to that Calculation Date, of the best performing Asset remaining in the Portfolio as of that Calculation Date. The rate of return of an Asset is calculated as follows:

$$\text{Realized Value} = \frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

The Final Price of an Asset is its Closing Value on the relevant Calculation Date, subject to the provisions set out under “Description of the Deposit Notes — Special Circumstances”. The Initial Price of an Asset is its Closing Value on the Issue Date, subject to the provisions set out under “Description of the Deposit Notes — Special Circumstances”.

If the rate of return of a particular Asset is used to determine the Realized Value for any Calculation Date, that Asset will then be removed from the Portfolio and its performance will no longer factor into the calculation of Variable Return for any subsequent Calculation Date. The first Realized Value will be determined on October 31, 2007 or, if such date is not a Business Exchange Day, on the next following Business Exchange Day. This process will be repeated on the Calculation Date in each of the calendar years 2008 through 2011. On the last Calculation Date in 2011, there will only be one remaining Asset from which a Realized Value will be obtained. In this manner, each Asset initially contained in the Portfolio as of the Issue Date will be selected as the basis for determining a Realized Value only once.

Hypothetical Variable Return Examples

The following sample Variable Return calculations are illustrative only. The Initial Price and Final Price of the Assets used in these examples are not estimates or forecasts of: (i) the actual Closing Values of the Assets on the various Calculation Dates; or (ii) the actual performance of the Deposit Notes, which is impossible to predict.

Example 1: Strong Asset Performance

Asset	Initial Price	Final Price					Asset Performance
		Year 1	Year 2	Year 3	Year 4	Year 5	
S&P/TSX 60 [®] Index	100	87	94	100	106	112	12.00%
Scotia Capital Universe Overall [™] Bond Index (Total Return)	100	109	114	117	124	135	35.00%
Hang Seng China Enterprises Index [®]	100	105	119	122	103	94	-6.00%
Goldman Sachs Commodity Index (GSCI [®]) Excess Return	100	124	134	128	122	109	9.00%
Dow Jones EURO STOXX 50 [®] Index	100	130	108	92	110	123	23.00%
		Average Asset Performance					14.60%

Asset	Initial Price	Realized Value					
		Year 1	Year 2	Year 3	Year 4	Year 5	
S&P/TSX 60 [®] Index	100	-13.00%	-6.00%	0.00%	6.00%	12.00%	
Scotia Capital Universe Overall [™] Bond Index (Total Return) . .	100	9.00%	14.00%	17.00%	24.00%		
Hang Seng China Enterprises Index [®]	100	5.00%	19.00%	22.00%			
Goldman Sachs Commodity Index (GSCI [®]) Excess Return	100	24.00%	34.00%				
Dow Jones EURO STOXX 50 [®] Index	100	30.00%					
		Realized Value	30.00%	34.00%	22.00%	24.00%	12.00%
		Average Realized Value	24.40%				
		Variable Return	\$ 24.40				
		Amount Payable at Maturity	\$124.40				

In the above hypothetical example, the Average Realized Value would have been 24.40%, being the simple average of the Realized Values determined for each Calculation Date. The amount payable at the Maturity Date per Deposit Note would therefore be \$124.40, being the sum of: (i) the product of the Average Realized Value of 24.40% and the Principal Amount of \$100; and (ii) the Principal Amount of \$100. In the above hypothetical example, the Average Asset Performance which would have been realized from an investment in the Assets over the term of the Deposit Notes would have been 14.60%.

Example 2: Weak Asset Performance

Asset	Initial Price	Final Price					Asset Performance
		Year 1	Year 2	Year 3	Year 4	Year 5	
S&P/TSX 60 [®] Index	100	92	87	90	94	95	-5.00%
Scotia Capital Universe Overall™ Bond Index (Total Return)	100	109	108	111	107	104	4.00%
Hang Seng China Enterprises Index [®]	100	98	92	87	84	73	-27.00%
Goldman Sachs Commodity Index (GSCI [®]) Excess Return	100	102	110	123	127	130	30.00%
Dow Jones EURO STOXX 50 [®] Index	100	95	92	80	83	85	-15.00%
		Average Asset Performance					-2.60%

Asset	Initial Price	Realized Value					
		Year 1	Year 2	Year 3	Year 4	Year 5	
Dow Jones EURO STOXX 50 [®] Index	100	-5.00%	-8.00%	-20.00%	-17.00%	-15.00%	
Hang Seng China Enterprises Index [®]	100	-2.00%	-8.00%	-13.00%	-16.00%		
S&P/TSX 60 [®] Index	100	-8.00%	-13.00%	-10.00%			
Goldman Sachs Commodity Index (GSCI [®]) Excess Return	100	2.00%	10.00%				
Scotia Capital Universe Overall™ Bond Index (Total Return)	100	9.00%					
		Realized Value	9.00%	10.00%	-10.00%	-16.00%	-15.00%
		Average Realized Value	-4.40%				
		Variable Return	\$ 0.00				
		Amount Payable at Maturity	\$100.00				

In the above hypothetical example, the Average Realized Value would have been -4.40%, being the simple average of the Realized Values determined for each Calculation Date. The amount payable at the Maturity Date per Deposit Note would therefore be \$100, being the sum of the Variable Return of \$0 and the Principal Amount of \$100. In the above hypothetical example, the average Asset Performance which would have been realized from an investment in the Assets over the term of the Deposit Notes would have been -2.60%.

The amount of Variable Return, if any, will depend upon the performance of the Assets. It is possible that no Variable Return will be payable. No Variable Return will be paid if the Average Realized Value is not greater than zero. See “Risk Factors — No Variable Return May be Payable”.

Variable Return, if any, will generally be paid by the Bank to the Investor only on the Maturity Date. However, the timing, manner of determining and payment of Variable Return may be affected by the occurrence of an Extraordinary Event or a Market Disruption Event and certain other events. See “Description of the Deposit Notes — Special Circumstances”.

An Investor cannot elect to receive Variable Return, if any, before the Maturity Date.

If, following payment of the Variable Return, if any, a correction or change is made by any Pricing Source to the Initial Price or the Final Price of an Asset used in the determination of a Realized Value, the amount of the Variable Return, if any, will not be changed to reflect such correction or change and the Bank will be under no obligation to pay any additional amount to any Investor.

Currency

All amounts expressed herein are in Canadian currency, unless otherwise specified. The Average Realized Value will be based solely upon the simple average of the Realized Values for each Calculation Date, which are determined by reference to the Closing Values of the relevant Assets on the Issue Date and the relevant Calculation Date. Accordingly, the Variable Return, if any, payable in respect of the Deposit Notes will be unaffected by changes in the exchange rate of Canadian dollars relative to any other currency.

Credit Rating

The Deposit Notes have not been rated. As of the date of this Information Statement, the deposit liabilities of the Bank with a term to maturity of more than one year are rated AA(low) by DBRS, AA – by S&P and Aa3 by Moody's. There can be no assurance that, if the Deposit Notes were specifically rated by these rating agencies, they would have the same rating as the other deposit liabilities of the Bank. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Use of Proceeds

The Net Proceeds received by the Bank from the issuance of the Deposit Notes will be deposits of the Bank, but Investors will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime. The Net Proceeds will not be held by the Bank in trust for the Investors in any segregated or other account, but rather the Bank will use the Net Proceeds of the Offering for its general banking purposes.

Secondary Trading of Deposit Notes

There is currently no market through which the Deposit Notes may be sold. There can be no assurance that a secondary market for the Deposit Notes will develop or, if such market does develop, that it will be sustained or liquid. The Deposit Notes will not be listed on any stock exchange. However, Investors may be able to sell Deposit Notes prior to maturity in any available secondary market. The Selling Agent intends to use reasonable efforts to maintain a secondary market for the Deposit Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. These efforts will consist of posting a daily bid price determined by the Selling Agent (the "Bid Price") through FundSERV for the Deposit Notes. The Selling Agent may, for any reason, elect not to purchase Deposit Notes from any particular Investor. Each sale of a Deposit Note to the Selling Agent will be effected at a price equal to: (i) the Bid Price for the Deposit Note; minus (ii) any applicable Early Trading Charge. This will be the secondary market price. See "FundSERV" for details regarding secondary trading where the Deposit Notes are held through participants in FundSERV.

The Bid Price for a Deposit Note will be affected by a number of factors, the most important of which are: (i) the Principal Amount of the Deposit Note which is payable on maturity; and (ii) the expected value of the Variable Return, if any. Generally the longer the term to maturity, and the higher the prevailing interest rates at the time such Bid Price is obtained, the less the Deposit Note will be worth. The expected value of the Variable Return will be a function of a number of variables, including but not limited to: (a) the volatility of the Assets; (b) the remaining term to maturity of the Deposit Notes; (c) changes in the Closing Values of the Assets since the Issue Date; and (d) various other factors including, but not limited to, prevailing interest rates, and market demand for the Deposit Notes. The relationship between these factors is complex and may also be influenced by various political, economic and other factors that can affect the Bid Price of a Deposit Note. Due to the method used to price the Variable Return, the expected value of the Variable Return may be substantially less than the value computed only with reference to the performance of the Assets.

If an Investor sells Deposit Notes prior to maturity, the Investor may have to do so at a discount from the original Principal Amount even if the performance of the Assets has been positive and, as a result, the Investor may suffer losses. See "Risk Factors — Liquidity Risk and Secondary Market"

Early Trading Charge

During the first 720 days following the issuance of the Deposit Notes, an Early Trading Charge will apply to any secondary market sale of a Deposit Note through the Selling Agent. The Early Trading Charge will be equal to a percentage of the Principal Amount of the Deposit Note, determined as follows:

<u>If Sold Within</u>	<u>Early Trading Charge</u>
0-90 days	5.50%
91-180 days	4.75%
181-270 days	4.00%
271-360 days	3.25%
361-450 days	2.50%
451-540 days	1.75%
541-630 days	1.00%
631-720 days	0.25%
Thereafter	Nil

An Investor should be aware that any price for the Deposit Notes appearing on his or her monthly or quarterly investment account statement will be before the application of any applicable Early Trading Charge. An Investor wishing to sell Deposit Notes prior to the Maturity Date should consult with his or her investment advisor as to whether the Investor will bear the Early Trading Charge and, if so, how much it will be.

The Deposit Notes are generally not suitable for an Investor who requires liquidity prior to the Maturity Date. An Investor should consult his or her investment advisor as to whether it would be more favorable in the circumstances at any time to sell Deposit Notes (assuming the availability of a secondary market) or hold Deposit Notes until the Maturity Date. An Investor should also consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Deposit Note until the Maturity Date. See “Canadian Federal Income Tax Considerations”.

Special Circumstances

During the term of the Deposit Notes, certain events affecting the Assets may occur. Following the occurrence of any such event, the Calculation Agent may be required to make decisions with respect to the Deposit Notes relating to the payment and/or calculation of Variable Return, if any, and the valuation of the Assets in the Portfolio.

In connection with the foregoing, the Calculation Agent will make its calculations and determinations in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result; provided, however, that absent manifest error, all of the Calculation Agent’s calculations and determinations will be final and binding on Investors, without any liability on the part of the Bank, the Calculation Agent or the Selling Agent, and Investors will not be entitled to any compensation from the Bank, the Calculation Agent or the Selling Agent for any loss suffered as a result of any of the Calculation Agent’s calculations or determinations. See “Risk Factors”.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of an Asset then remaining in the Portfolio (an “Affected Asset”) has occurred and is continuing on any date that, but for that event, would be a Calculation Date, then that Calculation Date for each Affected Asset will be postponed to the next Business Exchange Day on which there is no Market Disruption Event in effect. If, on any Calculation Date, a Market Disruption Event affects some, but not all of the Assets then remaining in the Portfolio, then for purposes of determining the best performing Asset in the Portfolio as of that Calculation Date, the return on the Assets other than Affected Assets will be measured from the Issue Date to the originally scheduled Calculation Date and the return on the Affected Assets shall be measured from the Issue Date to the date to which that Calculation Date may be postponed, as herein provided.

There will be a limit for postponement of any Calculation Date in respect of Affected Assets. If, on the eighth Banking Day following the date originally scheduled as a Calculation Date, such Calculation Date for an Affected Asset has not occurred, then, subject as set forth below, notwithstanding the occurrence of any Market Disruption Event on or after such eighth Banking Day, the Calculation Agent may determine that:

- (i) such eighth Banking Day shall be the Calculation Date in respect of each Affected Asset; and
- (ii) the Closing Value of each Affected Asset as of such eighth Banking Day shall be determined in accordance with the formula and method of calculating the Closing Value of the relevant Affected Asset last in effect prior to the first day on which the relevant Market Disruption Event occurred using exchange traded or quoted prices on such eighth Banking Day for each security, bond or commodity underlying the relevant Affected Asset or, if the relevant Market Disruption Event pertains to any security, bond or commodity underlying the relevant Affected Asset, using the Calculation Agent's good faith estimate, without any liability on the part of the Calculation Agent, of the value for such security, bond or commodity (as applicable) on such eighth Banking Day and taking into account all market circumstances considered by the Calculation Agent to be relevant, acting reasonably (the "MDE Formula").

A Market Disruption Event may delay the determination of a Realized Value and, consequently, the calculation of Variable Return, if any, payable on the Maturity Date. In such circumstances, the Bank may delay such payment until the tenth Business Exchange Day after the Average Realized Value has been determined.

If the Calculation Agent determines that one or more Market Disruption Events in respect of one or more Assets has occurred and is continuing, and if any such Market Disruption Event has continued for at least eight Banking Days, the Bank may, at its option upon notice to the Investors (the date of such notification being the "Market Disruption Event Notification Date"), elect to accelerate the determination of the Variable Return, if any, on all outstanding Deposit Notes. Upon such election, the Variable Return, if any, per Deposit Note will be determined and calculated by the Calculation Agent as of the first Banking Day immediately following the Market Disruption Event Notification Date, subject to the following:

- (i) the Final Price of each Asset then remaining in the Portfolio shall be determined as of the Banking Day immediately following the Market Disruption Notification Date;
- (ii) the Closing Value for an Affected Asset in respect of which the Market Disruption Event has occurred and is continuing shall be determined by the Calculation Agent in accordance with the MDE Formula; and
- (iii) the Calculation Agent shall make such adjustments, if any, to the formula for calculating Variable Return as the Calculation Agent reasonably determines appropriate to account for the fact that, as a consequence of the occurrence and continuance of a Market Disruption Event, the Final Price is to be determined as of the Banking Day following the Market Disruption Event Notification Date.

In the event of the early determination of the Variable Return, if any, as a consequence of the occurrence of a Market Disruption Event, the Bank may, at its option, elect to: (i) pay the Variable Return, if any, prior to the Maturity Date; or (ii) defer payment of the Variable Return, if any, until the Maturity Date. If the Bank elects to pay the Variable Return, if any, prior to the Maturity Date, payment will be made no later than the tenth Banking Day after the Market Disruption Event Notification Date.

Notwithstanding the occurrence of a Market Disruption Event, payment of the Principal Amount per Deposit Note will not be accelerated and will remain due and payable only on the Maturity Date.

Adjustments Due to Material Changes

If, during the term of the Deposit Notes, any Asset then remaining in the Portfolio is: (i) not calculated and announced by the Price Source existing on the Issue Date but is subsequently calculated and announced by a Successor Source; or (ii) replaced by a successor index using, in the determination of Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Asset, then the Asset will be deemed to be the index so calculated and announced by the Successor Source or the

successor index, as the case may be, and the Variable Return, if any, will be calculated by reference to the Closing Value of that index in accordance with the formula previously set out herein.

If any of the following occurs in respect of an Asset then remaining in the Portfolio (each a “Material Asset Change”):

- (i) on or prior to a Calculation Date, a relevant Price Source announces that it will make a material change in the formula for or the method of calculating that Asset or in any other way materially modifies that Asset (other than a modification prescribed in that formula or method to maintain that Asset in the event of changes in constituent stock and capitalization and other routine events) or permanently cancels the Asset and no successor index exists;
- (ii) the Bank determines that it has ceased to have full licensing rights to utilize the Asset in connection with the Deposit Notes; or
- (iii) on any Calculation Date, the Price Source fails to calculate and announce a relevant Asset,

then the Calculation Agent may: (A) determine if such Material Asset Change has a material effect on the Variable Return and, if so, shall calculate Variable Return using, in lieu of a published level for that Asset, the level for that Asset as at the Calculation Date as determined by the Calculation Agent in accordance with the formula for and method of calculation that Asset last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Asset immediately prior to that Material Asset Change; or (B) determine if another comparable index exists that: (1) is reasonably representative of the market which was represented by such Asset affected by the Material Asset Change (an “Impacted Asset”); and (2) may be as efficiently and economically hedged by dealers in such market as such Impacted Asset was. If the Calculation Agent determines that such other comparable index exists, then such other comparable index (the “Replacement Asset”) shall replace the Impacted Asset in the Portfolio as of the date of such determination. Upon any such replacement (a “Replacement Event”), the Replacement Asset shall be deemed to be the Impacted Asset for purposes of determining Variable Return, if any, and the Calculation Agent shall, as soon as practicable after such Replacement Event, make adjustments to any one or more of the Initial Price of the Replacement Asset, the formula for calculating the Asset Performance of the Replacement Asset, or any other component or variable relevant to the determination of Variable Return. Adjustments will be made in such a way as the Calculation Agent determines appropriate to account, in the calculation of Variable Return, for the performance of the Impacted Asset up to the occurrence of such Replacement Event and the subsequent performance of the Replacement Asset in replacement thereof thereafter. Upon any Replacement Event and the making any such adjustment, the Calculation Agent shall promptly give notice and brief details to the Investors.

Extraordinary Event

If the Calculation Agent determines that one or more Extraordinary Events have occurred, the Bank may, at its option upon notice to the Investors (the date of such notification being the “Extraordinary Event Notification Date”), elect to accelerate the determination of Variable Return, if any, on all outstanding Deposit Notes. Upon such election, Variable Return, if any, per Deposit Note will be determined and calculated by the Calculation Agent as of the Extraordinary Event Notification Date or the next following Business Exchange Day if such date is not a Business Exchange Day, subject to the following:

- (i) the Final Price of each Asset then remaining in the Portfolio shall be determined as of the Business Exchange Day immediately following the Extraordinary Event Notification Date;
- (ii) the Closing Value for an Affected Asset in respect of which a Market Disruption Event has occurred and is continuing shall be determined in accordance with the MDE Formula; and
- (iii) the Calculation Agent shall make such adjustments, if any, to the formula for calculating Variable Return as the Calculation Agent reasonably determines appropriate to account for the fact that, as a consequence of the occurrence and continuance of an Extraordinary Event, the Final Price is to be determined as of the Business Exchange Day following the Extraordinary Event Notification Date.

In the event of the early determination of the Variable Return, if any, as a consequence of the occurrence of an Extraordinary Event, the Bank may, at its option, elect to: (i) pay the Variable Return, if any, prior to Maturity Date; or (ii) defer payment of the Variable Return, if any, until the Maturity Date. If the Bank elects to pay the Variable Return, if any, prior to the Maturity Date, payment will be made no later than the tenth Banking Day after the Extraordinary Event Notification Date.

Notwithstanding the occurrence of an Extraordinary Event, payment of the Principal Amount per Deposit Note will not be accelerated and will remain due and payable only on the Maturity Date.

Form of the Deposit Notes

General

Each Deposit Note will generally be represented by a global Deposit Note representing the entire issuance of Deposit Notes. The Bank will issue Deposit Notes evidenced by certificates in definitive form to a particular Investor only in limited circumstances. Any certificated Deposit Notes in definitive form and any global Deposit Note will be issued in registered form, whereby the Bank's obligation will be to the Investor of the security named on the face of the security. Definitive Deposit Notes if issued will name Investors or their nominees as the owners of the Deposit Notes, and in order to transfer or exchange these definitive Deposit Notes or to receive payments other than interest or other interim payments, the Investors or nominees (as the case may be) must physically deliver the Deposit Notes to the Bank. A global Deposit Note will name a depository or its nominee as the owner of the Deposit Notes, initially to be The Canadian Depository for Securities Limited ("CDS") or its nominee. Each Investor's beneficial ownership of Deposit Notes will be shown on the records maintained by the Investor's broker/dealer, bank, trust company or other representative that is a participant in the relevant depository. Interests of participants will be shown on the records maintained by the relevant depository. Neither the Issuer nor any depository will be bound to see to the execution of any trust affecting the ownership of any Deposit Note or be affected by notice of any equity that may be subsisting with respect to any Deposit Note.

Global Deposit Note

The Bank will issue the registered Deposit Notes in a form of the fully registered global Deposit Note that will be deposited with a depository (initially being CDS) and registered in the name of such depository or its nominee in a denomination equal to the aggregate Principal Amount of the Deposit Notes. Unless and until it is exchanged in whole for Deposit Notes in definitive registered form, the registered global Deposit Note may not be transferred except as a whole by and among the depository, its nominee or any successors of such depository or nominee.

The Bank anticipates that the following provisions will apply to all arrangements in respect of a depository.

Ownership of beneficial interests in a global Deposit Note will be limited to persons, called participants, that have accounts with the relevant depository or persons that may hold interests through participants. Upon the issuance of a registered global Deposit Note, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective Principal Amounts of the Deposit Notes beneficially owned by the participants. Any dealers participating in the distribution of the Deposit Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global Deposit Note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depository, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants.

So long as the depository, or its nominee, is the registered owner of a registered global Deposit Note, that depository or its nominee, as the case may be, will be considered the sole owner or Investor of the Deposit Notes represented by the registered global Deposit Note for all purposes. Except as described below, owners of beneficial interests in a registered global Deposit Note will not be entitled to have the Deposit Notes represented by the registered global Deposit Note registered in their names, will not receive or be entitled to receive physical delivery of the Deposit Notes in definitive form and will not be considered the owners or Investors of Deposit Notes. Accordingly, each person owning a beneficial interest in a registered global Deposit

Note must rely on the procedures of the depository for that registered global Deposit Note and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of an Investor. The Bank understands that under existing industry practices, if the Bank requests any action of Investors or if an owner of a beneficial interest in a registered global Deposit Note desires to give or take any action that an Investor is entitled to give or take in respect of the Deposit Notes, the depository for the registered global Deposit Note would authorize the participants holding the relevant beneficial interests to give or take that action, and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Payments on the Deposit Notes represented by a registered global Deposit Note registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the registered global Deposit Note. The Bank will not have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global Deposit Note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

The Bank expects that the depository for any of the Deposit Notes represented by a registered global Deposit Note, upon receipt of any payment on the Deposit Notes, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global Deposit Note as shown on the records of the depository. The Bank also expects that payments by participants to owners of beneficial interests in a registered global Deposit Note held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those participants.

Definitive Deposit Notes

If the depository for any of the Deposit Notes represented by a registered global Deposit Note is at any time unwilling or unable to continue to properly discharge its responsibilities as depository, and a successor depository is not appointed by the Bank within 90 days, the Bank will issue Deposit Notes in definitive form in exchange for the registered global Deposit Note that had been held by the depository.

In addition, the Bank may at any time and in its sole discretion decide not to have any of the Deposit Notes represented by one or more registered global Deposit Notes. If the Bank makes that decision, the Bank will issue Deposit Notes in definitive form in exchange for all of the registered global Deposit Notes representing the Deposit Notes.

Except in the circumstances described above, beneficial owners of the Deposit Notes will not be entitled to have any portions of such Deposit Notes registered in their name, will not receive or be entitled to receive physical delivery of the Deposit Notes in certificated, definitive form and will not be considered the owners or Investor of a global Deposit Note.

Any Deposit Notes issued in definitive form in exchange for a registered global Deposit Note will be registered in the name or names that the depository gives to the Bank or its agent, as the case may be. It is expected that the depository's instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered global Deposit Note that had been held by the depository.

The text of any Deposit Notes issued in definitive form will contain such provisions as the Bank may deem necessary or advisable. The Bank will keep or cause to be kept a register in which will be recorded registrations and transfers of Deposit Notes in definitive form if issued. Such register will be kept at the offices of the Bank, or at such other offices notified by the Bank to Investors.

No transfer of a definitive Deposit Note will be valid unless made at such offices upon surrender of the certificate in definitive form for cancellation with a written instrument of transfer in form and as to execution satisfactory to the Bank or its agent, and upon compliance with such reasonable conditions as may be required by the Bank or its agent and with any requirement imposed by law, and entered on the register.

Payments on a definitive Deposit Note will be made by cheque mailed to the applicable registered Investor at the address of the Investor appearing in the aforementioned register in which registrations and transfers of Deposit Notes are to be recorded or, if requested in writing by the Investor at least five Banking Days before the date of the payment and agreed to by the Bank, by electronic funds transfer to a bank account nominated by the Investor with a bank in Canada. Payment under any definitive Deposit Note is conditional upon the Investor first delivering the Deposit Note to the Bank which reserves the right, in the case of payment of Variable Return prior to the Maturity Date, to mark on the Deposit Note that Variable Return has been paid in full, or, in the case of payment of Variable Return and the Principal Amount under the Deposit Note in full, to retain the Deposit Note and mark the Deposit Note as cancelled.

Deferred Payment

Federal laws of Canada preclude the charging of interest or other amounts for the advancing of credit at effective rates in excess of 60% per annum. When any payment is to be made by the Bank to an Investor at the Maturity Date, payment of a portion of such payment constituting a Variable Return that would exceed 60% per annum may be deferred to ensure compliance with such laws. In addition, the Bank may withhold a portion of any payment to an Investor that the Bank is legally able or required to withhold. The Bank will pay the portion so deferred to the Investor together with interest at the Bank's equivalent term deposit rate as soon as Canadian law permits.

Status

The Deposit Notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* among themselves with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding. Investors will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*. The Deposit Notes will not be specifically rated.

Dealings in Assets

The Bank may from time to time, in the course of its normal business operations, hold interests linked to any Asset. The Bank and its affiliates may deal in the securities, bonds or commodities underlying each Asset and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any issuer of any security or bond underlying any Asset or any other person or entity having obligations relating to such issuers and may act with respect to such business in the same manner as it would if the Deposit Notes did not exist, regardless of whether any such action may have an adverse effect on the Closing Value of any Asset on any Calculation Date and thus the Variable Return, if any, payable in respect of the Deposit Notes. The Bank and its affiliates may, whether by virtue of the relationships described above or otherwise, from time to time be in possession of information in relation to any issuer of any security or bond underlying any Asset that may not be publicly available or known to Investors, and the Deposit Notes do not create an obligation on the part of the Bank or its affiliates to disclose to Investors such relationship or information (whether or not confidential).

Notification

All notices to Investors regarding the Deposit Notes will be valid and effective: (i) if such notices are given (which notice may be given by wire or fax) to the applicable depository (initially being CDS) and its relevant participants; or (ii) in the case where the Deposit Notes are directly registered in the Investors' names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Investors; provided, however, that any required notice of an Extraordinary Event or Market Disruption Event will also be published in the Toronto and national editions of a major daily English language Canadian newspaper with national circulation and in a daily French language newspaper of general circulation in Montreal.

Amendments to the Deposit Notes

The terms of the Deposit Notes may be amended without the consent of the Investors by the Bank and if, in the reasonable opinion of the Bank, the amendment would not materially and adversely affect the interests of the Investors. In other cases, the terms of the Deposit Notes may be amended if the Bank proposes the amendment and if the amendment is approved by a resolution passed by the favourable votes of the Investors holding not less than 66²/₃% of the Deposit Notes represented at a meeting convened for the purpose of considering the resolution. The quorum for a meeting of Investors is at least two Investors represented in person or by proxy holding at least 10% of the Deposit Notes outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting will be adjourned to another day, not less than 10 days or more than 21 days later, selected by the Bank and notice will be given to the Investors of such adjourned meeting. The Investors present at the adjourned meeting will constitute a quorum. Each Investor is entitled to one vote per Deposit Note held by such Investor for the purposes of voting at meetings.

The Deposit Notes do not carry the right to vote in any other circumstances.

Investor's Right of Rescission

A person may rescind any order to buy a Deposit Note (or its purchase if issued) within 48 hours of the earlier of actual receipt and deemed receipt of the Information Statement. Upon rescission, the person is entitled to a refund of the Principal Amount. This rescission right does not extend to Investors buying a Deposit Note in the secondary market. A person will be deemed to have received the Information Statement: (i) on the day recorded as the time of sending by the server or other electronic means, if provided by electronic means; (ii) on the day recorded as the time of sending by fax, if provided by fax; (iii) five days after the postmark date, if provided by mail, and (iv) when it is received, in any other case.

PLAN OF DISTRIBUTION

Each Deposit Note will be issued for a subscription price of 100% of the Principal Amount thereof (\$100 per Deposit Note). The subscription price was determined by negotiation between the Bank and the Selling Agent. The Selling Agent is a wholly owned subsidiary of the Bank. As a result, the Bank is a related issuer of the Selling Agent under applicable securities legislation.

The closing of this offering is scheduled to occur on or about October 31, 2006. The Bank may, at any time prior to the Issue Date, in its discretion, elect whether or not to proceed in whole or in part with the issue of the Deposit Notes. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Upon acceptance of a subscription, the Selling Agent will deliver or cause to be delivered a confirmation of acceptance by prepaid mail or other means of delivery to the subscriber.

The Bank will pay selling expenses of \$4.00 per Deposit Note to qualified selling group members for selling the Deposit Notes. The selling expenses will be paid out of the proceeds of the offering. The Selling Agent may form a sub-agency group including other qualified selling members and determine the fee payable to the members of such group, which fee will be paid by the Selling Agent out of its own funds. The Selling Agent currently contemplates using Gibraltar Consulting Group in this capacity and paying a fee to Gibraltar Consulting Group of up to 1.00% of the total Principal Amount of Deposit Notes sold by Gibraltar Consulting Group, which will be paid by the Selling Agent out of its own funds. While the Selling Agent has agreed to use its best efforts to sell the Deposit Notes offered hereby, the Selling Agent will not be obligated to purchase any Deposit Notes which are not sold. For greater certainty, the Selling Agent may purchase Deposit Notes offered hereby as principal.

A global Deposit Note for the full amount of the Offering will be issued in registered form to CDS and will be deposited with CDS on the Closing Date. Subject to certain exceptions, certificates evidencing the Deposit Notes will not be available to Investors under any circumstances and registration of interests in and transfer of Deposit Notes will be made through the Book-Entry System of CDS. See "Description of the Deposit Notes — Form of the Deposit Notes".

In connection with the issue and sale of the Deposit Notes by the Bank, no person is authorized to give any information or to make any representation not expressly contained in this Information Statement or the global Deposit Note and the Bank does not accept responsibility for any information not contained herein or therein. This Information Statement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. The Deposit Notes have not, and will not be, registered under the 1933 Act or any State securities laws and, subject to certain exceptions may not be offered for sale, sold or delivered, directly or indirectly, in the United States, its territories or possessions or to or for the account or benefit of U.S. persons within the meaning of Regulation S under the 1933 Act.

Dealers may from time to time purchase and sell Deposit Notes in any available secondary market but are not obligated to do so. The offering price and other selling terms for such sales in a secondary market may, from time to time, be varied by such dealers.

The Bank reserves the right to issue additional Deposit Notes of this series or a series previously issued, and other debt securities which may have terms substantially similar to the terms of the Deposit Notes offered hereby, which may be offered by the Bank concurrently with the Deposit Notes. The Bank further reserves the right to purchase for cancellation at its discretion any amount of Deposit Notes in a secondary market, without notice to Investors.

FUNDSERV

General

Some Investors may purchase Deposit Notes through dealers and other firms that facilitate purchase and related settlement through a clearing and settlement service operated by FundSERV Inc. (“FundSERV”). The following FundSERV information is pertinent for such Investors. Investors should consult with their financial advisors as to whether their Deposit Notes have been purchased through FundSERV and to obtain further information on FundSERV procedures applicable to those Investors.

Where an Investor’s purchase order for Deposit Notes is effected by a dealer or other firm through FundSERV, such dealer or other firm may not be able to accommodate a purchase of Deposit Notes through certain registered plans for purposes of the Income Tax Act (Canada). Investors should consult their financial advisors as to whether their orders for Deposit Notes will be made through FundSERV and any limitations on their ability to purchase Deposit Notes through certain registered plans.

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products (including brokers and dealers who sell investment funds, companies who administer registered plans that include investment funds and companies who sponsor and sell financial products) with online order access to such financial products. FundSERV was originally designed and is operated as a mutual fund communications network facilitating the members in electronically placing, clearing and settling mutual fund orders. In addition, FundSERV is currently used in respect of other financial products that may be sold by financial planners, such as the Deposit Notes. FundSERV enables its participants to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

FundSERV Deposit Notes Held Through Scotia Capital Inc., a CDS Participant

As stated above, all Deposit Notes will initially be issued in the form of a fully registered global Deposit Note that will be deposited with CDS. Deposit Notes purchased through FundSERV (“FundSERV Deposit Notes”) will also be evidenced by that Global Note, as are all other Deposit Notes. See “Description of the Deposit Notes — Form of the Deposit Notes” above for further details on CDS as a depositary and related matters with respect to the Global Note. Investors holding FundSERV Deposit Notes will therefore have an indirect beneficial interest in the Global Note. That beneficial interest will be recorded in CDS as being owned by Scotia Capital Inc., as a direct participant in CDS. Scotia Capital Inc. will in turn record in its records respective beneficial interests in the FundSERV Deposit Notes. An Investor should understand that Scotia Capital Inc. will make such recordings as instructed through FundSERV by the Investor’s financial advisor.

Purchase Through FundSERV

In order to complete the purchase of FundSERV Deposit Notes, the full subscription price (i.e., the aggregate Principal Amount therefor) must be delivered to Scotia Capital Inc. in immediately available funds by no later than the Issue Date. Despite delivery of such funds, Scotia Capital Inc. reserves the right not to accept any offer to purchase FundSERV Deposit Notes. If FundSERV Deposit Notes are not issued to the Investor for any reason, such funds will be returned forthwith to the Investor. In any case, whether or not the FundSERV Deposit Notes are issued, no interest or other compensation will be paid to the Investor on such funds.

Sale Through FundSERV

An Investor wishing to sell FundSERV Deposit Notes prior to the Maturity Date is subject to certain procedures and limitations to which an Investor holding Deposit Notes through a “full service broker” with direct connections to CDS may not be subject. Any Investor wishing to sell a FundSERV Deposit Note should consult with his or her financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. An Investor must sell FundSERV Deposit Notes by using the “redemption” procedures of FundSERV; any other sale or redemption is not possible. Accordingly, an Investor will not be able to negotiate a sales price for FundSERV Deposit Notes. Instead, the financial advisor for the Investor will need to initiate an irrevocable request to “redeem” the FundSERV Deposit Note in accordance with the then established procedures of FundSERV. Generally, this will mean the financial advisor will need to initiate such request by 1:00 p.m. (Toronto time) on a Banking Day (or such other time as may hereafter be established by FundSERV). Any request received after such time will be deemed to be a request sent and received on the next following Banking Day. Sale of the FundSERV Deposit Note will be effected at a sale price equal to (i) the “net asset value” of a Deposit Note as of the close of business on the applicable Banking Day as posted to FundSERV by Scotia Capital Inc., minus (ii) any applicable Early Trading Charge (as outlined under “Secondary Trading of Deposit Notes”). The “net asset value” of a Deposit Note will factor in accrued interest, if any. The Investor should be aware that, although the “redemption” procedures of FundSERV would be utilized, the FundSERV Deposit Notes of the Investor will not be redeemed by Scotia Capital Inc. but rather will be sold in the secondary market to Scotia Capital Inc. In turn, Scotia Capital Inc. will be able in its discretion to sell those FundSERV Deposit Notes to other parties at any price, to hold them in its inventory or to arrange for purchase for cancellation by the Bank.

Investors should also be aware that from time to time such “redemption” mechanism to sell FundSERV Deposit Notes may be suspended for any reason without notice, thus effectively preventing Investors from selling their FundSERV Deposit Notes. Potential Investors requiring liquidity should carefully consider this possibility before purchasing FundSERV Deposit Notes.

Scotia Capital Inc. is the “fund sponsor” for the FundSERV Deposit Notes within FundSERV. It is required to post a “net asset value” for the FundSERV Deposit Notes on a daily basis, which value may also be used for valuation purposes in any statement sent to Investors. See the second paragraph under the heading “Description of the Deposit Notes — Secondary Trading of Deposit Notes” for some of the factors that will determine the “net asset value” or Bid Price of the Deposit Notes at any time. The sale price will actually represent Scotia Capital Inc.’s Bid Price for the Deposit Notes as of the close of business for the applicable Banking Day less any applicable Early Trading Charge. There is no guarantee that the sale price for any day is the highest bid price possible in any secondary market for the Deposit Notes, but will represent Scotia Capital Inc.’s Bid Price generally available to all Investors as at the relevant close of business, including clients of Scotia Capital Inc.

An Investor holding FundSERV Deposit Notes should realize that such FundSERV Deposit Notes may not be transferable to another dealer, if the Investor were to decide to move his or her investment account to such other dealer. In that event, the Investor would have to sell the FundSERV Deposit Notes pursuant to the procedures outlined above.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Deposit Notes by an Investor (“Initial Investor”) who purchases Deposit Notes at the time of their issuance. This summary is applicable only to an Initial Investor who is an individual (other than a trust) and, for the purposes of the *Income Tax Act* (Canada) (the “Act”), is a resident of Canada, deals at arm’s length, and is not affiliated, with the Issuer and holds Deposit Notes as capital property. The Deposit Notes will generally be considered to be capital property to an Initial Investor unless: (i) the Initial Investor holds the Deposit Notes in the course of carrying on or otherwise as part of a business of trading or dealing in or buying and selling securities; or (ii) the Initial Investor acquired the Deposit Notes as an adventure in the nature of trade. Certain Initial Investors resident in Canada whose Deposit Notes might not otherwise be considered to be capital property or who desire certainty with respect to the treatment of the Deposit Notes as capital property may be entitled to make an irrevocable election to have the Deposit Notes and all of the Initial Investor’s other “Canadian securities” deemed to be capital property pursuant to subsection 39(4) of the Act. This summary does not apply to an Initial Investor that is a corporation, partnership or trust.

This summary is based on the current provisions of the Act and the regulations thereunder as in force on the date hereof (the “Regulations”), the current administrative and assessing practices of the Canada Revenue Agency (the “CRA”) published in writing prior to the date hereof and all specific proposals to amend the Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“Tax Proposals”) and assumes all Tax Proposals will be enacted substantially as proposed; however, no assurance can be given that the Tax Proposals will be enacted as proposed or at all. This summary does not, except for the Tax Proposals, otherwise take into account or anticipate any changes in law or the CRA’s administrative or assessing practices, whether by legislative, governmental or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Deposit Notes and does not take into account provincial, territorial or foreign income tax legislation or considerations, which are not addressed in this summary.

This summary is of a general nature only and is not intended to be legal or tax advice to any Investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Deposit Notes, based on their particular circumstances.

Variable Return

A Deposit Note is a “prescribed debt obligation” within the meaning of the Act. The rules in the Regulations applicable to a prescribed debt obligation generally require a taxpayer to accrue the amount of any interest, bonus or premium receivable in respect of the obligation over the term of the obligation, based on the maximum amount of interest, bonus or premium receivable on the obligation. Based in part on the CRA’s administrative practice with regard to prescribed debt obligations, there should be no deemed accrual of the Variable Return on the Deposit Notes under these provisions prior to the Maturity Date, provided that no Extraordinary Event or Market Disruption Event has occurred. Where a payment of the Variable Return takes place prior to the Maturity Date as a result of an Extraordinary Event or a Market Disruption Event, the full amount of such payment will be included in the Initial Investor’s income in the taxation year of the Initial Investor in which the Variable Return becomes calculable except to the extent that any amount of Variable Return has been included in the Initial Investor’s income for that or a preceding year. The Bank will file an information return with the CRA in respect of any such deemed interest required to be included in an Initial Investor’s income and will provide the Initial Investor with a copy of such return.

Disposition of Deposit Notes

On a disposition of a Deposit Note at the Maturity Date, an Initial Investor will be required to include in income as interest for the taxation year in which the disposition occurs, the amount, if any, of the Variable Return, except to the extent otherwise included in income in the taxation year or a preceding taxation year. The Bank will file an information return with the CRA in respect of any such amount to be included in an Initial Investor’s income and will provide the Initial Investor with a copy of such return.

On a disposition of a Deposit Note resulting from the repayment by the Bank at the Maturity Date, a Initial Investor should realize a capital gain (or a capital loss) to the extent that a payment received at such time, less reasonable costs of disposition and the amount, if any, required to be included in the Initial Investor's income in the year of such a disposition as interest, exceeds (or is less than) the Initial Investor's adjusted cost base of the Deposit Note.

It is unclear whether amounts received or deemed to be received by a Initial Investor on a disposition or deemed disposition of a Deposit Note, other than a disposition resulting from a repayment by the Bank, will be considered as giving rise to a capital gain or a capital loss, or to income or an ordinary loss. Generally, an amount received or deemed to be received by a Initial Investor on such disposition or deemed disposition of a Deposit Note should give rise to a capital gain (or a capital loss) to the Initial Investor to the extent such amount, net of any reasonable costs of disposition, exceeds (or is less than) the Initial Investor's adjusted cost base of the Deposit Note. **Initial Investors who dispose of a Deposit Note prior to the Maturity Date, particularly those who dispose of a Deposit Note within a short period of time prior to the Maturity Date should consult their own tax advisor with respect to their particular circumstances.**

One-half of a capital gain realized by an Initial Investor must be included in the income of the Initial Investor. One-half of a capital loss realized by an Initial Investor is deductible against the taxable portion of capital gains realized in the year, in the three preceding years or in subsequent years, subject to and in accordance with the rules in the Act.

Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

CALCULATION AGENT

Scotia Capital will be the Calculation Agent with regard to the Deposit Notes. The Calculation Agent will be solely responsible for the determination and calculation of the Closing Values, Realized Values, the Average Realized Value and the Variable Return, if any, as well as for making certain other determinations with regard to the Deposit Notes and the Assets. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding upon the Investors. The Calculation Agent is obligated to carry out its duties and functions in good faith and using its reasonable judgment. The Calculation Agent may have an economic interest adverse to those of Investors, including with respect to the Bank's hedging arrangements with respect to the Deposit Notes and with respect to certain determinations that the Calculation Agent must make, such as determining the Variable Return, if any, the Realized Values, whether a Market Disruption Event or Extraordinary Event has occurred and in making certain other determinations with respect to the Assets and the Portfolio.

THE PORTFOLIO

All information in this Information Statement relating to the Assets is derived from publicly available sources and is presented in this Information Statement in summary form. As such, neither Scotia Capital Inc. nor any investment dealer, broker or agent selling the Deposit Notes assumes any responsibility for the accuracy or completeness of such information, or accepts responsibility for the calculation or other maintenance of, or any adjustments to, an Asset. Historical performance of an Asset will not necessarily predict future performance of any Asset or the Deposit Notes. It is important to note that Variable Return payable in respect of the Deposit Notes and the value of the Deposit Notes themselves will not exactly track the future performance of any Asset or the Indices collectively. References to the Indices in this Information Statement are to those versions of the Indices that measure the price returns (as opposed to the total returns) of the respective underlying stocks.

Dow Jones EURO STOXX 50® Index

General

The Dow Jones EURO STOXX 50® Index is a capitalization-weighted index of 50 major European securities from those countries participating in the European Monetary Union. For the purposes of the Deposit Notes, the "price" version (rather than the "total market" version) of such Index will be used. The Dow Jones EURO STOXX 50® Index is owned by STOXX Limited ("STOXX") and is a service mark of Dow Jones &

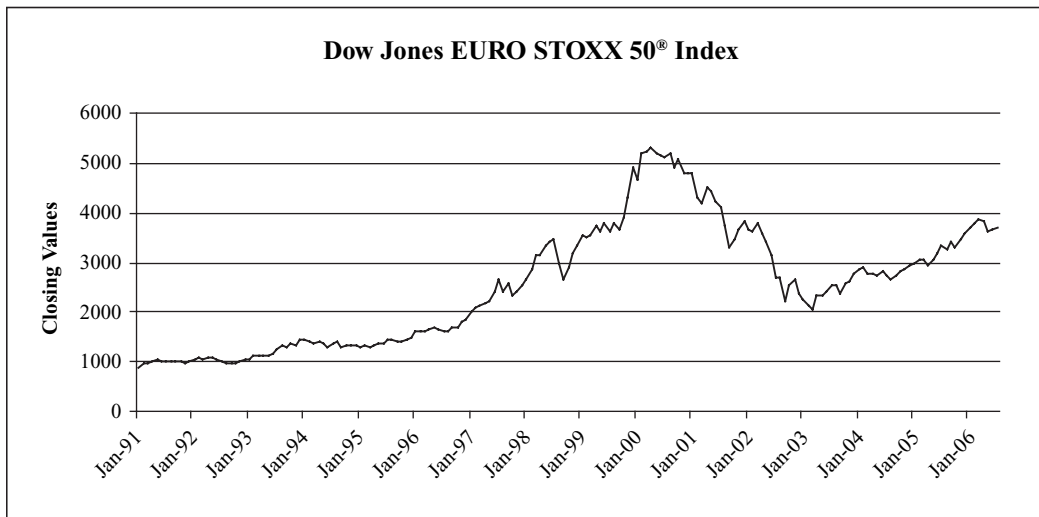
Company Inc. (“Dow Jones”). Such Index is calculated in both euros and U.S. dollars; however, the euro calculation will be used for purposes of the Deposit Notes. The countries covered by the Index include Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. In the future, companies from other countries may be added and security prices from other than the current exchanges or trading systems may be used. The Supervisory Board of STOXX Limited is responsible for this decision.

The base date for the Dow Jones EURO STOXX 50® Index is January 29, 1993. For this base date, the base value for such Index was set at 1,000.00. The Closing Value for such Index is currently based on the last traded prices of the constituent securities during the official trading hours on the relevant Exchanges. If a quotation is suspended during the trading session, the last traded price is used for all subsequent calculations for such Index. If a quotation is suspended before the trading begins, the closing price from the previous day — or adjusted closing price if there is a corporate action effective that day — is used for the calculation of such Index. If there is a stock exchange holiday in any one of the countries covered by such Index, the last available security prices from the relevant Exchange and the last available currency rate at that time are used for its calculation.

Historical Data

The following chart shows the performance of the price version of the Dow Jones EURO STOXX 50® Index, based on the month-end Closing Values January 31, 1991 through July 31, 2006. The starting Closing Value was 871.77; the lowest Closing Value was 951.68 on August 31, 1992; the highest Closing Value was 5,303.95 on April 28, 2000; and the ending Closing Value was 3,691.87.

The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Deposit Notes.



(1) Source: Bloomberg

Disclaimer

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- Recommend that any person invest in the Deposit Notes or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of the Deposit Notes.
- Have any responsibility or liability for the administration, management or marketing of the Deposit Notes.
- Consider the needs of the Deposit Notes or the owners of the Deposit Notes in determining, composing or calculating the Dow Jones EURO STOXX 50® Index or have any obligation to do so.

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- The results to be obtained by the Deposit Notes, the owner of the Deposit Notes or any other person in connection with the use of the Dow Jones EURO STOXX 50® Index and the data included in such Index.
- The accuracy or completeness of the Dow Jones EURO STOXX 50® Index and its data.
- The merchantability and the fitness for a particular purpose or use of the Dow Jones EURO STOXX 50® Index and its data.
- STOXX and Dow Jones will have no liability for errors, omissions or interruptions in the Dow Jones EURO STOXX 50® Index or its data.
- Under no circumstances will STOXX or Dow Jones be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX or Dow Jones knows that they might occur.

The licensing agreement between Scotia Capital and STOXX is solely for their benefit and not for the benefit of the owners of the Deposit Notes or any third parties. See “Description of the Deposit Notes — Special Circumstances”.

Goldman Sachs Commodity Index (GSCI®) Excess Return*General*

The Goldman Sachs Commodity Index (GSCI®) Excess Return or any sub-indices (individually and collectively “GSCI”) is designed as a reliable and publicly available benchmark for investment in the commodity markets and as a measure of commodity market performance over time. In order to accomplish these objectives, the GSCI is calculated primarily on a world-production basis and comprises the principal physical commodities that are the subject of active, liquid futures markets. Generally, it is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. There is no limit on the number of contracts that may be included in the GSCI; any contract that satisfies the eligibility criteria will be included in the index. This feature enhances the suitability of the GSCI as a benchmark for commodity market performance and to reflect the general levels of price movements and inflation in the world economy. The GSCI was developed and is calculated by Goldman, Sachs & Co. or any of its affiliates (individually and collectively “Goldman Sachs”). Individual components qualify for inclusion in the GSCI on the basis of liquidity and are weighted by their respective world production quantities. Currently, the GSCI contains 24 commodities from all commodity sectors: six energy products, five industrial metals, eight agricultural products, three livestock products and two precious metals. Together, the diversity of its constituent commodities and their economic weighting allows the GSCI to respond in a stable way to world economic growth, even as the composition of global growth changes through time.

Goldman Sachs has developed and calculates five separate but related indices in order to reflect the performance of a total return investment in commodities — namely, the GSCI Spot Index, the GSCI Excess Return, GSCI Total Return Index, the GSCI Futures Price Index and the GSCI Total Return Securities Index. The GSCI Excess Return, the index used for purposes of the Deposit Notes, incorporates the returns of the

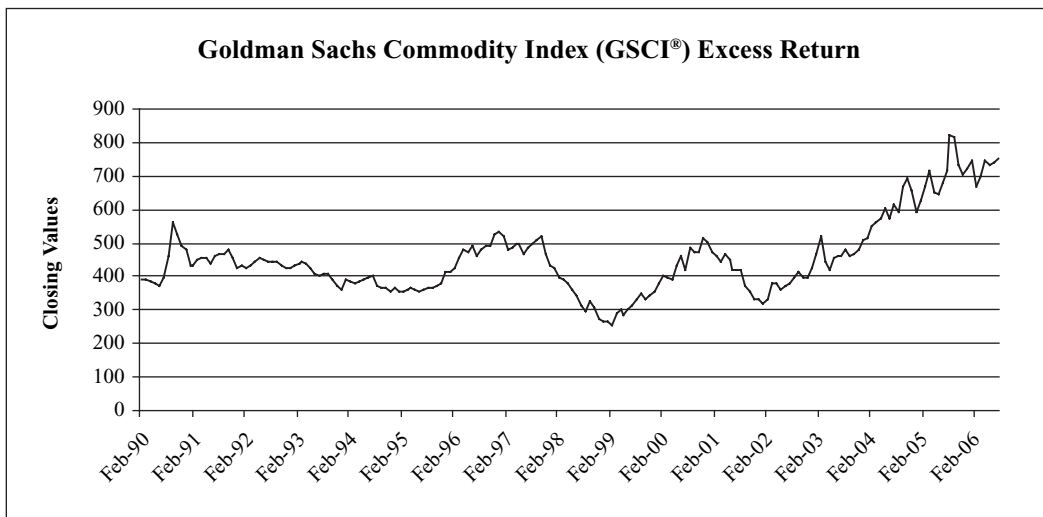
GSCI Spot Index (which is based on the price levels of the contracts included in the GSCI) as well as the discount or premium obtained by “rolling” hypothetical positions in such contracts forward each month (on the 5th — 9th business days of each month) as they approach delivery. Thus, the GSCI Excess Return provides a useful representation of returns available to investors from investing in the GSCI.

Goldman Sachs first began publishing the GSCI and related indices (including the GSCI Excess Return Index) in 1991 and it has calculated the historical value of the GSCI and related indices (including the GSCI Excess Return Index) since January 2, 1970.

Historical Data

The following chart shows the change in the GSCI Excess Return, based on the month-end Closing Values from February 28, 1990 through July 31, 2006. Over that period, the starting Closing Value was 391.29; the lowest Closing Value was 251.71 on February 26, 1999; the highest Closing Value was 821.26 on August 31, 2005; and the ending Closing Value was 751.60.

The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Deposit Notes.



(1) Source: Bloomberg

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Hang Seng China Enterprises Index®

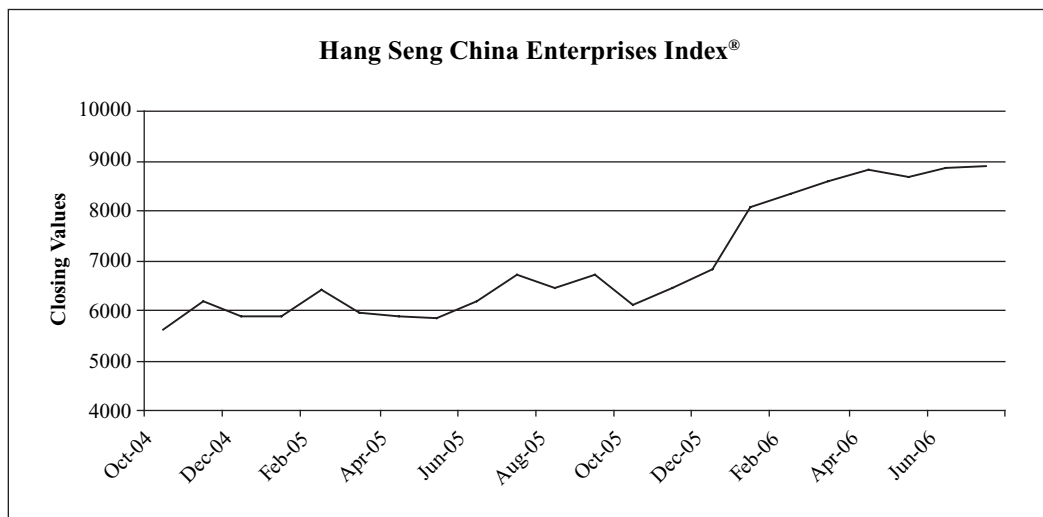
General

The Hang Seng China Enterprises Index® is a capitalization-weighted index comprised of state-owned Chinese companies (H-shares) listed on the Hong Kong Stock Exchange. It was launched on August 8, 1994, one year after the first H-share company was listed on the Hong Kong Stock Exchange. The Hang Seng China Enterprises Index® covers all H-shares in the Hang Seng Mainland Composite Index. As of April 30, 2004, the constituents comprised 37 H-shares. The constituents will be subject to review semi-annually.

Historical Data

The following chart shows the change in the HSCE, based on the month-end Closing Values from October 31, 2004 through July 31, 2006. Over that period, the starting Closing Value was 5,607.86; the lowest Closing Value was 5,858.09 on May 31, 2005; the highest and ending Closing Value was 8,908.77 on July 31, 2006.

The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Deposit Notes.



(1) Source: Bloomberg

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S&P/TSX 60[®] Index

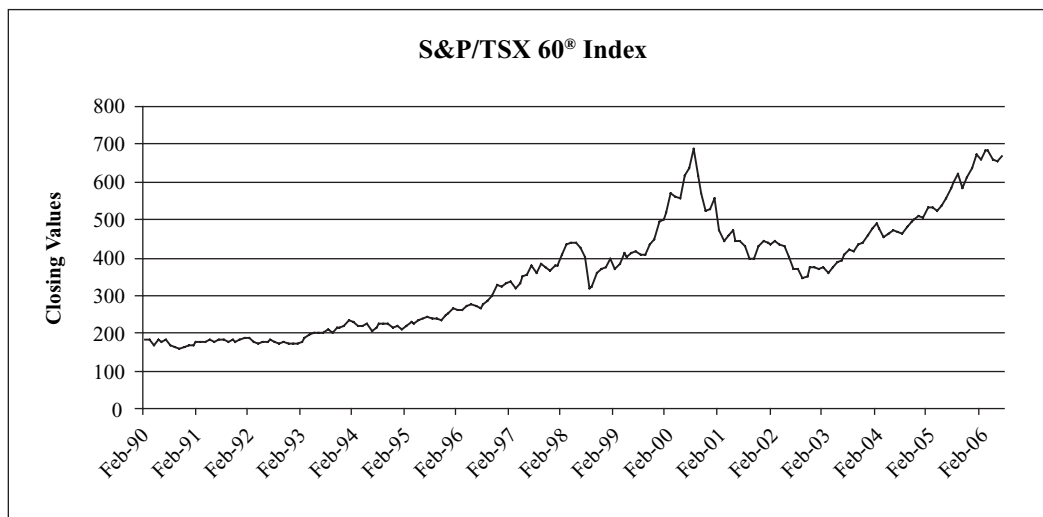
General

The S&P/TSX 60[®] (the “TSX 60 Index”) is a large-cap index for Canada. It is market cap weighted, with weights adjusted for available share float, and is balanced across 10 economic sectors. Offering exposure to 60 large, liquid Canadian companies, the TSX 60 Index is the basis for the most highly traded futures contract in Canada. The TSX 60 Index is the large-cap component of a series of S&P Canadian indices, including the S&P/TSX Composite — the leading benchmark for Canada. The TSX 60 Index is maintained by the Canadian S&P Index Committee, whose members include representatives from both Standard and Poor’s and the Toronto Stock Exchange. Committee oversight gives investors the benefit of Standard and Poor’s depth of experience, research and analytic capabilities, combined with the Toronto Stock Exchange’s intimate local industry knowledge. The TSX 60 Index represents the Canadian component of the S&P Global 1200. The ticker symbol for the TSX 60 Index is SPTSX60.

Historical Data

The following chart shows the performance of the price version of the TSX 60 Index, based on the month-end Closing Values from January 28, 1990 through July 31, 2006. Over that period, the starting Closing Value was 184.64; the lowest Closing Value was 158.41 on October 31, 1991; the highest Closing Value was 687.08 on August 31, 2000; and the ending Closing Value was 667.43.

The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Deposit Notes.



(1) Source: Bloomberg

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Scotia Capital Universe Overall™ Bond Index (Total Return)

General

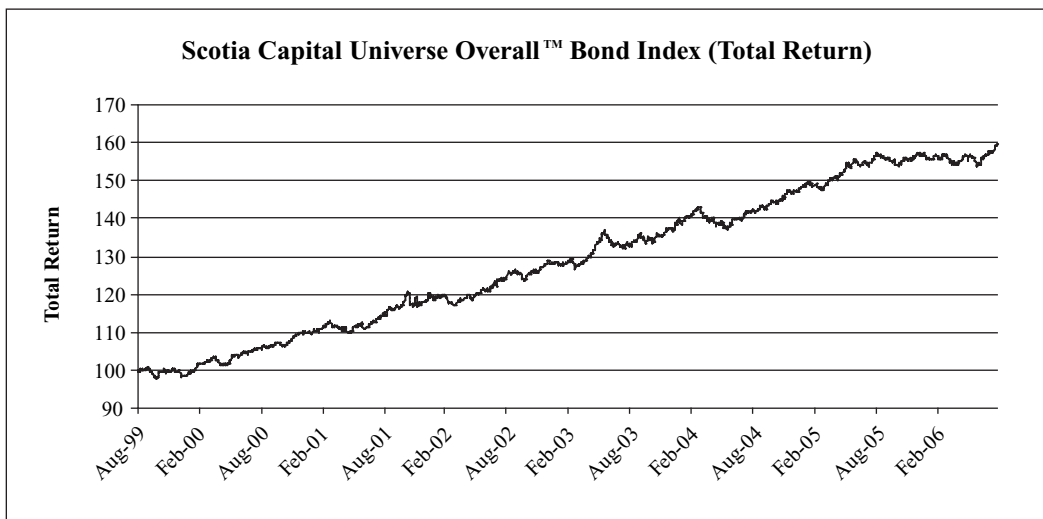
The Scotia Capital Universe Overall™ Bond Index (Total Return) (“the SC Universe Bond Index”) is designed to be a broad measure of the Canadian investment-grade fixed income market. As of April 30, 2006, the Index consisted of 995 securities, with a total market value of approximately \$618 billion. Returns are calculated daily, and are weighted by market capitalization, so that the return on a Bond influences the return on the Index in proportion to the Bond’s market value. The Index has been published since 1979. It is intended to be a transparent index, with individual security holdings disclosed electronically each day.

The Index represents substantially all of the marketable domestic Canadian fixed income securities with a term exceeding one year. The composition of credit sectors such as those represented generally, but not exclusively, by Government of Canada bonds (“Canadas”), provincial bonds (“Provincials”), municipal bonds (“Municipals”) and corporate obligations (“Corporates”), is determined purely by relative net issuance of those entities in the public market place.

Historical Data

The following chart shows the performance of the SC Universe Bond Index from January 3, 1990 through to May 12, 2006. Over that period, the starting Closing Value was 172.17; the lowest Closing Value was 147.13 on April 18, 1990; the highest Closing Value was 612.07 on September 1, 2005; and the ending Closing Value was 602.64.

The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Deposit Notes.



(1) Source: Scotia Capital Inc.

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DESCRIPTION OF THE BANK

The Bank was granted a charter under the laws of the Province of Nova Scotia in 1832, and commenced operations in Halifax, Nova Scotia in that year. Since 1871, the Bank has been a chartered bank under the *Bank Act* (Canada) (The “Bank Act”). The Issuer is a Schedule I bank under the Bank Act and the Bank Act is its charter. The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia and the executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1. A copy of the Bank’s by-laws are available on www.sedar.com.

The Bank is one of North America’s premier financial institutions and Canada’s most international bank. The Bank is a full-service financial institution, active in both domestic and international markets. In Canada, the Bank provides a full range of retail, commercial, corporate, investment and wholesale banking services through its extensive network of branches and offices in all 10 provinces and two territories. With more than 55,000 employees, the Bank and its affiliates serve about 10 million customers in some 50 countries around the world. The Bank offers a diverse range of products and services including personal, commercial, corporate and investment banking.

The Bank has three major business lines: Domestic Banking, International Banking and Scotia Capital. Each of these three business lines is discussed below and additional information on each of the Bank’s business lines is available in the 2005 Management’s Discussion and Analysis found on page 51 of the Annual Report.

Domestic Banking

The Bank’s Domestic Banking business line provides a full range of banking and investment services to retail and small business banking, commercial and wealth management customers across Canada. Retail Banking provides a full range of financial products and services to over 6.8 million customers through a network of 954 branches and 2,624 ABMs, as well as telephone and internet banking. The Retail Banking division supplies mortgages, loans, credit cards and day-to-day banking products to individuals and small businesses. The Wealth Management division provides retail brokerage, mutual funds and private client services. The Commercial Banking division delivers a full product suite to medium and large businesses. As well, merchant banking services are provided through one of the Issuer’s subsidiaries, Roynat Capital Inc.

International Banking

The Bank’s International Banking business line operates in more than 40 countries and includes operations in three geographic regions: the Caribbean and Central America, Latin America and Asia Pacific. International Banking includes the Bank’s retail and commercial banking operations outside of Canada. Including the Bank’s subsidiaries and affiliates, more than 22,000 employees worldwide provide a full range of services to almost three million customers. In the Caribbean and Central America, the Bank operates in 25 countries with 366 branches and offices and a network of 775 ABMs and provides customers with a broad range of personal and commercial banking services. In Mexico, Grupo Financiero Scotiabank Inverlat has 444 branches and offices and a network of 1,046 ABMs. It provides more than 1.3 million personal, commercial and corporate customers with a full range of banking products and services, along with select capital markets capabilities. In Latin America, the Bank’s holdings include Scotiabank Sud Americano in Chile, and affiliates in Peru and Venezuela. In Chile, the Bank operates 57 branches and offices and a network of 115 ABMs and provides personal, commercial and corporate banking services. In the Asia Pacific region, the Bank operates in nine countries with 24 branches and offices. Our business in these countries is primarily focused on commercial banking and trade finance, with some wholesale banking.

Scotia Capital

Scotia Capital provides full service wholesale banking to corporate, government and investor clients across the NAFTA region as well as other selected niche markets globally. Scotia Capital was reorganized into two main businesses, effective November 1, 2005. Global Corporate and Investment Banking provides corporate lending, equity underwriting and mergers & acquisitions advisory services. Global Capital Markets provides products and services such as fixed income; derivatives; foreign exchange; equity sales, trading and research; and, through ScotiaMocatta, precious metals.

RISK FACTORS

Suitability of Deposit Notes for Investment

A person should reach a decision to invest in the Deposit Notes only after carefully considering, with his or her investment, legal, accounting, tax and other advisors, the suitability of the Deposit Notes in light of his or her investment objectives and the information set out in this Information Statement. For instance, an investment in a Deposit Note is not suitable for a person seeking a guaranteed or fixed rate of return. The Bank, the Calculation Agent and the Selling Agent make no recommendation as to the suitability of the Deposit Notes for investment by any particular person. The Deposit Notes have certain investment characteristics that differ from fixed income investments. The Deposit Notes may not provide Investors with a Variable Return prior to or at the Maturity Date, nor do they provide a return in excess of the Principal Amount at the Maturity Date. Therefore, an investment in the Deposit Notes is only suitable for Investors prepared to assume risks with an investment whose return is tied to the performance of the Assets. The Principal Amount is only repaid if the Deposit Notes are held to the Maturity Date. The Deposit Notes are not conventional indebtedness. The Deposit Notes could produce no yield. Therefore, the Deposit Notes are not suitable investments for Investors who need or expect a positive annual return.

Comparison to Other Obligations

The terms of the Deposit Notes differ from those of ordinary obligations or debt instruments, in that a return, if any, is payable on the Notes only at the Maturity Date in most circumstances and only to the extent that the Average Realized Value is greater than zero. Whether the Average Realized Value will be greater than zero is contingent on events that are inherently difficult to predict and which are beyond the Bank's control. Accordingly, there can be no assurance that the Average Realized Value will be greater than zero, or that more than the Principal Amount will ever be payable with respect to the Deposit Notes. Moreover, the value of an investment in the Deposit Notes may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. Accordingly, an investment in the Deposit Notes may result in a lower return when compared to alternative investments.

No Guaranteed Return on Deposit Notes

While an Investor is entitled to payment on the Maturity Date which cannot be less than the Principal Amount of the Deposit Note, the Deposit Notes do not bear a fixed rate of interest and there can be no assurance that the Deposit Notes will bear any return. Historical returns on the Assets should not be considered as an indication of the future performance of the Deposit Notes. No assurance can be given, and none is intended to be given, that any of the Assets will appreciate in the period during which the Deposit Notes are outstanding and that any return will be achieved on the Deposit Notes at the Maturity Date.

Pledging

The ability of an Investor to pledge the Deposit Notes or otherwise take action with respect to such Investor's interest in such Deposit Notes (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

No Variable Return May Be Payable

Variable Return, if any, payable on the Deposit Notes is directly linked to the Realized Values (each of which may be positive or negative) of the Assets in the Portfolio. Unless the Average Realized Value is positive at maturity, no Variable Return will be payable on the Deposit Notes. See "Description of the Deposit Notes — Variable Return".

Variable Return Not the Same as Owning the Assets

Variable Return, if any, on the Deposit Notes will not necessarily reflect the return an Investor would realize if the Investor actually owned the Assets for the full term of the Deposit Notes. A Realized Value for each Asset is Calculated on each Calculation Date, (every 12 months) during the term of the Deposit Notes.

Realized Value is determined on each Calculation Date by taking the best performing Asset's percentage increase or decrease in value measured from the Issue Date to the relevant Calculation Date. After an Asset's Realized Value is determined, that Asset will be removed from the Portfolio and its performance will no longer factor into the calculation of Variable Return. The first Realized Value will be determined on October 31, 2007 or if such date is not a Business Exchange Day, on the next following Business Exchange Day. This process will be repeated on the Calculation Date in each calendar year from 2008 through 2010 and two Business Exchange Days before the Maturity Date in 2011. By a process of elimination, on the final Calculation Date in 2011, there will only be one remaining Asset from which a Realized Value will be obtained. In this manner, each Asset will be selected once only and each Asset will have its corresponding Realized Value. The Realized Values determined on each subsequent Calculation Date shall be determined from a lesser number of eligible Assets. The Investor is therefore not exposed to the same risk or potential return as if the Portfolio held all of the Assets until the Maturity Date. As the Deposit Notes move closer to maturity, there may be an increased likelihood that, given the fewer remaining Assets, none of those remaining Assets will have positive performance which would negatively impact the Variable Return, if any. See "Description of the Deposit Notes — Variable Return".

Historical Performance of the Assets is not an Indication of Future Performance

Variable Return, if any, will be determined on the basis of the performance of the Assets. The historical performance of the Assets is not necessarily indicative of the future performance of those Assets. Closing Values of the Assets will be influenced by complex and interrelated political, economic, financial and other factors.

Risks Relating to the Assets

While the trading prices of the securities, commodities or other interests comprising the Assets will determine their Closing Values, it is impossible to predict whether the Closing Value of any Asset will increase or decrease. Trading prices of the securities and commodities making up the Assets will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect the capital and commodity markets generally and the equity trading markets on which the underlying securities are traded, and by various circumstances that can influence the value of a particular security or commodity. The composition of the Assets may also change from time to time.

Return Does Not Necessarily Reflect Dividends and Distributions

The performance of the Assets that are stock indices will be based on price return and will not reflect the payment of dividends and distributions on the securities underlying those Assets, as those Assets are not all calculated by taking into consideration the value of dividends and distributions paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Variable Return, if any, will not be the same as the yield which may be produced if such securities were purchased directly and held for the same period.

Liquidity Risk and Secondary Market

The Principal Amount and Variable Return, if any, per Deposit Note are only payable at maturity (subject, in the case of Variable Return, to the occurrence of an Extraordinary Event or a Market Disruption Event and deferral of payment in certain circumstances). An Investor cannot elect to receive Variable Return prior to the Maturity Date. The Deposit Notes will not be listed on any stock exchange. However, the Selling Agent intends to use reasonable efforts to maintain a secondary market for the Deposit Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. These efforts will consist of posting a daily Bid Price through FundSERV for the Deposit Notes. The Selling Agent may, for any reason, elect not to purchase Deposit Notes from any particular Investor. Investors may sell the Deposit Notes in any such secondary market prior to maturity. The Bid Price for a Deposit Note will be affected by a number of factors, the most important of which are: (i) the Principal Amount of the Deposit Note which is payable on maturity; and (ii) the expected value of the Variable Return. Generally the longer the term to maturity, and the higher the prevailing interest rates at the time such Bid Price is obtained, the less the Deposit Note will be worth. The expected value of the Variable Return will be a function of a number of variables, including but not limited to: (a) the volatility of the Closing Values of the Assets; (b) the remaining term to maturity; (c) the change in

Closing Values of the Assets since the Issue Date; and (d) various other factors including, but not limited to, prevailing interest rates, and market demand for the Deposit Notes. The relationship between these factors is complex and may also be influenced by various political, economic and other factors that can affect the Bid Price of a Deposit Note. Due to the method used to price the Variable Return, the expected value of the Variable Return may be substantially less than the value computed only with reference to the performance of the Assets. If an Investor sells Deposit Notes prior to maturity, the Investor may have to do so at a discount from the original Principal Amount even if the performance of the Assets has been positive and, as a result, the Investor may suffer losses. An Investor who sells a Deposit Note prior to the Maturity Date may have to pay an Early Trading Charge of up to 5.50% of the Principal Amount.

Potential Conflicts of Interest between the Investor and The Bank of Nova Scotia

The Bank is the issuer of the Deposit Notes. Scotia Capital will, as the Calculation Agent, calculate the amount, if any, of Variable Return paid to Investors at maturity. The Calculation Agent may also be required to exercise its judgment in relation to the Deposit Notes from time to time. For example, the Calculation Agent may have to determine whether a Market Disruption Event or Extraordinary Event has occurred, and may, as a consequence, have to make certain calculations and determinations. While the Calculation Agent is required to make such calculations and determinations in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result, absent manifest error, all of the Calculation Agent's calculations and determinations will be final and binding on Investors, without any liability on the Calculation Agent's, the Selling Agent's or the Bank's part, and Investors will not be entitled to any compensation from the Bank, the Calculation Agent or the Selling Agent for any loss suffered as a result of any of the Calculation Agent's calculations and determinations. Since the Calculation Agent's calculations and determinations may affect the market value of the Deposit Notes, the Bank may have a conflict of interest if the Calculation Agent needs to make any such calculations and determinations.

Since the Bank and the Calculation Agent may be the same person, the Calculation Agent may have an economic interest adverse to those of Investors, including with respect to the Bank's hedging arrangements with respect to the Deposit Notes and with respect to certain determinations that the Calculation Agent must make including, without limitation, whether a Market Disruption Event or an Extraordinary Event has occurred and in making other determinations with respect to the Assets. The Bank and its affiliates may also deal in the securities, bonds or commodities underlying each Asset and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any issuer of any security or bond underlying an Asset or any other person or entity having obligations relating to such issuers and may act with respect to such business in the same manner as it would if the Deposit Notes did not exist, regardless of whether any such action might have an adverse effect on the Closing Value of any Asset on any Calculation Date and, thus, the Variable Return payable in respect of the Deposit Notes. The Bank and its affiliates may, whether by virtue of the relationships described above or otherwise, from time to time be in possession of information in relation to any issuer of any security or bond underlying any Asset that may not be publicly available or known to Investors, and the Deposit Notes do not create an obligation on the part of the Bank or its affiliates to disclose to Investors such relationship or such information (whether or not confidential).

Market Disruption Event

If a Market Disruption Event occurs on a Calculation Date, the determination of the Realized Value for such Calculation Date (and, possibly, any subsequent payment of Variable Return, if any) may be delayed. Fluctuations in the Closing Value of an Asset may occur in the interim. In the event that a Market Disruption Event occurs and continues for eight consecutive Banking Days, the Calculation Agent may elect to accelerate the determination of the Variable Return, if any, on all outstanding Deposit Notes. If so, the Bank may at its option, elect to pay the Variable Return, if any, prior to the Maturity Date or to defer such payment until the Maturity Date. In such circumstances, the Variable Return, if any, may be less than the Variable Return, if any, that would otherwise have been payable had the Market Disruption Event not occurred. However, in no event will the Principal Amount of a Deposit Note be paid prior to the Maturity Date. See "Description of the Deposit Notes — Special Circumstances — Market Disruption Event".

Extraordinary Event

If the Calculation Agent determines that an Extraordinary Event has occurred, the Bank may, at its option upon notice to the Investors to be given effective on the Extraordinary Event Notification Date, elect to accelerate the determination of the Variable Return, if any, on all outstanding Deposit Notes. If so, the Bank may, at its option, elect to pay the Variable Return, if any, prior to the Maturity Date or to defer such payment until the Maturity Date. In such circumstances, the Variable Return, if any, may be less than the Variable Return, if any, that would otherwise have been payable had the Extraordinary Event not occurred. However, in no event will the Principal Amount of a Deposit Note be paid prior to the Maturity Date. See “Description of the Deposit Notes — Special Circumstances — Extraordinary Event”.

Adjustments In Special Circumstances

In certain circumstances the Calculation Agent may replace an Asset, the formula for calculating Realized Value, or another component or variable relevant to the determination of Variable Return, to account equitably for those circumstances. See “Description of the Deposit Notes — Special Circumstances”.

Credit Risk

Because the obligation to make payments to Investors is an obligation of the Bank, the likelihood that such Investors will receive the payments owing to them in connection with the Deposit Notes will be dependent upon the financial health and creditworthiness of the Bank.

Hedging Transactions

On or prior to the Issue Date, the Bank or an affiliate thereof, may hedge some or all of its anticipated exposure in connection with the Deposit Notes by the purchase and sale of exchange traded and over the counter options on the Assets, individual securities included in the Assets, or futures contracts on the Assets and options on such futures contracts or by taking positions in any other instruments that it may wish to use in connection with such hedging. The Bank is likely to modify its hedge position throughout the life of the Deposit Notes, including on each date as of which a Realized Value is to be determined, by purchasing and selling the securities and instruments listed above and other available securities and instruments. The Bank and its affiliates may also from time to time buy or sell the shares underlying the Assets or derivative instruments related to the Assets in connection with their normal business practices. Although the Bank does not believe that such activities will have a material impact on the price of such options, shares, futures contracts, and options on futures contracts or on the levels of the Assets, there can be no assurance that the Bank or an affiliate thereof will not affect such prices as a result of such activities.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be amended or changed in a manner which adversely affects Investors.

No Deposit Insurance

The Deposit Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime. Therefore, an Investor will not be entitled to Canada Deposit Insurance Corporation protection.

Currency Risk

The performance of the Portfolio will be based solely upon the weighted average of the Realized Values for each Calculation Date determined in the currencies of the relevant Assets and thus will be unaffected by changes in the exchange rate of Canadian dollars relative to any other currency. However, if the value of the Canadian dollar were to drop over the term of the Deposit Notes, a direct investment in the Assets would outperform an investment in the Deposit Notes.

Deferral of Payment

Payment of Variable Return, if any, in respect of the Deposit Notes may be deferred to ensure compliance with Canadian laws governing interest rates.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Statement from documents filed by the Bank with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference may be obtained on request without charge from the Executive Vice-President, General Counsel and Secretary, The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, telephone: (416) 866-3672.

The following documents are specifically incorporated by reference into, and form an integral part of, this Information Statement:

- (a) the Bank's Annual Information Form dated December 19, 2005;
- (b) the Bank's Management Proxy Circular attached to the Notice of Meeting dated January 13, 2006 (excluding those portions which, pursuant to National Instrument 44-101 of the Canadian Securities Administrator, are not required to be incorporated by reference);
- (c) the Bank's consolidated financial statements as at and for the years ended October 31, 2005 and 2004 together with the auditors' report thereon, including management's discussion and analysis of financial conditions and results of operations as contained in the Issuer's Annual Report for the year ended October 31, 2005;
- (d) the Bank's consolidated financial statements as at and for the nine months ended July 31, 2006, including managements' discussion and analysis of financial condition and results of operations as contained in the Bank's Third Quarter Report to Shareholders; and
- (e) a material change report of the Bank dated January 20, 2006 announcing certain changes to the Issuer's senior executive team.

Any documents of the type referred to in the preceding paragraph and any unaudited interim financial statements for three, six or nine month financial periods, any information circulars; any material change reports (excluding confidential material change reports), news releases containing financial information concerning the Bank for periods following October 31, 2005 and any business acquisition reports for acquisitions completed after October 31, 2005 filed by the Bank with a securities regulatory authority in Canada after the date of this Information Statement and prior to the completion or withdrawal of this offering, are deemed to be incorporated by reference in this Information Statement.

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

GLOSSARY

“**Act**” means *Income Tax Act* (Canada).

“**Affected Asset**” has the meaning ascribed under “Description of the Deposit Notes — Special Circumstances — Market Disruption Event”.

“**Agency Agreement**” means the meaning ascribed thereto under “Plan of Distribution”.

“**Asset Performance**” means, in respect of an Asset, the percentage gain or loss in value of each Asset measured from the Issue Date to the relevant Calculation Date.

“**Assets**” means the S&P/TSX 60[®] Index, the Scotia Capital Universe Overall[™] Bond Index (Total Return), the Dow Jones EURO STOXX 50[®] Index, the Hang Seng China Enterprises Index[®] and the Goldman Sachs Commodity Index (GSCI[®]) Excess Return and “**Asset**” means any one of them.

“**Average Asset Performance**” means the simple average of the Asset Performance of each Asset from the Issue Date to the final Calculation Date, assuming that each Asset is held in the Portfolio for the entire term of the Deposit Notes.

“**Average Realized Value**” has the meaning ascribed thereto under “Description of the Deposit Notes — Variable Return”.

“**Bank**” means The Bank of Nova Scotia.

“**Banking Day**” means a day other than a Saturday, Sunday or any day in which the Bank is closed in Toronto, Ontario.

“**Bid Price**” has the meaning ascribed thereto under “Description of the Deposit Notes — Secondary Trading of Deposit Notes”.

“**Business Exchange Day**” means, in respect of an Asset, any day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time, other than a Saturday, a Sunday or any day on which the Bank is closed in Toronto, Ontario.

“**Calculation Agent**” means Scotia Capital.

“**Calculation Date**” means October 31 in each year from 2007 through 2010 or, if such day is not a Business Exchange Day, the next following Business Exchange Day and the day that is two Business Exchange Days prior to the Maturity Date, subject to the provisions set out under “Description of the Deposit Notes — Special Circumstances”.

“**CDS**” means The Canadian Depository for Securities Limited.

“**Closing Value**” means the official closing value or value for an Asset as announced by the applicable Price Source, provided that, if on or after the Issue Date such Price Source materially changes the time of day at which such closing value or value is determined or no longer announces such official closing value or value, the Calculation Agent may thereafter deem the Closing Value to be the level or value of such Asset as of the time of day used by the Price Source to determine the closing value or value prior to such change or failure to announce.

“**CRA**” means the Canada Revenue Agency.

“**DBRS**” means Dominion Bond Rating Service, Limited.

“**Deposit Note**” means The Bank of Nova Scotia — Automatic Portfolio Allocation Notes — Series 1 offered by this Information Statement.

“**Early Trading Charge**” has the meaning ascribed thereto under “Description of the Deposit Notes — Early Trading Charge”.

“Exchange” means in respect of each Asset, any exchange or applicable trading system that publishes prices used to calculate the Closing Value of the Asset, subject to the provisions set out under “Description of the Deposit Notes — Special Circumstances”.

“Extraordinary Event” means any of the following events that occurs after the Closing Date and prior to the Maturity Date where the Calculation Agent, acting in its sole and absolute discretion, has determined to designate such event as an “Extraordinary Event”: (i) the Bank is unable to effectively acquire, establish, reestablish, substitute, maintain or unwind any hedge transaction in connection with the offering of Deposit Notes or to realize, recover or remit the proceeds of any such hedging transaction; (ii) an increase in the cost of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedging transaction entered into connection with the offering of Deposit Notes or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or (iii) as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, after such date or as a result of any other event it would become unlawful for the Bank to acquire, establish, re-establish, substitute, maintain or unwind any hedge transaction entered into in connection with the offering of Deposit Notes.

“Extraordinary Event Notification Date” has the meaning ascribed thereto under “Description of the Deposit Notes — Special Circumstances — Extraordinary Event”.

“Final Price” means in respect of an Asset, the Closing Value of such Asset on the Calculation Date used to calculate its Realized Value as of such Calculation Date as determined by the Calculation Agent.

“Impacted Asset” has the meaning ascribed thereto under “Description of the Deposit Notes — Special Circumstances — Adjustments Due to Material Changes”.

“Initial Price” means in respect of an Asset, the Closing Value of such Asset on the Issue Date used to calculate its Realized Value, as determined by the Calculation Agent.

“Investor” means a holder of Deposit Notes.

“Issue Date” means October 31, 2006.

“Market Disruption Event” means, in respect of an Asset, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Bank or any person that does not deal at arm’s length with the Bank which in the determination of the Calculation Agent has or will have or would have a material adverse effect on the ability of equity, bond or commodity dealers generally to place, maintain, unwind or modify hedges of positions in respect of such Asset. A Market Disruption Event may include, without limitation, any of the following events: (i) any failure for trading to commence, or the permanent discontinuation of trading, or any suspension or limitation on trading of any stock, bond or commodity underlying any Asset or any futures or options contracts in respect of the Asset on the applicable Exchange or Related Exchange, or the occurrence of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants (including the Bank) in general to (i) effect transactions in, or obtain market values for, any stock, bond or commodity underlying any Asset on the applicable Exchange or Related Exchange, or (ii) effect transactions in, or obtain market values for, futures or options contracts in respect of any stock, bond or commodity underlying any Asset on the applicable Exchange or Related Exchange (collectively, an “Exchange Disruption”); (ii) the failure of a Price Source for an Asset to announce or publish the Reference Price for that Asset (or the information necessary for determining the Reference Price), or the temporary or permanent discontinuance or unavailability of the Price Source (collectively, a “Price Source Disruption”); (iii) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which would make it unlawful or impracticable for the Issuer and/or the Calculation Agent to perform its obligations under the Deposit Notes or for equity, bond or commodity dealers generally to place, maintain, unwind or modify hedges of positions in respect of such Asset; (iv) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, which has, or may reasonably be expected to have, a material adverse effect on the financial markets of Canada or a country in which any applicable Exchange or Related

Exchange is located; or (v) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has, or may reasonably be expected to have, a material adverse effect on the ability of the Bank or the Calculation Agent to perform its obligations under the Deposit Notes or of equity or commodity dealers generally to place, maintain, unwind or modify hedges of positions with respect to such Asset or a material and adverse effect on the economy of Canada or the trading of Assets, or securities generally on any relevant Exchange or Related Exchange.

“Market Disruption Event Notification Date” has the meaning ascribed thereto under “Description of the Deposit Notes — Special Circumstances — Market Disruption Event”.

“Material Asset Change” has the meaning ascribed thereto under “Description of the Deposit Notes — Special Circumstances — Adjustments Due to Material Changes”.

“Maturity Date” means October 31, 2011.

“MDE Formula” has the meaning ascribed under “Description of the Deposit Notes — Special Circumstances — Market Disruption Event”.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Proceeds” means an amount equal to \$96.00 per Deposit Note.

“Portfolio” has the meaning ascribed thereto on the face page of this Information Statement.

“Price Source” means, in respect of an Asset, the entity or source that calculates and publishes the Closing Value for that Asset on the Issue Date (or, where such Asset has been substituted in the Portfolio for another Asset, on the date of substitution), or any Successor Source.

“Principal Amount” means \$100 per Deposit Note.

“Realized Value” has the meaning ascribed thereto under “Description of the Deposit Notes — Variable Return”.

“Regulations” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“Replacement Asset” means an index replacing an Asset in the Portfolio upon a Replacement Event.

“Replacement Event” has the meaning ascribed thereto under “Description of the Deposit Notes — Special Circumstances — Adjustments due to Material Changes”.

“S&P” means Standard and Poor’s Rating Service, a division of the McGraw-Hill Companies, Inc.

“Scheduled Closing Time” means, in respect of an Exchange or a Related Exchange, the scheduled weekday closing time of such Exchange or Related Exchange without regard to after hours or any other trading outside of regular trading session hours.

“Scotia Capital” means, collectively, the Bank and any of its affiliates.

“Selling Agent” means Scotia Capital Inc.

“Selling Agent Fees” has the meaning ascribed thereto under “Summary — Selling Expenses”.

“Successor Source” means, in respect of an Asset, any entity or source that succeeds a Price Source in respect of such Asset and continues calculation and publication of the Closing Value for that Asset, provided that such entity or source is acceptable to the Calculation Agent.

“Tax Proposals” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“Variable Return” has the meaning ascribed thereto under “Summary — Variable Return”.

“Variable Return Calculation” has the meaning ascribed thereto under “Summary — Variable Return Calculation”.



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