

## INFORMATION STATEMENT DATED SEPTEMBER 12, 2008

*This Information Statement has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to the 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 Notes only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Notes. No securities commission or similar authority in Canada has in any way passed upon the merits of the Notes offered hereunder and any representation to the contrary is an offence. The 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 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 3

#### PRINCIPAL PROTECTED

The Bank of Nova Scotia — Automatic Portfolio Allocation™ Deposit Notes, Series 3 (the "Notes") are Notes issued by The Bank of Nova Scotia (the "Bank") the return on which is linked initially, in the manner provided herein, to the performance of a portfolio (the "Portfolio") of indices and exchange traded funds (each an "Asset" and, collectively, the "Assets"), initially consisting of:

- ISHARES FTSE/XINHUA CHINA 25 INDEX FUND
- ISHARES MSCI BRAZIL INDEX FUND
- MARKET VECTORS RUSSIA ETF
- WISDOMTREE INDIA EARNINGS FUND
- ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND
- S&P/TSX 60 INDEX
- S&P 500® INDEX
- DOW JONES EURO STOXX 50® INDEX
- NIKKEI-225™ INDEX
- FTSE 100 INDEX

The Notes will mature on October 30, 2013 (the "Maturity Date"). The Notes are not redeemable prior to the Maturity Date.

At the Maturity Date, a holder of a Note (each an "Investor") will receive an amount per Note equal to: (i) the amount deposited of \$100 (the "Principal Amount"); and (ii) the variable return, if any (the "Variable Return"); and (iii) additional Variable Return, if any ("Additional Variable Return"). Variable Return, if any, will be 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 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, subject to a maximum of 50% for any particular Realized Value. 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 (although it may continue to be relevant to determine the Additional Variable Return, if any). Additional Variable Return will only be paid if the price return of each Asset measured from the Issue Date to the final Calculation Date exceeds 50%. In such event, the Additional Variable Return per Note will be an amount equal to 50% of the price return in excess of 50% of the worst performing Asset in that time period.

**A prospective investor should decide to invest in the Notes only after carefully considering with his or her advisor as to whether the 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 Notes are a suitable investment for any person. See "Risk Factors".**

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**PRICE: \$100 PER NOTE**  
**Minimum Subscription: \$5,000 (50 Notes)**  
**FundSERV Code: SSP 140**

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*The Bank has taken reasonable care to ensure that the facts stated in this Information Statement with respect to the 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.*

*Neither the Bank nor the Selling Agent nor any of their respective affiliates express any view concerning the future performance of any of the Assets. Investors should make any decision to invest in the Notes based only on their own views on the likely future performance of the Assets without reliance on the Bank, the Selling Agent or any of their affiliates and with the knowledge that the views of the Bank, the Selling Agent and their affiliates and the views of other market professionals may be different than theirs.*

Unless otherwise indicated, all dollar amounts expressed herein are Canadian currency.

## SUITABILITY FOR INVESTMENT

An investment in 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 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 Notes are held to the Maturity Date.** A person should reach a decision to invest in the 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 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 Notes could produce no yield at the Maturity Date. Therefore, the 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 Notes offered hereby would, if issued on the date of this Information Statement, be qualified investments under the Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and 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 the 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 “Glossary” for defined terms.*

**Issue:** Automatic Portfolio Allocation™ Deposit Notes, Series 3.  
**Issuer:** The Bank of Nova Scotia.  
**Selling Agent:** Scotia Capital Inc.  
**Principal Amount:** The Notes will be sold in denominations of \$100 per Note (the “Principal Amount”).

<b>Subscription Price:</b>	<u>Price to an Investor<sup>(1)</sup></u>	<u>Selling Agent Fees</u>	<u>Proceeds to the Bank<sup>(2)</sup></u>
	\$100 per Note	\$3.50	\$96.50

(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 Notes).

**Issue Size:** A maximum of \$50,000,000 Principal Amount of 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 Notes will be issued on or about October 30, 2008 (the actual date of issuance being the “Issue Date”).

Subscription proceeds submitted by Investors in advance of the Issue Date will be held in an account by the Selling Agent and will bear interest at an annual rate equal to 2%. To the extent that the interest accrued on any Investor’s subscription proceeds from the date of receipt to but excluding the Issue Date equals or exceeds \$100 or integral multiples thereof, such Investor will receive Notes in an equivalent Principal Amount rounded down to the nearest integral multiple of \$100. Investors have no entitlement to, and will not receive, any cash payment of interest under any circumstances except where an Investor rescinds, or has its purchase order rejected, in entirety, in which case the Investor will receive cash equal to the interest accrued rounded down to the nearest integral multiple of \$100. No fractional Notes will be issued.

**Maturity Date/Term:** The Notes will mature on October 30, 2013, resulting in a term to maturity of approximately five years.

**Portfolio:** The ten Assets initially comprising the Portfolio are as follows:

- ISHARES FTSE/XINHUA CHINA 25 INDEX FUND;
- ISHARES MSCI BRAZIL INDEX FUND;
- MARKET VECTORS RUSSIA ETF;
- WISDOMTREE INDIA EARNINGS FUND;
- ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND;
- S&P/TSX 60 INDEX;
- S&P 500® INDEX;

- DOW JONES EURO STOXX 50® INDEX;
- NIKKEI-225™ INDEX; and
- FTSE 100 INDEX.

**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 Notes do not constitute an investment in any Asset or in any of the securities underlying any Asset. By acquiring 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 security underlying any Asset.**

**Amounts Payable at Maturity:**

The amount payable in respect of each 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; plus (iii) the Additional Variable Return, if any. An Investor does not have the right to retract or cause the redemption of the Notes prior to the Maturity Date. However, an Investor may be able to sell Notes in any available secondary market prior to the Maturity Date. See “Description of the Notes — Secondary Trading of Notes” and “FundSERV”. In no event will the Principal Amount of a Note be paid prior to the Maturity Date. The amount and method of calculating Variable Return and Additional Variable Return, if any, and the timing of the payment of Variable Return and Additional Variable Return, if any, may be affected by Market Disruption Events and Extraordinary Events.

**Variable Return:**

The Notes will not bear any interest during the term of the Notes, but will have a Variable Return, if any, per 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, subject to a maximum Realized Value of 50% on any Calculation Date. See “Description of the Notes — Variable Return”.

**Calculation Dates:**

April 30 and October 30 for each of the calendar years from 2009 to 2012 and April 30, 2013 (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 30, 2013.

**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 based on the increase or decrease in its Closing Level measured from the Issue Date to the relevant Calculation Date, subject to a maximum of 50%. 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 (although it may be relevant for purposes of determining the Additional Variable Return, if any). 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 Closing Level since the Issue Date or, if the Closing Levels of all Assets then remaining in the Portfolio have decreased, the smallest decrease in Closing Level since the Issue Date.

The first Realized Value will be determined on April 30, 2009 or if such date is not a Business Exchange Day, the next following Business Exchange Day. This process

will be repeated on April 30 and October 30 in each of the calendar years 2009 through 2012 and on April 30, 2013 or, if any such date is not a Business Exchange Day, the next following Business Exchange Day and two Business Exchange Days before October 30, 2013. By a process of elimination, on the final Calculation Date in 2013, 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.

**Additional Variable Return:**

If the price return of each Asset in the Portfolio exceeds 50% measured from the Issue Date to the final Calculation Date, then the Notes will pay additional Variable Return (“Additional Variable Return”) per Note equal to 50% of the price return in excess of 50% of the worst performing Asset over such time period. See “Description of the Notes — Additional Variable Return”.

**Closing Levels:**

The Closing Level for each Asset on any Calculation Date will, subject as set forth under “Description of the Notes — Special Circumstances”, be determined as follows:

- for the ISHARES FTSE/XINHUA CHINA 25 INDEX FUND, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘FXI US Equity’ on that Calculation Date;
- for the ISHARES MSCI BRAZIL INDEX FUND, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘EWZ US Equity’ on that Calculation Date;
- for the MARKET VECTORS RUSSIA ETF, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘RSX US Equity’ on that Calculation Date;
- for the WISDOMTREE INDIA EARNINGS FUND, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘EPI US Equity’ on that Calculation Date;
- for the ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘EWW US Equity’ on that Calculation Date;
- for the S&P TSX 60 INDEX, that Calculation Date’s closing level determined by Standard & Poor’s and as made public on Bloomberg page ‘SPTSX60 Index’ on that Calculation Date;
- for the S&P 500® INDEX, that Calculation Date’s closing level determined by Standard & Poor’s and as made public on Bloomberg page ‘SPX Index’ on that Calculation Date;
- for the DOW JONES EURO STOXX 50® INDEX, that Calculation Date’s closing level determined by STOXX Limited and as made public on Bloomberg page ‘SX5E Index’ on that Calculation Date;
- for the NIKKEI-225™ INDEX, that Calculation Date’s closing level determined by Nihon Keizai Shimbun Inc. as made public on Bloomberg page ‘NKY Index’ on that Calculation Date; and
- for the FTSE 100 INDEX, that Calculation Date’s closing level determined by FTSE International Limited as made public on Bloomberg page ‘UKX Index’ on that Calculation Date.

**No Direct 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 Level of that Asset on the Issue Date and the relevant Calculation Date. Accordingly, the Variable Return and Additional Variable Return, if any, payable in respect of the 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 Additional Variable Return, if any, may be deferred to ensure compliance with Canadian laws regarding interest rates. See “Description of the 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 will designate such eighth Business Day to be the relevant Calculation Date and shall determine the Closing Level of any affected Asset, for purposes of determining a Realized Value, as of such date utilizing the MDE Formula (as herein defined). See “Description of the Notes — Special Circumstances — Market Disruption Event”.

**Extraordinary Event:**

The occurrence of an Extraordinary Event may result in the early determination of the Variable Return and Additional Variable Return, if any, payable to Investors. If an Extraordinary Event occurs, the Bank may elect to pay the Variable Return and Additional Variable Return, if any, to Investors at that time or, instead, defer payment of any such Variable Return and Additional Variable Return until the Maturity Date. Notwithstanding the occurrence of an Extraordinary Event, the Principal Amount of each Note will not, under any circumstances, be repaid until the Maturity Date. See “Description of the Notes — Special Circumstances — Extraordinary Event”.

**Credit Rating:**

**The Notes have not been rated.** As of the date of this Information Statement, the Bank’s deposit liabilities with a term of more than one year were rated AA by DBRS Limited (“DBRS”), AA – by Standard & Poor’s Rating Service, a division of the McGraw-Hill Companies, Inc. (“S&P”), Aa1 by Moody’s Investors Service, Inc. (“Moody’s”) and AA – by Fitch Limited (“Fitch”). There can be no assurance that if the 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 Notes — Credit Rating”.

**Secondary Market:**

**There is currently no market through which the Notes may be sold.** There can be no assurance that a secondary market for the Notes will develop or, if such market does develop, that it will be sustained or liquid. The Notes will not be listed on any stock exchange. However, an Investor may be able to sell Notes prior to maturity in any available secondary market. The Selling Agent intends to use reasonable efforts to initiate and maintain a secondary market for the 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 (the “Bid Price”) through the FundSERV network for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Investor. **If an Investor sells a 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 Note as determined by the Selling Agent minus any applicable Early Trading**

**Charge.** A sale of Notes originally purchased through the FundSERV network will be subject to certain additional procedures and limitations established by the FundSERV network. See “Description of the Notes — Secondary Trading of Notes”, “FundSERV” and “Risk Factors”.

**Early Trading Charge:**

If an Investor sells a Note to the Selling Agent within the first 720 days following the Issue Date, the proceeds from the sale of the Note will be reduced by the Early Trading Charge. The Early Trading Charge, expressed as a percentage of the Principal Amount per Note, is 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

**Book-Entry Only Registration:**

The Notes will be evidenced by a single global Note held by CDS or its nominee on its behalf as registered holder of the Notes. Registration of the interests in and transfers of the Notes will be made only through participants in its book-entry system (“Participants”). Subject to certain limited exceptions, Investors will not be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and Investors will not be shown on the records maintained by CDS except through an agent who is a Participant. See “Description of the Notes — Form of the Notes”.

**Rank; No Deposit Insurance:**

The Notes will rank equally with all other deposit liabilities of the Bank. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.**

**Use of Proceeds:**

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:**

This income tax summary is subject to the limitations and qualifications set out under the heading “Certain Canadian Federal Income Tax Considerations”. Except in the case of an Extraordinary Event, there should generally be no deemed accrual of interest on the Notes under the “prescribed debt obligation” rules of the Act and the Regulations until the taxation year of an Initial Investor that includes the Maturity Date. Counsel to the Bank understands that the CRA is currently reviewing its administrative practice with regard to prescribed debt obligations, including considering the relevance of a secondary market for such obligations in determining whether there is a deemed accrual of any amount of interest, bonus or premium on such obligations. Where the Variable Return or Additional Variable Return is determined because of an Extraordinary Event but payment is deferred until the Maturity Date then the Variable Return or Additional Variable Return will generally be required to be accrued by the Initial Investor in accordance with the “prescribed debt obligation” rules of the Act and the Regulations. Where there is an early payment of the Variable Return or Additional Variable Return as a

result of an Extraordinary Event the full amount of such Variable Return or Additional Variable Return payment will generally be required to be included in an Initial Investor's income in the taxation year of such Initial Investor in which the Variable Return or Additional Variable Return is calculable. The full amount of the Variable Return and Additional Variable Return paid to an Initial Investor at the Maturity Date will generally be required to be included in an Initial Investor's income in the taxation year of such Initial Investor that includes the Maturity Date. Although not free from doubt, an Initial Investor who disposes of, or is deemed to dispose of, a Note (other than by virtue of repayment of the Note on the Maturity Date) should realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Note, less any costs of disposition, exceed (or are exceeded by) the Initial Investor's adjusted cost base of the Note. **Initial Investors who dispose of Notes prior to the Maturity Date should consult their tax advisors with respect to their particular circumstances.**

See "Certain Canadian Federal Income Tax Considerations".

**Selling Expenses:**

Selling expenses of \$3.50 per Note will be paid out of the proceeds of this Offering to qualified selling group members for selling the Notes.

**Risk Factors:**

Before reaching a decision to purchase any Notes, prospective investors should carefully consider a variety of risk factors associated with the ownership of the Notes. **An Investor will not be able to redeem Notes prior to the Maturity Date.** The Notes have certain characteristics that differ from conventional fixed income investments in that they do not provide any return or income stream prior to the Maturity Date, or a return at the Maturity Date that is calculated by reference to a fixed or floating rate of interest that can be determined prior to the Maturity Date. The return on the Notes (if any), unlike the return on many deposit liabilities of Canadian chartered banks, is uncertain. Therefore, the Notes are not suitable investments for Investors that need or expect certainty of yield. The Notes are designed for Investors with a long-term investment horizon who are prepared to hold the Notes to the Maturity Date and are prepared to assume risks with respect to a return tied to the performance of the Assets.

There is no assurance that any of the Assets will appreciate in value over the term of the Notes. Therefore, there is no assurance that Investors will receive any amount at the Maturity Date other than the repayment of the Principal Amount. The Notes do not represent a direct or indirect ownership interest in any Asset in the Portfolio or in any security underlying any of the Assets.

The maximum Realized Value on any Calculation Date is limited to 50%. Accordingly, the maximum Variable Return payable in respect of the Notes is limited to 50% or \$50 per Note.

Additional Variable Return will only be paid if the price return of each Asset over the term of the Notes exceeds 50% and will be in an amount equal to 50% of the price return in excess of 50% of the worst performing Asset over the term of the Notes.

A prospective investor should decide to invest in the Notes only after carefully considering with his or her advisor as to whether the Notes are a suitable investment in light of his or her own circumstances and the information set out in this Information Statement. None of the Bank, Scotia Capital Inc. or their respective affiliates makes any recommendation as to whether the Notes are a suitable investment for any person. **See "Risk Factors".**

**Further Information:**

Prospective investors may enquire about the terms and conditions of the Notes by contacting Scotia Capital Inc. at 1 (866) 416-7891.

## DESCRIPTION OF THE NOTES

### Issue Size

The Bank of Nova Scotia — Automatic Portfolio Allocation™ Deposit Notes, Series 3, will be issued by the Bank on the Issue Date. A maximum of \$50,000,000 Principal Amount of 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 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) Notes (i.e. \$5,000).

### Maturity and Principal Repayment

Each Note matures on the Maturity Date, on which date the Investor will receive a minimum of the Principal Amount of \$100 per 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 ten Assets initially comprising the Portfolio are as follows:

- ISHARES FTSE/XINHUA CHINA 25 INDEX FUND;
- ISHARES MSCI BRAZIL INDEX FUND;
- MARKET VECTORS RUSSIA ETF;
- WISDOMTREE INDIA EARNINGS FUND;
- ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND;
- S&P/TSX 60 INDEX;
- S&P 500® INDEX;
- DOW JONES EURO STOXX 50® INDEX;
- NIKKEI-225™ INDEX; and
- FTSE 100 INDEX.

**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 Notes do not constitute an investment in any Asset or in any of the securities underlying any Asset. By acquiring 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 security underlying any Asset.**

### Variable Return

Each 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 Notes — Special Circumstances”. The Notes will not bear interest during the term of the Notes but will rather have a Variable Return per 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 based on its Closing Level, subject to a maximum of 50%. The Realized Value of an Asset is calculated as follows:

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

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

If 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 (although it may continue to be relevant to determine the Additional Variable Return, if any). The first Realized Value will be determined on April 30, 2009 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 2009 through 2013. On the last Calculation Date in 2013, 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.

#### **Additional Variable Return**

If the price return of each Asset exceeds 50% measured from the Issue Date to the final Calculation Date, then the Notes will pay additional Variable Return (“Additional Variable Return”) per Note equal to 50% of the price return in excess of 50% of the worst performing Asset over such time period.

**The amount of Variable Return and Additional Variable Return, if any, will depend upon the performance of the Assets. It is possible that no Variable Return or Additional Variable Return will be payable. No Variable Return will be paid if the Average Realized Value is not greater than zero. Because the maximum Realized Value on any particular Calculation Date is limited to 50%, the maximum Variable Return payable per Note is 50% or \$50. No Additional Variable Return will be paid unless the price return of each Asset exceeds 50% over the full term of the Notes. See “Risk Factors — No Variable Return or Additional Variable Return May be Payable”.**

Variable Return and Additional 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 and Additional 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 Notes — Special Circumstances”.

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

If, following payment of the Variable Return or Additional Variable Return, if any, a correction or change is made by any Pricing Source to the Initial Closing Level or the Final Closing Level of an Asset, the amount of the Variable Return or Additional 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.

## Hypothetical Variable Return Examples

The following sample Variable Return calculations are illustrative only. The Initial Closing Levels and Final Closing Levels of the Assets used in these examples are not estimates or forecasts of: (i) the actual Closing Levels of the Assets on the various Calculation Dates; or (ii) the actual performance of the Notes.

### Example 1: Extreme Strong Asset Performance

Asset	Initial Closing Level	Final Closing Level										Asset Performance	
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo		
iShares FTSE/Xinhua China 25 Index Fund	42.11	61.06	63.17	59.38	68.22	63.59	58.11	53.06	55.59	58.95	65.69	56.00%	
iShares MSCI Brazil Index Fund	73.38	104.20	108.60	115.21	118.14	105.67	98.33	93.93	105.67	118.88	113.74	55.00%	
Market Vectors Russia ETF	38.67	50.27	51.82	54.91	58.78	54.91	50.27	44.08	64.97	57.62	59.55	54.00%	
WisdomTree India Earnings Fund	19.12	26.19	27.92	28.68	30.78	26.39	25.24	30.40	26.19	32.31	29.83	56.00%	
iShares MSCI Mexico Investable Market Index Fund	52.21	69.96	66.31	72.57	80.40	71.01	86.67	75.70	81.97	85.10	80.93	55.00%	
S&P/TSX 60 Index	821.69	1035.33	1150.37	1158.58	1281.84	1331.14	1059.98	1232.54	1232.54	1298.27	1298.27	58.00%	
S&P 500® Index	1282.83	1642.02	1860.10	2014.04	2091.01	1975.56	1642.02	1744.65	2014.04	2103.84	2052.53	60.00%	
Dow Jones Euro STOXX 50® Index	3365.63	4678.23	5149.41	5317.70	5990.82	5048.45	4610.91	4846.51	4846.51	5149.41	5418.66	61.00%	
Nikkei-225™ Index	13072.87	17256.19	20524.41	20001.49	21700.96	18432.75	17779.10	19347.85	19740.03	18563.48	20262.95	55.00%	
FTSE 100 Index	5636.60	8736.73	8116.70	8342.17	8849.46	8342.17	7665.78	7891.24	7891.24	8511.27	8905.83	58.00%	
												<b>Average Asset Performance</b>	<b>56.80%</b>

Asset	Initial Closing Level	Realized Value									
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo
iShares FTSE/Xinhua China 25 Index Fund	42.11	45%	50%	41%	62%	51%	38%	26%	32%	40%	56%
iShares MSCI Brazil Index Fund	73.38	42%	48%	57%	61%	44%	34%	28%	44%	62%	
Market Vectors Russia ETF	38.67	30%	34%	42%	52%	42%	30%	14%	68%		
WisdomTree India Earnings Fund	19.12	37%	46%	50%	61%	38%	32%	59%			
iShares MSCI Mexico Investable Market Index Fund	52.21	34%	27%	39%	54%	36%	66%				
S&P/TSX 60 Index	821.69	26%	40%	41%	56%	62%					
S&P 500® Index	1282.83	28%	45%	57%	63%						
Dow Jones Euro STOXX 50® Index	3365.63	39%	53%	58%							
Nikkei-225™ Index	13072.87	32%	57%								
FTSE 100 Index	5636.60	55%									
Realized Value		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Averaged Realized Value		50.00%									
Variable Return		\$ 50.00									
Asset Return of Worst Performing Asset		54.00%									
Additional Variable Return		\$ 2.00									
Amount Payable at Maturity		\$152.00									

**Average Realized Value (Average of Realized Values): 50.00%**

**Additional Variable Return: \$2.00**

**Compound Annual Return: 8.73%**

In the above hypothetical example, the Average Realized Value would have been 50.00% compared to the Average Asset Performance of 56.80% equivalent to an equally-weighted investment in the various Assets over the full term of the Notes. Variable Return per Note is therefore equal to \$50, being the Average Realized Value of 50% multiplied by the Principal Amount of \$100. Since the price return of each Asset exceeds 50% over the term of the Notes, the Additional Variable Return is equal to \$2.00, being 50% of the price return of the worst performing Asset in excess of 50% multiplied by \$100. The amount payable at maturity per Note would therefore be \$152.00.

## Example 2: Strong Asset Performance

Asset	Initial Closing Level	Final Closing Level										Asset Performance	
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo		
iShares FTSE/Xinhua China 25 Index Fund	42.11	52.64	54.74	59.38	64.43	55.16	49.69	53.06	55.59	58.95	63.17	<b>50.00%</b>	
iShares MSCI Brazil Index Fund	73.38	89.52	93.93	100.53	107.13	90.99	83.65	93.93	98.33	109.34	104.20	<b>42.00%</b>	
Market Vectors Russia ETF	38.67	42.54	44.08	47.18	51.04	47.18	42.54	44.08	55.30	57.62	58.39	<b>51.00%</b>	
WisdomTree India Earnings Fund	19.12	22.37	24.09	24.86	27.53	22.56	21.41	26.19	26.19	27.34	27.92	<b>46.00%</b>	
iShares MSCI Mexico Investable Market Index Fund	52.21	59.52	55.86	62.13	69.96	60.56	65.78	65.26	67.87	72.05	67.35	<b>29.00%</b>	
S&P/TSX 60 Index	821.69	870.99	986.03	1158.58	1281.84	1109.28	895.64	1068.20	1125.72	1183.23	1216.10	<b>48.00%</b>	
S&P 500® Index	1282.83	1385.46	1603.54	1757.48	2167.98	1718.99	1385.46	1488.08	1590.71	1706.16	1718.99	<b>34.00%</b>	
Dow Jones Euro STOXX 50® Index	3365.63	4005.10	4476.29	5014.79	5317.70	4375.32	3937.79	4173.38	4408.98	4106.07	3668.54	<b>9.00%</b>	
Nikkei-225™ Index	13072.87	14641.61	18040.56	17386.92	19086.39	15818.17	15164.53	16733.27	15687.44	17125.46	16210.36	<b>24.00%</b>	
FTSE 100 Index	5636.60	7214.85	6989.38	7214.85	7722.14	7214.85	6538.46	6763.92	6876.65	7271.21	6200.26	<b>10.00%</b>	
												<b>Average Asset Performance</b>	<b>34.30%</b>

Asset	Initial Closing Level	Realized Value									
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo
iShares FTSE/Xinhua China 25 Index Fund	42.11	25%	30%	41%	53%	31%	18%	26%	32%	40%	<b>50%</b>
iShares MSCI Brazil Index Fund	73.38	22%	28%	37%	46%	24%	14%	28%	34%	<b>49%</b>	
Market Vectors Russia ETF	38.67	10%	14%	22%	32%	22%	10%	14%	<b>43%</b>		
WisdomTree India Earnings Fund	19.12	17%	26%	30%	44%	18%	12%	<b>37%</b>			
iShares MSCI Mexico Investable Market Index Fund	52.21	14%	7%	19%	34%	16%	<b>26%</b>				
S&P/TSX 60 Index	821.69	6%	20%	41%	56%	<b>35%</b>					
S&P 500® Index	1282.83	8%	25%	37%	<b>69%</b>						
Dow Jones Euro STOXX 50® Index	3365.63	19%	33%	<b>49%</b>							
Nikkei-225™ Index	13072.87	12%	<b>38%</b>								
FTSE 100 Index	5636.60	<b>28%</b>									
	Realized Value	28.00%	38.00%	49.00%	50.00%	35.00%	26.00%	37.00%	43.00%	49.00%	50.00%
	Averaged Realized Value	40.50%									
	Variable Return	\$ 40.50									
	Amount Payable at Maturity	\$140.50									

**Average Realized Value (Average of Realized Values): 40.50%**

**Compound Annual Return: 7.04%**

In the above hypothetical example, the Average Realized Value would have been 40.50% compared to the Average Asset Performance of 34.30% equivalent to an equally-weighted investment in the various Assets over the full term of the Notes. Variable Return is therefore equal to \$40.50, being the Average Realized Value of 40.50% multiplied by the Principal Amount of \$100.00. No Additional Variable Return is payable. The amount payable at maturity per Note would therefore be \$140.50.

### Example 3: Weak Asset Performance

Asset	Initial Closing Level	Final Closing Level										Asset Performance
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo	
iShares FTSE/Xinhua China 25 Index Fund	42.11	43	45	43	45	43	41	38	36	34	35	-16.00%
iShares MSCI Brazil Index Fund	73.38	74	76	74	77	74	71	63	60	64	59	-20.00%
Market Vectors Russia ETF	38.67	38	37	36	35	34	33	32	35	32	29	-25.00%
WisdomTree India Earnings Fund	19.12	18	17	16	17	17	16	18	18	18	19	-3.00%
iShares MSCI Mexico Investable Market Index Fund	52.21	49	46	47	49	45	51	49	47	46	43	-17.00%
S&P/TSX 60 Index	821.69	838	879	813	797	846	789	781	756	740	707	-14.00%
S&P 500® Index	1282.83	1,283	1,308	1,296	1,411	1,296	1,180	1,155	1,232	1,206	1,180	-8.00%
Dow Jones Euro STOXX 50® Index	3365.63	3,399	3,500	3,500	3,669	3,770	3,467	3,500	3,568	3,635	3,467	3.00%
Nikkei-225™ Index	13072.87	12,942	14,119	14,642	15,165	15,687	14,642	14,380	14,511	13,727	13,857	6.00%
FTSE 100 Index	5636.60	5,806	6,031	6,200	6,426	6,708	6,482	6,538	6,313	6,200	6,088	8.00%
<b>Average Asset Performance</b>											<b>-8.60%</b>	

Asset	Initial Closing Level	Realized Value									
		6 mo	12 mo	18 mo	24 mo	30 mo	36 mo	42 mo	48 mo	54 mo	60 mo
iShares FTSE/Xinhua China 25 Index Fund	42.11	2%	6%	3%	7%	2%	-3%	-10%	-15%	-19%	-16%
iShares MSCI Brazil Index Fund	73.38	1%	4%	1%	5%	1%	-3%	-14%	-18%	-13%	
Market Vectors Russia ETF	38.67	-1%	-4%	-6%	-10%	-12%	-15%	-16%	-10%		
WisdomTree India Earnings Fund	19.12	-4%	-10%	-14%	-12%	-9%	-17%	-8%			
iShares MSCI Mexico Investable Market Index Fund	52.21	-6%	-11%	-10%	-6%	-14%	-2%				
S&P/TSX 60 Index	821.69	2%	7%	-1%	-3%	3%					
S&P 500® Index	1282.83	0%	2%	1%	10%						
Dow Jones Euro STOXX 50® Index	3365.63	1%	4%	4%							
Nikkei-225™ Index	13072.87	-1%	8%								
FTSE 100 Index	5636.60	3%									
Realized Value		3.00%	8.00%	4.00%	10.00%	3.00%	-2.00%	-8.00%	-10.00%	-13.00%	-16.00%
Averaged Realized Value		-2.10%									
Variable Return		\$ —									
Amount Payable at Maturity		\$ 100.00									

### Average Realized Value (Average of Realized Values): -2.10%

In the above hypothetical example, the Average Realized Value would have been -2.10% compared to the Average Asset Performance of -8.60% equivalent to an equally-weighted investment in the various Assets over the full term of the Notes. Variable Return is therefore zero, and the amount payable at maturity per Note would therefore only be the Investor's \$100 Principal Amount. No Additional Variable Return is payable.

### 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 subject to a maximum of 50%, which Realized Values are determined by reference to the Closing Levels of the relevant Assets on the Issue Date and the relevant Calculation Date. Accordingly, the Variable Return, if any, payable in respect of the Notes (and the Additional Variable Return, if any) will be unaffected by changes in the exchange rate of Canadian dollars relative to any other currency.

### Credit Rating

**The 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 by DBRS, AA- by S&P, Aa1 by Moody's and AA- by Fitch. There can be no assurance that, if the 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 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 Notes

**There is currently no market through which the Notes may be sold.** There can be no assurance that a secondary market for the Notes will develop or, if such market does develop, that it will be sustained or liquid. The Notes will not be listed on any stock exchange. However, Investors may be able to sell Notes prior to maturity in any available secondary market. The Selling Agent intends to use reasonable efforts to initiate and maintain a secondary market for the 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 through the FundSERV network for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Investor. Each sale of a Note to the Selling Agent will be effected at a price equal to: (i) the Bid Price for the Note; minus (ii) any applicable Early Trading Charge. This will be the secondary market price. See “FundSERV” for details regarding secondary trading where the Notes are held through participants in the FundSERV network.

The Principal Amount of a Note is repaid by the Bank only at the Maturity Date. There is no assurance that any premium that may have been paid by an Investor having purchased Notes in the secondary market will be recouped. The price that the Selling Agent will pay to an Investor for a Note prior to the Maturity Date will be determined by the Selling Agent, acting in its sole discretion, and will be based on, among other things: (i) how much the value of the Assets in the Portfolio have risen or fallen since the Issue Date; and (ii) a number of other interrelated factors including, without limitation, volatility of the value of the Assets in the Portfolio, prevailing interest rates and the time remaining to the Maturity Date. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. In particular, Investors should realize that the secondary market price for the Notes: (i) may not rise and fall with changes in the Closing Levels of the Assets; and (ii) may be substantially affected by changes in current interest rates independent of performance of the Assets. Investors may wish to consult their investment advisors concerning whether it would be more appropriate in the circumstances at any time to sell or to hold their Notes until the Maturity Date. An Investor will not be able to redeem Notes prior to the Maturity Date.

**While the Selling Agent will use reasonable efforts, the Selling Agent is under no obligation to facilitate or arrange for such a secondary market, and such secondary market, when commenced, may be suspended at any time at the sole discretion of the Selling Agent, without notice. If there is no secondary market, an Investor will not be able to sell its Notes. The Notes are intended to be instruments held to the Maturity Date. The Principal Amount of a Note is guaranteed to be repaid only if the Note is held to the Maturity Date.**

If an Investor sells Notes prior to maturity, the Investor may have to do so at a discount from the 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

A sale of the Notes prior to the Maturity Date may be subject to the Early Trading Charge. If a Note is sold to the Selling Agent within the first 720 days following the Issue Date, the proceeds from the sale of the Note will be reduced by an Early Trading Charge expressed as a percentage of the Principal Amount of the Note 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 understand that any valuation price for the Notes appearing on its investment account statement, as well as any Bid Price quoted to the Investor to sell Notes prior to the Maturity Date, will be before the application of any applicable Early Trading Charge. An Investor wishing to sell Notes prior to the Maturity Date should consult its investment advisor about whether the Investor will bear the Early Trading Charge and, if so, how much it will be.

The 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 favourable in the circumstances at any time, to sell Notes (assuming the availability of a secondary market) or to hold the 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 Note until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

The Selling Agent and/or any of its affiliates may, at any time, subject to the applicable laws, purchase Notes at any price in the open market or by private agreement.

### **Special Circumstances**

During the term of the Notes, certain events affecting the Notes and the Assets may occur. Following the occurrence of any such event, the Calculation Agent may be required to make decisions with respect to the Notes relating to the payment and/or calculation of Variable Return, if any, and/or Additional 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 relevant for the calculation of Variable Return or Additional Variable Return (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 performance of the relevant Assets 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:

- (i) such eighth Banking Day shall be the Calculation Date in respect of each Affected Asset; and
- (ii) the Closing Levels of each Affected Asset as of such eighth Banking Day shall be determined in accordance with the formula and method of calculating the Closing Levels 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 underlying the relevant Affected Asset or, if the relevant Market Disruption Event pertains to any security 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 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 or the Additional Variable Return, if any, payable on the Maturity Date. In such circumstances, the Bank may delay payment of the Variable Return, if any, until the tenth Business Exchange Day after the Average Realized Value has been determined and may delay payment of the Additional Variable Return, if any until the tenth Business Day after the Closing Levels of the Affected Assets has been determined on the final Calculation Date, as herein provided.

### *Adjustments Due to Material Changes*

#### *Indices*

If, during the term of the Notes, any of the Indices (an “Affected Index”) 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 Affected Index, then the Affected Index 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 Levels of that index in accordance with the formula previously set out herein.

If any of the following occurs in respect of an index then remaining in the Portfolio (each a “Material Index 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 the relevant Index or in any other way materially modifies the relevant Index (other than a modification prescribed in that formula or method to maintain the relevant Index in the event of changes in constituent stock and capitalization and other routine events) or permanently cancels the relevant Index and no successor index exists;
- (ii) the Bank determines that it has ceased to have full licensing rights to utilize the relevant Index in connection with the Notes; or
- (iii) on any Calculation Date, the Price Source fails to calculate and announce the Closing Level of the relevant Index,

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

### *Units*

Following the announcement by a Fund of the terms of any Potential Adjustment Event in respect of its Units, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative effect on the theoretical value of the relevant Units and, if so, will: (i) make the corresponding adjustments, if any, to any one or more of the Initial Closing Level of such Unit, the formula for calculating the Closing Level of such Unit, or any other component or variable relevant to the determination of effect; and (ii) determine the effective date of any adjustment. The Calculation Agent may (but need not) determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Unit traded on such options exchange. Save as expressly provided herein, the Calculation Agent will make no adjustment in respect of any distribution of cash.

Upon the Calculation Agent becoming aware of the occurrence of a Substitution Event in respect of a Unit in the Portfolio (the “Deleted Unit”), the following will apply, effective on the date as determined by the Calculation Agent (the “Substitution Date”):

- (i) any adjustment applicable to a Potential Adjustment Event in respect of such Unit will not apply;
- (ii) the Calculation Agent may choose (in its absolute discretion) a new security (the “Replacement Unit”) of an exchange traded fund on a major exchange or market quotation system as a substitute for such Deleted Unit;
- (iii) such Deleted Unit will be deleted from the Portfolio and will not be considered as a Unit for purposes of determining Variable Return or Additional Variable Return, if any, on or after the Substitution Date;
- (iv) the Replacement Unit will be an Asset in the Portfolio, the issuer of such Replacement Unit will be the Fund in respect of such Replacement Unit, and the primary exchange or market quotation system on which such Replacement Unit is listed, quoted or traded, as determined by the Calculation Agent, will be the Price Source in respect of such Replacement Unit; and
- (v) the Calculation Agent will determine, in its discretion, the Initial Closing Level on such Replacement Unit by taking into account all relevant market circumstances, including the Initial Closing Level of such Deleted Unit and the Closing Level or estimated value on the Substitution Date of the Deleted Unit and the Closing Level on the Substitution Date of the Replacement Unit, and will make adjustments, if any, to any one or more of the formula for calculating the Closing Level of such Replacement Unit, or any other component or variable relevant to the determination of Variable Return, if any, as the Calculation Agent determines appropriate to account for the economic effect on the Notes of the relevant Substitution Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the applicable substitution).

Upon choosing a Replacement Unit, the Calculation Agent will promptly give details of such substitution and brief details of the Substitution Event to the Investors. For greater certainty, the Replacement Unit chosen by the Calculation Agent may be any security of an exchange traded fund, and may be a security of any exchange traded fund that was the continuing entity in respect of a Merger Event. The Calculation Agent may decide not to choose a Replacement Unit as a substitute for a Deleted Unit if the Calculation Agent determines that exchange or market quotation system which offer sufficient liquidity in order for Scotia Capital to place, maintain or modify hedges in respect of such securities, in which case the Calculation Agent may declare an Extraordinary Event, with the consequences described under “Description of the Notes — Special Circumstances — Extraordinary Event”.

On or after a Merger Date or Tender Offer Date in respect of a Unit, the Calculation Agent may either: (i) (A) make adjustment(s), if any, to any one or more of the Initial Closing Level of the relevant Unit, the formula for calculating the Closing Level of such Unit, or any other component or variable relevant to the determination of Variable Return or Additional Variable Return as the Calculation Agent, in its sole discretion,

deems appropriate to account for the economic effect on the Notes of the relevant Merger Event or Tender Offer by an options exchange to options on the relevant Units traded on such options exchange; and (B) determine the effective date of the adjustments; or (ii) if the Calculation Agent determines that no adjustments it could make under paragraph (i) will produce a commercially reasonable result, the Calculation Agent may designate the relevant Merger Event or Tender Offer to be a Substitution Event in respect of the relevant Unit.

### ***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 and Additional Variable Return, if any, on all outstanding Notes. Upon such election, Variable Return and Additional Variable Return, if any, per 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 Closing Level of each Asset then remaining in the Portfolio (for purposes of the Variable Return calculation) and each Asset (for purposes of the Additional Variable Return calculation) shall be determined as of the Business Exchange Day immediately following the Extraordinary Event Notification Date;
- (ii) the Closing Level 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 and/or Additional 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 Closing Level 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 and Additional 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 and Additional Variable Return, if any, prior to Maturity Date; or (ii) defer payment of the Variable Return and Additional Variable Return, if any, until the Maturity Date. If the Bank elects to pay the Variable Return and Additional 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 Note will not be accelerated and will remain due and payable only on the Maturity Date.

### **Form of the Notes**

#### ***General***

Each Note will be represented by a global Note representing the entire issuance of Notes. The Bank will issue Notes evidenced by certificates in definitive form to a particular Investor only in limited circumstances.

#### ***Global Note***

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

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

Ownership of beneficial interests in a global 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 Note, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective Principal Amounts of the Notes beneficially owned by the participants. Any dealers participating in the distribution of the Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global 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 Note, that depository or its nominee, as the case may be, will be considered the sole owner or Investor of the Notes represented by the registered global Note for all purposes. Except as described below, owners of beneficial interests in a registered global Note will not be entitled to have the Notes represented by the registered global Note registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or Investors of Notes. Accordingly, each person owning a beneficial interest in a registered global Note must rely on the procedures of the depository for that registered global 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 Note desires to give or take any action that an Investor is entitled to give or take in respect of the Notes, the depository for the registered global 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 Notes represented by a registered global 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 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 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 Notes represented by a registered global Note, upon receipt of any payment on the Notes, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global 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 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 Notes*

If the depository for any of the Notes represented by a registered global 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 Notes in definitive form in exchange for the registered global 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 Notes represented by one or more registered global Notes. If the Bank makes that decision, the Bank will issue Notes in definitive form in exchange for all of the registered global Notes representing the Notes.

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

Any Notes issued in definitive form in exchange for a registered global 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 Note that had been held by the depository.

The text of any 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 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 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 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 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 Note is conditional upon the Investor first delivering the 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 Note that Variable Return has been paid in full, or, in the case of payment of Variable Return and the Principal Amount under the Note in full, to retain the Note and mark the 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 Additional 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.

### **Rank; No Deposit Insurance**

The Notes will constitute direct unconditional obligations of the Bank. The Notes will be issued on an unsubordinated basis and will rank *pari passu*, as among themselves and with all other outstanding, direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of the Bank, and will be payable rateably without any preference or priority. **The Notes will not be insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime.**

### **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 Units and in any securities 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 Fund (and/or its manager or advisor) or any issuer of any security 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 Notes did not exist, regardless of whether any such action may have an adverse effect on the Closing Levels of any Asset on any Calculation Date and thus the Variable Return or Additional Variable Return, if any, payable in respect of the 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 Fund or any issuer of any security underlying any Asset that may not be publicly available or known to Investors, and the 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 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 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 Notes**

The terms of the 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. If an amendment is made without the consent of Investors, notice of such amendment will be provided to Investors prior to the amendment becoming effective or without delay afterwards. In other cases, the terms of the 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 66 $\frac{2}{3}$ % of the Principal Amount of the 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 Principal Amount of the 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 Note held by such Investor for the purposes of voting at meetings.

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

### **Investors' Right of Cancellation**

A person may cancel any order to buy a Note (or its purchase if issued) by providing instructions to the Bank or through his or her investment advisor at any time up to 48 hours after the later of: (i) the day on which the agreement to purchase the Notes is entered into; and (ii) deemed receipt of this Information Statement. For all purposes, the agreement to purchase the Notes shall be deemed to be entered into: (i) if the order to purchase is received by telephone or electronic means, on the same day on which the order to purchase is received; and (ii) if the order to purchase is received in person, on the later of the 48 hours following: (a) the deemed receipt of this Information Statement; and (b) time at which the order to purchase is received.

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 business days after the postmark date, if provided by mail; and (iv) when it is received, in any other case.

A person cancelling the purchase of a Note is entitled to receive a refund of the Principal Amount, if any, deposited by the person to purchase the Note and any fees relating to the purchase that may have been paid by such person. The right of cancellation does not extend to Investors buying Notes in the secondary market.

### **PLAN OF DISTRIBUTION**

Each Note will be issued for a subscription price of 100% of the Principal Amount thereof (\$100 per 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 30, 2008. 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 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. For all purposes, the agreement to purchase the Notes shall be deemed to be entered into: (i) if the order to purchase is received by telephone or electronic means, on the same day on which

the order to purchase is received; and (ii) if the order to purchase is received in person, on the later of the 48 hours following: (a) the deemed receipt of this Information Statement; and (b) time at which the order to purchase is received.

The Bank will pay selling expenses of \$3.50 per Note to qualified selling group members for selling the Notes. The selling expenses will be paid out of the proceeds of the offering. While the Selling Agent has agreed to use its best efforts to sell the Notes offered hereby, the Selling Agent will not be obligated to purchase any Notes which are not sold. For greater certainty, the Selling Agent may purchase Notes offered hereby as principal.

A global 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 Notes will not be available to Investors under any circumstances and registration of interests in and transfer of Notes will be made through the Book-Entry System of CDS. See “Description of the Notes — Form of the Notes”.

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

#### **INTEREST ON SUBSCRIPTION PROCEEDS**

Subscription proceeds submitted by Investors in advance of the Issue Date will be held in an account by the Selling Agent and will bear interest at an annual rate equal to 2%. A purchaser of Notes will receive credit for interest accruing on funds so delivered in the form of additional whole Notes. The number of additional Notes for a purchaser would equal the dollar amount of interest that would accrue on the funds delivered at a rate of 2% per annum from the date on which such funds are received, to but excluding the Issue Date, divided by the \$100 purchase price of a Note, rounded down to the nearest whole number. No fractional Notes will be issued. The purchaser will be required to include (in accordance with the detailed rules of the Act relating to the accrual and inclusion of interest), in computing its income for the purposes of the Act, the amount of such interest. Despite the delivery of such funds in respect of an offer to purchase Notes, the Bank reserves the right not to accept any such offer. If for any reason Notes are not issued to a person who has delivered such funds, delivered funds will be forthwith returned together with interest paid in cash at a rate of 2% per annum (calculated from the date the funds are received, to but excluding the date on which such funds are returned), subject to a minimum of \$100 and only in integral multiples of \$100 rounded down to the nearest integral multiple of \$100. The purchaser will be required to include (in accordance with the detailed rules of the Act relating to the accrual and inclusion of interest) in computing its income for the purposes of the Act, the amount of such interest. In any case, whether or not the Notes are issued, no other interest or other compensation will be paid to the purchaser in respect of delivered funds to or to the dealer or financial advisor representing such purchaser. The payment of any interest, whether or not in the form of additional Notes, is the responsibility of the Bank and the Selling Agent has no responsibility for the payment of such interest.

## FUNDSERV

### General

Some Investors may purchase Notes through dealers and other firms on the FundSERV Inc. (“FundSERV”) network, which facilitates order flow. The following FundSERV information is pertinent for such Investors. Investors should consult with their financial advisors as to whether their Notes have been purchased through the FundSERV network and to obtain further information on FundSERV procedures applicable to those Investors.

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

The FundSERV network 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. The FundSERV network 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, the FundSERV network is currently used in respect of other financial products that may be sold by financial planners, such as the Notes. The FundSERV network 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-Enabled Notes Held Through Scotia Capital Inc., a CDS Participant

As stated above, all Notes will initially be issued in the form of a fully registered global Note that will be deposited with CDS. Notes purchased from a distributor on the FundSERV network (“FundSERV-enabled Notes”) will also be evidenced by that Global Note, as are all other Notes. See “Description of the Notes — Form of the Notes” above for further details on CDS as a depository and related matters with respect to the Global Note. Investors holding FundSERV-enabled 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-enabled Notes. An Investor should understand that Scotia Capital Inc. will make such recordings as instructed through the FundSERV network by the Investor’s financial advisor.

### Purchase Through a Distributor on the FundSERV Network

In order to complete the purchase of FundSERV-enabled Notes, the full subscription price (i.e., the aggregate Principal Amount therefor) must be delivered to the Selling Agent in immediately available funds by no later than the Issue Date. Despite delivery of such funds, the Selling Agent reserves the right not to accept any offer to purchase FundSERV-enabled Notes. If FundSERV-enabled Notes are not issued to the Investor for any reason, such funds will be returned forthwith to the Investor.

A purchaser of Notes will receive credit for interest accruing on funds so delivered in the form of additional whole Notes. If for any reason Notes are not issued to a person who has delivered such funds, delivered funds will be forthwith returned together with interest paid in cash to the prospective purchaser’s dealer or financial advisor through the FundSERV network. See “Interest on Subscription Proceeds” for details, including the tax treatment of such interest. In any case, whether or not the Notes are issued, no other interest or other compensation will be paid to the purchaser in respect of delivered funds or to the dealer or financial advisor representing such purchaser. The payment of any interest, whether or not in the form of additional Notes, is the responsibility of the Bank and the Selling Agent has no responsibility for the payment of such interest.

## **Sale Through a Distributor on the FundSERV Network**

An Investor wishing to sell FundSERV-enabled Notes prior to the Maturity Date is subject to certain procedures and limitations to which an Investor holding Notes through a “full service broker” with direct connections to CDS may not be subject. Any Investor wishing to sell a FundSERV-enabled 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-enabled Notes by using the “redemption” procedures of the FundSERV network; any other sale or redemption is not possible. Accordingly, an Investor will not be able to negotiate a sales price for FundSERV-enabled Notes. Instead, the financial advisor for the Investor will need to initiate an irrevocable request to “redeem” the FundSERV Note in accordance with the then established procedures of the FundSERV network. Generally, this will mean the financial advisor will need to initiate such request by 1:00 p.m. (Toronto time) on a Business Day (or such other time as may hereafter be established by the FundSERV network). Any request received after such time will be deemed to be a request sent and received on the next following Business Day. Sale of the FundSERV-enabled Note will be effected at a sale price equal to (i) the “net asset value” of a Note as of the close of business on the applicable Business Day as posted to FundSERV by Scotia Capital Inc., minus (ii) any applicable Early Trading Charge (as outlined under “Secondary Trading of Notes”). The “net asset value” of a Note will factor in accrued interest, if any. The Investor should be aware that, although the “redemption” procedures of the FundSERV network would be utilized, the FundSERV-enabled Notes of the Investor will not be redeemed by the Selling Agent but rather will be sold in the secondary market to the Selling Agent. In turn, the Selling Agent will be able in its discretion to sell those FundSERV-enabled 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-enabled Notes may be suspended for any reason without notice, thus effectively preventing Investors from selling their FundSERV-enabled Notes. Potential Investors requiring liquidity should carefully consider this possibility before purchasing FundSERV-enabled Notes.

The Selling Agent is the “fund sponsor” for the FundSERV-enabled Notes within the FundSERV network. It is required to post a “net asset value” for the FundSERV-enabled 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 Notes — Secondary Trading of Notes” for some of the factors that will determine the “net asset value” or Bid Price of the Notes at any time. The sale price will actually represent the Selling Agent’s Bid Price for the Notes as of the close of business for the applicable Business 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 Notes, but will represent the Selling Agent’s Bid Price generally available to all Investors as at the relevant close of business, including clients of the Selling Agent.

An Investor holding FundSERV-enabled Notes should realize that such FundSERV-enabled 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-enabled 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 Notes by an Investor who purchases Notes at the time of their issuance (an “Initial Investor”). This summary is applicable only to an Initial Investor who is an individual (other than a trust) and, for the purposes of the Act, is a resident of Canada, deals at arm’s length, and is not affiliated, with the Bank and holds the Notes as capital property. The Notes will generally be considered to be capital property to an Initial Investor unless: (i) the Initial Investor holds the 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 Notes as an adventure or concern in the nature of trade. The determination of whether the Notes are held as capital property for purposes of the Act should take into account, among other factors, whether the Notes are acquired with the intention or secondary intention of selling them prior to the Maturity Date. Certain Initial Investors

resident in Canada whose Notes might not otherwise be considered to be capital property or who desire certainty with respect to the treatment of the Notes as capital property may be entitled to make an irrevocable election to have the 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, nor does it apply to the payment or credit of interest on the subscription price described under the heading "Interest on Subscription Proceeds".

This summary is based on the current provisions of the Act and the regulations thereunder as in force on the date hereof (the "Regulations"), counsel's understanding of the current administrative and assessing practices of 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 decision or action. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in 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 Notes, based on their particular circumstances.**

#### **Variable Return and Additional Variable Return**

A 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 that could be payable on the obligation. Based in part on the CRA's administrative practice with regard to prescribed debt obligations, there should generally be no deemed accrual of the Variable Return or the Additional Variable Return on the Notes under these provisions prior to the Maturity Date, provided that no Extraordinary Event has occurred. It is possible that there may be a deemed accrual of the Variable Return if at a point in time it can be determined that a minimum amount of Variable Return will be paid at maturity. Further, counsel understands that the CRA is currently reviewing its administrative practice with regard to prescribed debt obligations, including considering the relevance of a secondary market for such obligations in determining whether there is a deemed accrual of any amount of interest, bonus or premium on such obligations.

When in a particular taxation year, as a result of an Extraordinary Event, the Variable Return or Additional Variable Return is determined but the Bank elects to defer the payment of the Variable Return or Additional Variable Return until the Maturity Date, the portion of the Variable Return or Additional Variable Return that has accrued from the date of purchase of the Note up to the anniversary date of the Note in that particular taxation year generally will be required to be included in the Initial Investor's income, except to the extent that the amount was otherwise included in income for the taxation year or a preceding taxation year. Thereafter, in each of the following taxation years, the annual accrual rules in the Regulations applicable to a prescribed debt obligation will generally apply to include in the Initial Investor's income, a portion of the Variable Return or Additional Variable Return.

Where a payment of the Variable Return or Additional Variable Return takes place prior to the Maturity Date as a result of an Extraordinary Event, the full amount of such payment will generally be required to be included in the Initial Investor's income in the taxation year of the Initial Investor in which the Variable Return or Additional Variable Return becomes calculable except to the extent that any amount of the Variable Return or Additional Variable Return has been included in the Initial Investor's income for that taxation year or a preceding taxation year.

The Bank will file an information return with the CRA in respect of any amount required to be included in an Initial Investor's income as described above and will provide the Initial Investor with a copy of such return.

## Disposition of Notes

On a disposition to the Bank of a Note at the Maturity Date, an Initial Investor will be required to include in income for the taxation year in which the disposition occurs, the amount, if any, of the Variable Return and the Additional Variable Return, except to the extent that the amount was otherwise included in income for 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. The Initial Investor will realize a capital gain (or a capital loss) to the extent that the proceeds received from the Bank, less the Variable Return so included in income, exceed (or are less than) the aggregate of the Initial Investor's adjusted cost base of the Note and any reasonable costs of disposition. It is expected that, in general, no capital gain will be realized by an Initial Investor who receives the Principal Amount on the repayment by the Bank on the Maturity Date.

In certain circumstances, where an Initial Investor assigns or otherwise transfers a debt obligation (other than as a consequence of a repayment at maturity) the amount of interest accrued on the debt obligation to that time, but unpaid, will be excluded from the proceeds of disposition of the obligation and will be required to be included as interest in computing the Initial Investor's income for the taxation year in which the transfer occurs, except to the extent that it has been otherwise included in income for that taxation year or a preceding taxation year. Other than in the event of an Extraordinary Event (or as otherwise noted above), there should generally be no amount in respect of the Variable Return or the Additional Variable Return that will be treated as accrued interest on an assignment or transfer of a Note prior to the Maturity Date. Except as described above regarding a payment at the Maturity Date by the Bank, while the matter is not free from doubt, an amount received by an Initial Investor on a disposition or deemed disposition of a Note should give rise to a capital gain (or capital loss) to the extent proceeds of disposition exceed (or are less than) the aggregate of the Initial Investor's adjusted cost base of the Note and any reasonable costs of disposition. **Initial Investors who dispose of Notes prior to the Maturity Date should consult their tax advisors 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 under the Act.

## CALCULATION AGENT

Scotia Capital will be the Calculation Agent with regard to the Notes. The Calculation Agent will be solely responsible for the determination and calculation of the Closing Levels, Realized Values, the Average Realized Value, the Variable Return, if any, and the Additional Variable Return, if any as well as for making certain other determinations with regard to the 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 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 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 Notes. It is important to note that Variable Return payable in respect of the Notes and the value

of the 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.

**iShares FTSE/Xinhua China 25 Index Fund**

*General*

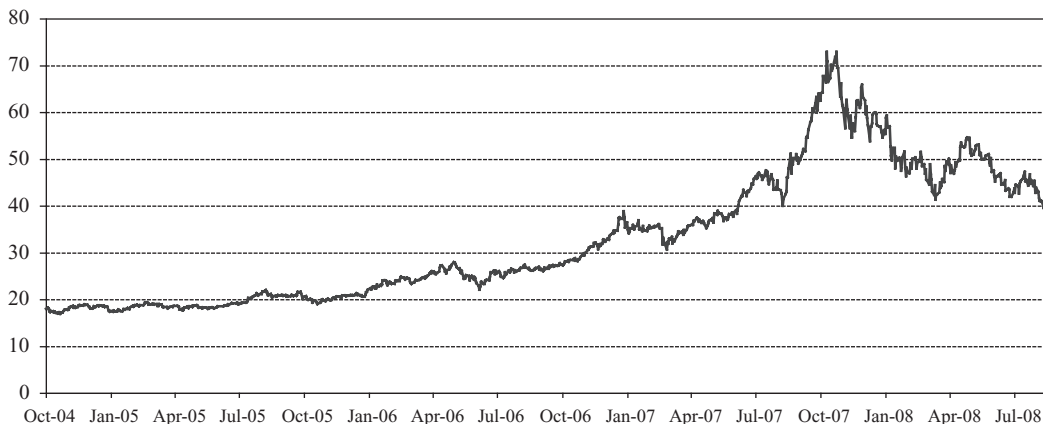
iShares FTSE/Xinhua China 25 Index Fund is an exchange traded fund incorporated in the USA. The Fund seeks investment results that correspond to the price and yield performance of the FTSE/Xinhua China 25 Index. The Fund invests 90% of its assets in the underlying index, which represents the performance of the largest companies in the China equity market. Based on the Closing Level as of September 10, 2008, the 12 month distribution yield of the Fund was 3.28%.

*Historical Data*

The following chart shows the performance of the iShares FTSE/Xinhua China 25 Index Fund, based on the daily Closing Levels from October 8, 2004 through August 31, 2008. The starting Closing Level was 17.89; the lowest Closing Level was 16.87 on October 28, 2004; the highest Closing Level was 72.84 on October 31, 2007; and the ending Closing Level was 42.11.

**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 iShares FTSE/Xinhua China 25 Index Fund or the Notes.**

**iShares FTSE/Xinhua China 25 Index Fund — Daily Closing Level (USD)**



Source: Bloomberg

The Closing Level for the iShares FTSE/Xinhua China 25 Index Fund on any Calculation Date is that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘FXI US Equity’ on that Calculation Date.

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## iShares MSCI Brazil Index Fund

### *General*

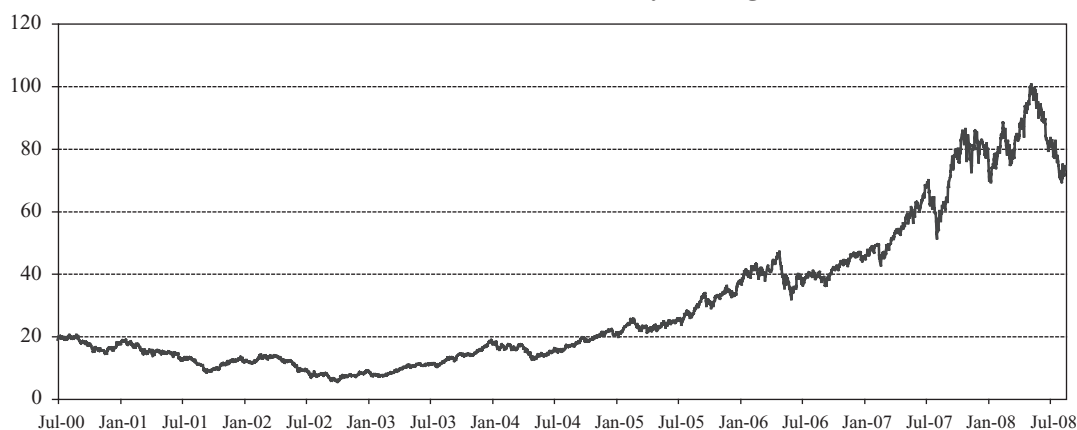
iShares MSCI Brazil Index Fund is an exchange-traded fund in the USA. The Fund's objective is to provide investment results that correspond to the performance of publicly traded securities in the Brazilian market, as measured by the MSCI Brazil Index. The Fund invests in a representative sample of index stocks using a "portfolio sampling" technique. Based on the Closing Level as of September 10, 2008, the 12 month distribution yield of the Fund was 2.34%.

### *Historical Data*

The following chart shows the performance of the price version of the iShares MSCI Brazil Index Fund, based on the daily Closing Levels from July 14, 2000 through August 31, 2008. The starting Closing Level was 18.88; the lowest Closing Level was 5.35 on October 16, 2002; the highest Closing Level was 100.47 on May 20, 2008; and the ending Closing Level was 73.38.

**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 iShares MSCI Brazil Index Fund or the Notes.**

**iShares MSCI Brazil Index Fund — Daily Closing Level (USD)**



Source: Bloomberg

The Closing Level for the iShares MSCI Brazil Index Fund on any Calculation Date is that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EWZ US Equity' on that Calculation Date.

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## Market Vectors Russia ETF

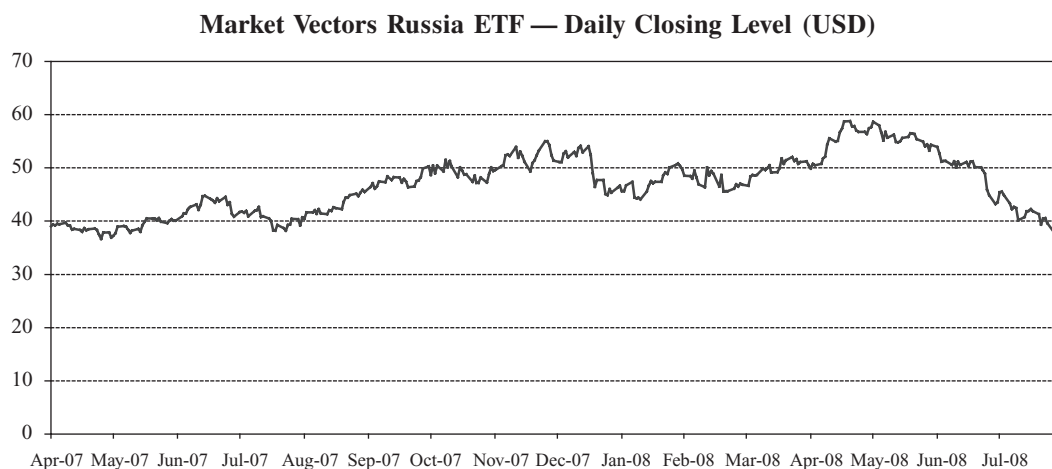
### *General*

Market Vectors Russia ETF is an exchange-traded fund incorporated in the USA. The Fund seeks investment results that correspond to the price and yield of the DAXglobal Russia+ Index, which tracks publicly traded companies that are domiciled in Russia. Based on the Closing Level as of September 10, 2008, the 12 month distribution yield of the Fund was 0.34%.

### *Historical Data*

The following chart shows the performance of the price version of the Market Vectors Russia ETF, based on the daily Closing Levels from April 30, 2007 through August 31, 2008. The starting Closing Level was 38.85; the lowest Closing Level was 36.55 on May 24, 2007; the highest Closing Level was 58.65 on May 19, 2008; and the ending Closing Level was 38.67.

**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 Market Vectors Russia ETF or the Notes.**



Source: Bloomberg

The Closing Level for the Market Vectors Russia ETF on any Calculation Date is that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'RSX US Equity' on that Calculation Date.

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## **WisdomTree India Earnings Fund**

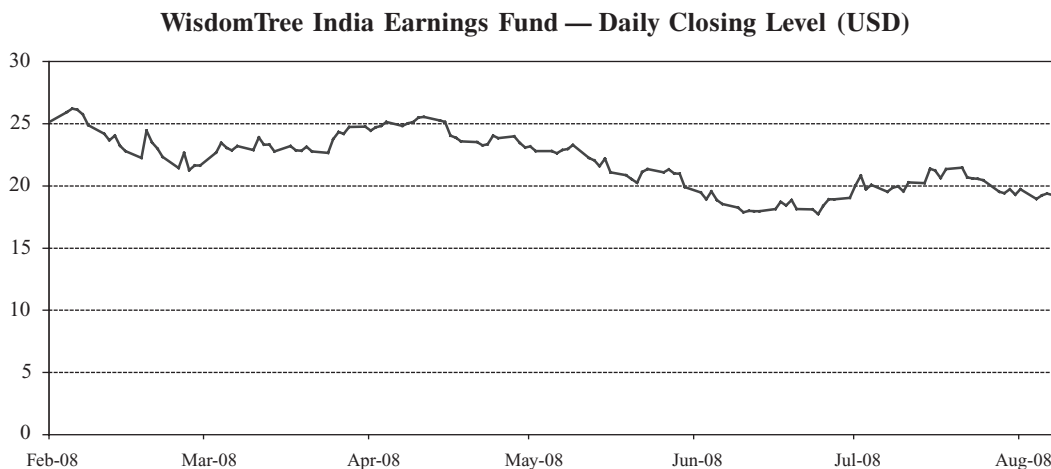
### *General*

WisdomTree India Earnings Fund is an exchange-traded fund incorporated in the USA. The Fund seeks investment results that correspond to the price and yield performance of the WisdomTree India Earnings Index.

### *Historical Data*

The following chart shows the performance of the WisdomTree India Earnings Fund, based on the daily Closing Levels from February 22, 2008 through August 31, 2008. The starting Closing Level was 25.15; the lowest Closing Level was 17.69 on July 15, 2008; the highest Closing Level was 26.16 on February 26, 2008; and the ending Closing Level was 19.12.

**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 WisdomTree India Earnings Fund or the Notes.**



Source: Bloomberg

The Closing Level for the WisdomTree India Earnings Fund on any Calculation Date is that Calculation Date's closing level, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EPI US Equity' on that Calculation Date.

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**iShares MSCI Mexico Investable Market Index Fund**

***General***

iShares MSCI Mexico Investable Market Index Fund is an exchange-traded fund incorporated in the USA. The Fund's seeks to provide investment results that correspond to the performance of the Mexican market, as measured by the MSCI Mexico Investable Market Index. Based on the Closing Level as of September 10, 2008, the 12 month distribution yield of the Fund was 3.24%.

***Historical Data***

The following chart shows the performance of the iShares MSCI Mexico Investable Market Index Fund, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 15.12; the lowest Closing Level was 14.60 on August 5, 2003; the highest Closing Level was 64.77 on July 6, 2007; and the ending Closing Level was 52.21.

**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 iShares MSCI Mexico Investable Market Index Fund or the Notes.**

**iShares MSCI Mexico Investable Market Index Fund — Daily Closing Level (USD)**



Source: Bloomberg

The Closing Level for the iShares MSCI Mexico Investable Market Index Fund on any Calculation Date is that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EWW US Equity' on that Calculation Date.

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**S&P/TSX 60 Index**

***General***

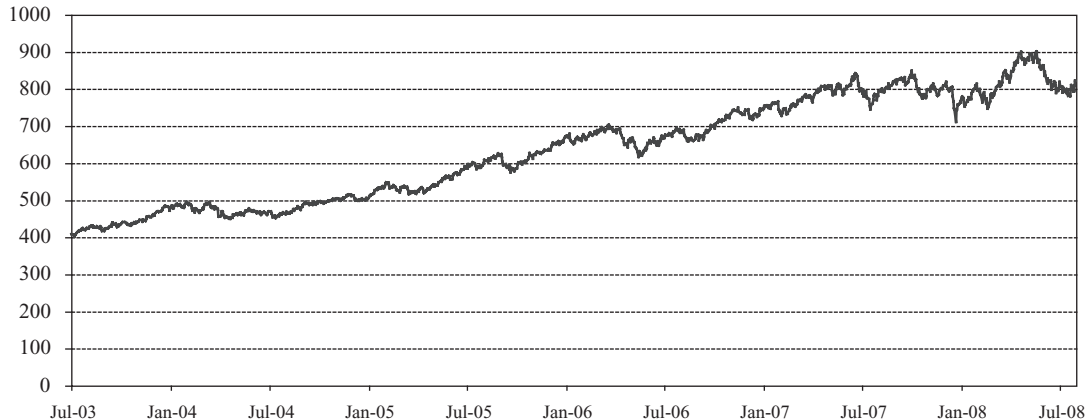
The S&P/TSX 60 Index is a capitalization-weighted index. It consists of 60 of the largest and most liquid stocks listed on the Toronto Stock Exchange. They are usually domestic or multinational industry leaders.

***Historical Data***

The following chart shows the performance of the S&P/TSX 60 Index, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 409.03; the lowest Closing Level was 400.75 on August 6, 2003; the highest Closing Level was 900.93 on June 18, 2008; and the ending Closing Level was 821.69.

**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 S&P/TSX 60 Index or the Notes.**

**S&P/TSX 60 Index — Daily Closing Level**



Source: Bloomberg

The Closing Level for S&P/TSX 60 Index on any Calculation Date is that Calculation Date's closing level determined by Standard & Poor's as made public on Bloomberg page 'SPTSX60 Index' on that Calculation Date.

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## S&P 500® Index

### *General*

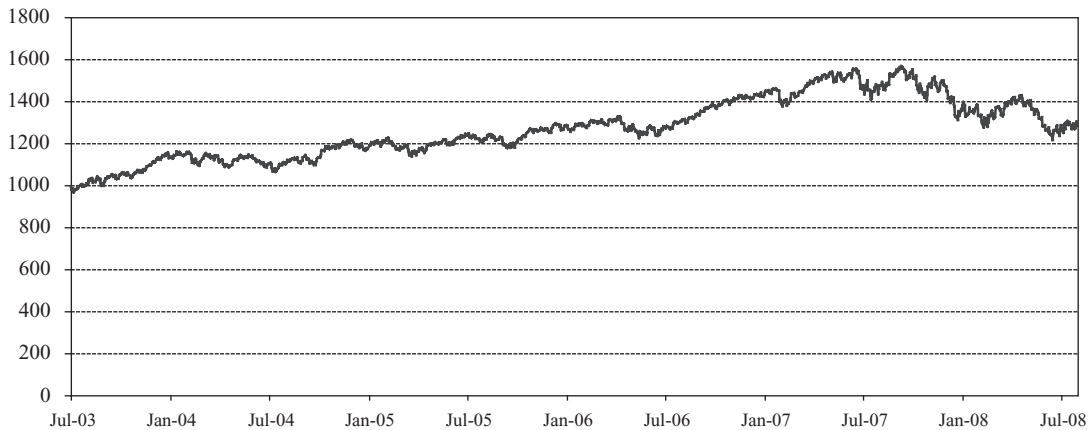
Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.

### *Historical Data*

The following chart shows the performance of the S&P 500® Index, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 990.31; the lowest Closing Level was 965.46 on August 5, 2003; the highest Closing Level was 1,565.16 on October 9, 2007; and the ending Closing Level was 1,282.83.

**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 S&P 500® Index or the Notes.**

**S&P 500® Index — Daily Closing Level**



Source: Bloomberg

The Closing Level for the S&P 500® Index on any Calculation Date is that Calculation Date's closing level determined by Standard & Poor's as made public by on Bloomberg page 'SPX Index' on that Calculation Date.

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### **Dow Jones EURO STOXX 50® Index**

#### *General*

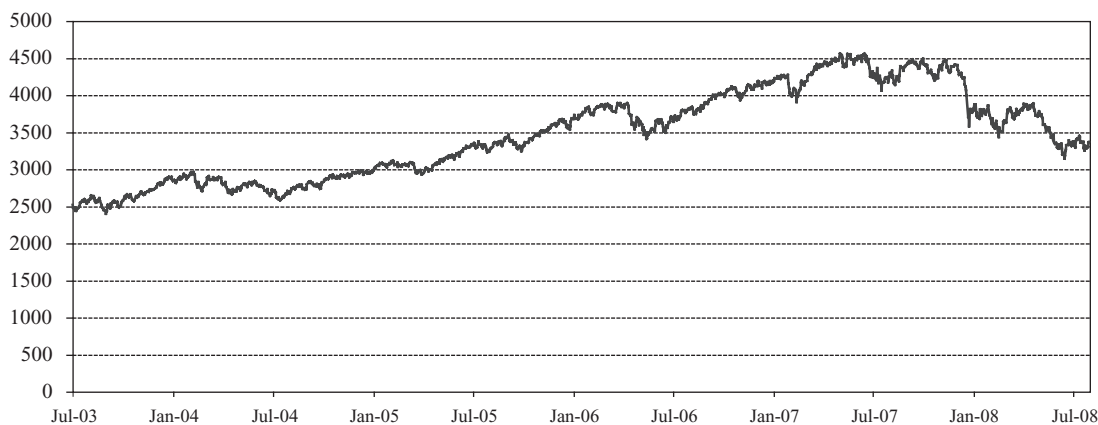
The Dow Jones EURO STOXX 50® Index is a free-float market capitalization-weighted index of 50 European blue-chip stocks from those countries participating in the EMU. Each component's weight is capped at 10% of the index's total free float market capitalization. The index was developed with a base value of 1000 as of December 31, 1991.

#### *Historical Data*

The following chart shows the performance of the Dow Jones EURO STOXX 50® Index, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 2,519.79; the lowest Closing Level was 2,395.87 on September 30, 2003; the highest Closing Level was 4,557.57 on July 16, 2007; and the ending Closing Level was 3,365.63.

**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 Dow Jones EURO STOXX 50® Index or the Notes.**

**Dow Jones EURO STOXX 50® Index — Daily Closing Level**



Source: Bloomberg

The Closing Level for the Dow Jones EURO STOXX 50® Index on any Calculation Date is that Calculation Date's closing level determined by STOXX Limited as made public on Bloomberg page 'SX5E Index' on that Calculation Date.

#### *Disclaimer*

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- The accuracy or completeness of the Dow Jones EURO STOXX 50® Index and its data.
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### **Nikkei-225™ Index**

#### *General*

The NIKKEI-225™ Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei-225™ Index was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

#### *Historical Data*

The following chart shows the performance of the Nikkei-225™ Index, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 9,563.21; the lowest Closing Level was 9,265.56 on August 7, 2003; the highest Closing Level was 18,261.98 on July 9, 2007; and the ending Closing Level was 13,072.87.

**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 Nikkei-225™ Index or the Notes.**

**Nikkei-225™ Index — Daily Closing Level**



Source: Bloomberg

The Closing Level for the Nikkei-225™ Index on any Calculation Date is that Calculation Date's closing level determined by Nihon Keizai Shimbun Inc. as made public on Bloomberg page 'NKY Index' on that Calculation Date.

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#### **FTSE 100 Index**

##### *General*

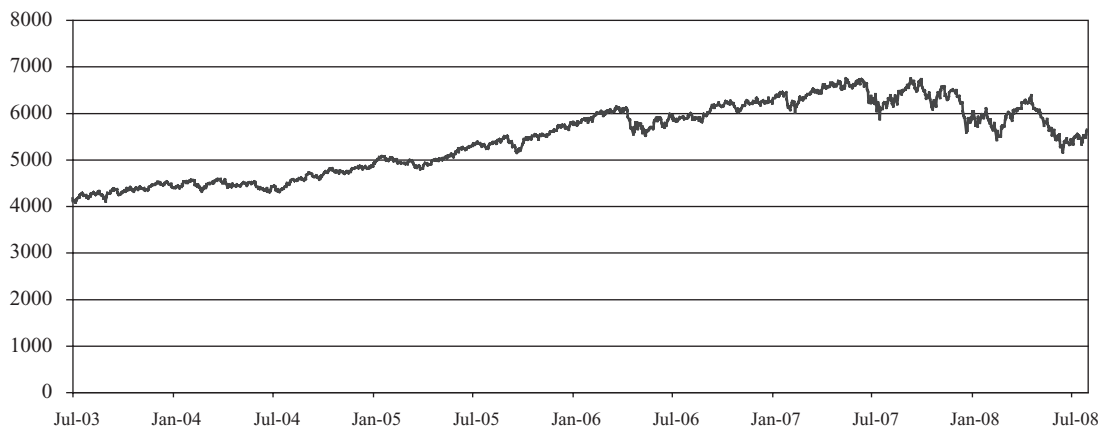
The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of January 3, 1984.

##### *Historical Data*

The following chart shows the performance of the FTSE 100 Index, based on the daily Closing Levels from July 31, 2003 through August 31, 2008. The starting Closing Level was 4,157.00; the lowest Closing Level was 4,070.40 on August 6, 2003; the highest Closing Level was 6,732.40 on June 15, 2007; and the ending Closing Level was 5,636.60.

**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 FTSE 100 Index or the Notes.**

**FTSE 100 Index — Daily Closing Level**



Source: Bloomberg

The Closing Level for the FTSE 100 Index on any Calculation Date is that Calculation Date’s closing level determined by FTSE International Limited as made public on Bloomberg page ‘UKX Index’ on that Calculation Date.

#### ***Disclaimer***

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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 Bank is a Schedule 1 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](http://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 across Canada. With more than 60,000 employees, Scotiabank Group and its affiliates serve approximately 12.5 million customers in some 50 countries around the world. Scotiabank 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 2007 Management's Discussion and Analysis found on page 45 of the Annual Report.

### **Domestic Banking**

Domestic Banking provides a full range of banking and investment services to more than 7 million customers across Canada through a network of 1,005 branches, 2,852 automated banking machines ("ABMs"), as well as telephone and Internet banking. Domestic Banking includes three main businesses. Retail and Small Business Banking provides a comprehensive suite of offerings, including mortgages, loans, credit cards, investments, insurance and day-to-day banking products to individuals and small businesses. Wealth Management provides a full range of products and services, including retail brokerage (discretionary, non-discretionary and self-directed), investment management advice, mutual funds and savings products and financial planning and private client services for affluent clients. Commercial Banking delivers a full product suite to medium and large businesses.

### **International Banking**

International Banking operates in more than 40 countries, and includes the Bank's retail and commercial banking operations outside of Canada. Through the Bank's network of 1,480 branches and offices and 2,980 ABMs, as well as telephone and Internet banking, International Banking provides a full range of financial services to more than 5 million customers. International Banking is organized into the following geographic regions: Caribbean and Central America, Mexico, Latin America and Asia.

### **Scotia Capital**

Scotia Capital is the wholesale banking arm of the Bank. Scotia Capital offers a variety of products, providing full service coverage across the NAFTA region, and serving selected niche markets globally. Scotia Capital offers financial products and services to corporate, government and institutional investor clients. Scotia Capital is organized into two main businesses. Global Capital Markets provides capital markets products and services, such as fixed income, derivatives, prime brokerage, structured products, securitization, foreign exchange, equity sales, trading and research and, through ScotiaMocatta, precious metals. Global Corporate and Investment Banking provides corporate lending, equity underwriting and mergers & acquisitions advisory services.

## **RISK FACTORS**

### **Suitability of Notes for Investment**

A person should reach a decision to invest in the Notes only after carefully considering, with his or her investment, legal, accounting, tax and other advisors, the suitability of the Notes in light of his or her investment objectives and the information set out in this Information Statement. For instance, an investment in a 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 Notes for investment by any particular person. The Notes have certain investment characteristics that differ from fixed income investments. The 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 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 Notes are held to the Maturity Date. The Notes are not conventional indebtedness. The Notes could produce no yield. Therefore, the Notes are not suitable investments for Investors who need or expect certainty of yield.

### **Comparison to Other Obligations**

The terms of the Notes differ from those of ordinary obligations or debt instruments, in that Variable Return and Additional Variable Return, if any, is payable on the Notes only at the Maturity Date. Whether Variable Return or Additional Variable Return will be paid 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 more than the Principal Amount will ever be payable with respect to the Notes. Moreover, the value of an investment in the 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 Notes may result in a lower return when compared to alternative investments.

### **Risks Related to Emerging Markets**

Certain of the Assets constitute an indirect investment in emerging markets. The operations of businesses located in emerging markets may be affected by economic pressures on those markets. Risks include, but are not limited to, fluctuations in official currency or currency exchange rates and high rates of inflation and legal systems that may not be as sophisticated or impartial as North American legal systems. Any changes in regulations or shifts in political attitudes in emerging market countries are beyond the control of the Bank and may adversely affect businesses located or operating in those markets. Operations may be affected in varying degrees by factors, including but not limited to, government regulations with respect to currency conversion, foreign investment, profit repatriation, production, price controls, export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation and land use control.

### **No Guaranteed Return on Notes**

While an Investor is entitled to payment on the Maturity Date which cannot be less than the Principal Amount of the Note, the Notes do not bear a fixed rate of interest and there can be no assurance that the Notes will bear any return. Historical returns on the Assets should not be considered as an indication of the future performance of the 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 Notes are outstanding and that any return will be achieved on the Notes at the Maturity Date.

### **Pledging**

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

### **No Variable Return or Additional Variable Return May Be Payable**

Variable Return, if any, payable on the 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 Notes. No Additional Variable Return will be paid unless the price return of each Asset in the Portfolio between the Issue Date and the Final Calculation Date exceeds 50%. See "Description of the Notes — Variable Return" and "Description of the Notes — Additional Variable Return".

### **Variable Return and Additional Variable Return Not the Same as Owning the Assets**

Variable Return and Additional Variable Return, if any, on the Notes will not necessarily reflect the return an Investor would realize if the Investor actually owned the Assets for the full term of the Notes. A Realized Value for each Asset is Calculated on each Calculation Date, (every 6 months) during the term of the 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, subject to a maximum of 50%. 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 (although it may continue to be relevant to determine the Additional Variable Return, if any). The first Realized Value will be determined on April 30, 2009 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 2009 through 2012, on April 30, 2013 and two Business Exchange Days before the Maturity Date in 2013. By a process of elimination, on the final Calculation Date in 2013, 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 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 Notes — Variable Return”.

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

Variable Return, if any, and Additional 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 Levels 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 or other interests comprising the Assets will determine their Closing Levels, it is impossible to predict whether the Closing Level of any Asset will increase or decrease. Trading prices of the securities underlying the Assets will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect the capital 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. 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 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. Based on Closing Levels as of September 10, 2008, the 12 month distribution yield of: (i) the iShares FTSE/Xinhua China 25 Index Fund was 3.28%; (ii) the iShares MSCI Brazil Index Fund was 2.34%; (iii) the Market Vectors Russia ETF was 0.34%; and (iv) the iShares MSCI Mexico Investable Market Index Fund was 3.24%.

### **Variable Return Capped at 50%**

The maximum Realized Value on any Calculation Date is limited to 50%. Accordingly, the maximum Average Realized Value is 50%, with the result that the maximum Variable Return payable per Note is limited to \$50, although Additional Variable Return may be payable in certain circumstances described in this Information Statement.

### **Liquidity Risk and Secondary Market**

The Principal Amount and Variable Return, if any, per 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 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 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 the FundSERV network for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Investor. Investors may sell the Notes in any such secondary market prior to maturity. The Bid Price for a Note will be affected by a number of factors, the most important of which are: (i) the Principal Amount of the 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 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 Levels of the Assets; (b) the

remaining term to maturity; (c) the change in Closing Levels 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 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 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 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 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 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 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 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 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 securities of the Funds and in the securities underlying each Index 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 Fund or its manager or advisor and with any issuer of any security 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 Notes did not exist, regardless of whether any such action might have an adverse effect on the Closing Level of any Asset on any Calculation Date and, thus, the Variable Return or Additional Variable Return payable in respect of the 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 underlying any Asset that may not be publicly available or known to Investors, and the 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 and/or Additional Variable Return, if any) may be delayed. Fluctuations in the Closing Level 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 will designate such eighth Business Day to be the relevant Calculation Date and shall determine the Closing Level of any affected Asset, for purposes of determining a Realized Value, as of such date utilizing the MDE Formula (as herein defined). In such circumstances, the Variable Return and Additional Variable Return, if any, may be less than would otherwise have been payable had the Market Disruption Event not occurred. See "Description of the 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 and Additional Variable Return, if any, on all outstanding Notes. If so, the Bank may, at its option, elect to pay the Variable Return and Additional Variable Return, if any prior to the Maturity Date or to defer such payment until the Maturity Date. In such circumstances, the Variable Return and Additional Variable Return, if any, may be less than the Variable Return and Additional 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 Note be paid prior to the Maturity Date. See “Description of the 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 or Additional Variable Return, to account equitably for those circumstances. See “Description of the 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 Notes will be dependent upon the financial health and creditworthiness of the Bank.

### **Changes in Legislation**

There can be no assurance that income tax, securities and other laws or the administrative practices of the CRA or other government agency will not be amended or changed in a manner which adversely affects Investors. See “Certain Canadian Federal Income Tax Considerations”.

### **No Deposit Insurance**

The 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 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 Notes, a direct investment in the Assets would outperform an investment in the Notes.

### **Deferral of Payment**

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

### **Economic and Regulatory Issues**

Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, war, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of the securities and other interests underlying the Assets. None of these conditions are within the control of the Bank.

The Notes are not subject to Canadian securities laws. Accordingly, Investors do not have the same rights of action with respect to the disclosure in this Information Statement that a prospectus would provide. No securities commission or similar authority has in any way passed upon the merits of the Notes or the disclosure contained in the Information Statement.

#### 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 18, 2007;
- (b) the Bank's Management Proxy Circular attached to the Notice of Meeting dated January 14, 2008;
- (c) the Bank's comparative consolidated interim financial statements (unaudited) and Management's Discussion and Analysis of financial condition and results of operations as at and for the three and nine months ended July 31, 2008;
- (d) the Bank's consolidated financial statements for the years ended October 31, 2007 and 2006 together with the auditors' report thereon;
- (e) the Bank's Management's Discussion and Analysis of financial condition and results of operations as contained in the Bank's Annual Report for the year ended October 31, 2007; and
- (f) a material change report of the Bank dated December 5, 2007 in respect of the Bank's acquisition of Banco del Desarrollo, Chile's seventh largest bank.

**Any documents of the type referred to in the preceding paragraph and any unaudited interim financial statements for three, six or nine months financial periods, any information circulars, any material change reports (excluding confidential material change reports), news release containing financial information concerning the Bank for period following October 31, 2007 and any business acquisition reports for acquisitions completed after October 31, 2007 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 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).

“**Additional Variable Return**” has the meaning ascribed under “Description of the Notes — Additional Variable Return”.

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

“**Affected Index**” has the meaning ascribed under “Description of the Notes — Special Circumstances — Adjustments Due to Material Changes”.

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

“**Assets**” means the ISHARES FTSE/XINHUA CHINA 25 INDEX FUND; ISHARES MSCI BRAZIL INDEX FUND; MARKET VECTORS RUSSIA ETF; WISDOMTREE INDIA EARNINGS FUND; ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND; S&P/TSX 60 INDEX; S&P 500<sup>®</sup> INDEX; DOW JONES EURO STOXX 50<sup>®</sup> INDEX; NIKKEI-225<sup>™</sup> INDEX; and FTSE 100 INDEX 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 Notes.

“**Average Realized Value**” has the meaning ascribed thereto under “Description of the 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 Notes — Secondary Trading of 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 April 30 and October 30 in each year from 2009 through 2013 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 Notes — Special Circumstances”.

“**CDS**” means CDS Clearing & Depository Service Inc.

“**Closing Level**” for an Asset on a Calculation Date means, subject to the provisions set out under “Description of the Notes — Special Circumstances”, the official reference closing level for such Asset as announced by the applicable Exchange as determined by the Calculation Agent, provided that, if on or after the Issue Date such Exchange materially changes the time of day at which such official reference closing level is determined or no longer announces such official reference closing level, the Calculation Agent may thereafter deem the reference closing level to be the Closing Level of such Asset as of the time of day used by such Exchange to determine the official reference closing level prior to such change or failure to announce:

- (i) for the ISHARES FTSE/XINHUA CHINA 25 INDEX FUND, that Calculation Date’s closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page ‘FXI US Equity’ on that Calculation Date;

- (ii) for the ISHARES MSCI BRAZIL INDEX FUND, that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EWZ US Equity' on that Calculation Date;
- (iii) for the MARKET VECTORS RUSSIA ETF, that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'RSX US Equity' on that Calculation Date;
- (iv) for the WISDOMTREE INDIA EARNINGS FUND, that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EPI US Equity' on that Calculation Date;
- (v) for the ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND, that Calculation Date's closing price, stated in U.S. dollars, on the NYSE as made public on Bloomberg page 'EWW US Equity' on that Calculation Date;
- (vi) for the S&P TSX 60 INDEX, that Calculation Date's closing level, determined by Standard & Poor's as made public on Bloomberg page 'SPTSX60 Index' on that Calculation Date;
- (vii) for the S&P 500® INDEX, that Calculation Date's closing level determined by Standard & Poor's as made public on Bloomberg page 'SPX Index' on that Calculation Date;
- (viii) for the DOW JONES EURO STOXX 50® INDEX, that Calculation Date's closing level determined by STOXX Limited as made public on Bloomberg page 'SX5E Index' on that Calculation Date;
- (ix) for the NIKKEI-225™ INDEX, that Calculation Date's closing level determined by Nihon Keizai Shimbun Inc. as made public on Bloomberg page 'NKY Index' on that Calculation Date; and
- (x) for the FTSE 100 INDEX, that Calculation Date's closing level determined by FTSE International Limited as made public on Bloomberg page 'UKX Index' on that Calculation Date.

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

“**DBRS**” means DBRS Limited.

“**Deleted Unit**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances — Adjustments Due to Material Change”.

“**Delisting**” means, in respect of a Unit, that a relevant Exchange announces that, pursuant to the rules of such exchange, the Units cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such exchange.

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

“**Exchange**” means any stock exchange, quotation system or market on which the Funds or any security underlying any of the Indices are listed, quoted or traded.

“**Exchange Disruption**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances”.

“**Extraordinary Event**” means any of the following events that occurs on or after the Issue 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 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 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 Notes.

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

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

“**Fitch**” means Fitch Limited.

“**Funds**” means, initially, ISHARES FTSE/XINHUA CHINA 25 INDEX FUND, ISHARES MSCI BRAZIL INDEX FUND, MARKET VECTORS RUSSIA ETF, WISDOMTREE INDIA EARNINGS FUND and ISHARES MSCI MEXICO INVESTABLE MARKET INDEX FUND and “**Fund**” means any one of them.

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

“**Indices**” means S&P/TSX 60 INDEX; S&P 500<sup>®</sup> INDEX; DOW JONES EURO STOXX 50<sup>®</sup> INDEX; NIKKEI-225<sup>™</sup> INDEX and FTSE 100 INDEX and “**Index**” means any one of them.

“**Initial Investor**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

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

“**Insolvency**” means in respect of a Unit, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or analogous proceeding affecting the relevant Fund: (i) all of the relevant Units of such Fund are required to be transferred to a trustee, liquidator or similar official; (ii) holders of such Units become legally prohibited from transferring them.

“**Investor**” means a holder of Notes.

“**Issue Date**” means October 30, 2008.

“**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 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 Unit or any security underlying any Index 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 (a) effect transactions in, or obtain market values for, any Unit or any security underlying any Asset on the applicable Exchange or Related Exchange, or (b) effect transactions in, or obtain market values for, futures or options contracts in respect of any Unit or any security 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 Closing Level for that Asset (or the information necessary for determining the Closing Level), 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 Notes or for 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 Notes or of 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 Notes — Special Circumstances — Market Disruption Event”.

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

“**Maturity Date**” means October 30, 2013.

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

“**Merged Company**” means the merged entity following a Merger Event in respect of a Fund.

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**” means, in respect of a Unit, any: (i) reclassification or change of the relevant Units that results in a transfer of or an irrevocable commitment to transfer all of such Units outstanding to another entity or person; (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Fund with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all of such Units outstanding); (iii) take-over bid, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Units of such Fund that results in a transfer of or an irrevocable commitment to transfer all such Units (other than such Units owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of such Fund or its subsidiaries with or into another entity in which such Fund is the continuing entity and which does not result in a reclassification or change of all such Units outstanding but results in the outstanding Units (other than Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Units immediately following such event (commonly referred to as a “reverse merger”), in each case if the Merger Date is on or before the date on which the Asset Return in respect of such Unit is determined.

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

“**Nationalization**” means, in respect of a Unit, that all such Units or all or substantially all of the assets of the applicable Fund are nationalized, expropriated or otherwise required to be transferred to any governmental agency, authority or entity.

“**Net Proceeds**” means an amount equal to \$96.50 per Note.

“**Note**” means The Bank of Nova Scotia Automatic Portfolio Allocation™ Deposit Notes, Series 3 offered by this Information Statement.

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

“**Potential Adjustment Event**” means, in respect of a Unit, the occurrence of any of the following events: (i) a subdivision, consolidation or reclassification of the Units (unless resulting in a Merger Event), or a free distribution or dividend of any such Units to existing holders by way of bonus, capitalization or similar issue; (ii) a distribution, issue or dividend to existing holders of the Units of: (a) additional Units; or (b) other Unit capital or securities granting the right to payment of distribution and/or the proceeds of liquidation of the applicable Fund equally or proportionately with such payments to holders of Units; or (c) Unit capital or other

securities of another issuer acquired or owned (directly or indirectly) by the applicable Fund as a result of a spin-off or other similar transaction, or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend in respect of such Units (where the characterization of a dividend as “extraordinary” will be determined by the Calculation Agent); (iv) a call by the applicable Fund in respect of the Units that are not fully paid; (v) a repurchase by the applicable Fund or any of its subsidiaries of the Units whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; (vi) in respect of the applicable Fund, an event that results in any Unitholder rights being distributed or becoming separated from Units or other securities of the capital stock of such Fund pursuant to a Unitholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption or such rights; or (vii) any other event that may have a dilutive or concentrative effect on the theoretical value of the Units as determined by the Calculation Agent.

“**Price Source**” means, in respect of an Asset, the entity or source that calculates and publishes the Closing Level 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 being, initially: (i) the NYSE in respect of each Fund; (ii) Standard & Poor’s in respect of the S&P 500<sup>®</sup> Index and the S&P/TSX 60 Index; (iii) STOXX Limited in respect of the Dow Jones Euro STOXX 50<sup>®</sup> Index; (iv) Nihon Keizai Shimbun Inc. in respect of Nikkei-225<sup>™</sup> Index; and (v) FTSE International Limited in respect of the FTSE 100 Index.

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

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

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

“**Related Exchange**” means any exchange, quotation system or market on which futures or options on Units or any security underlying any of the Indices are listed, quoted or traded from time to time.

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

“**Replacement Index**” means an index replacing one of the Indices in the Portfolio upon a Replacement Event.

“**Replacement Unit**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances — Adjustments Due to Material Change”.

“**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”.

“**Substitution Date**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances — Adjustments Due to Material Changes”.

“**Substitution Event**” means, in respect of a Unit any event which, in the determination of the Calculation Agent, has adversely affected or may potentially adversely affect the liquidity of the Unit (as compared with its liquidity at the Issue Date) and may include, but is not limited to: (i) a Nationalization; (ii) an Insolvency; (iii) a Delisting; or (iv) any Merger Event or Tender Offer in respect of such Unit that is deemed by the Calculation Agent, in its sole discretion, to be a Substitution Event.

“**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 Level 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”.

“**Tender Offer**” means, in respect of a Unit, a take-over bid, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding relevant Units of the applicable Fund, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which the relevant Units in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

“**Units**” means units of the Funds and “**Unit**” means any one of them.

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

**SCHEDULE A —  
DISCLOSURE FOR SALES  
IN PERSON OR BY TELEPHONE**

**The Notes are governed by federal regulations applicable to “Principal Protected Notes”. For any purchases of Notes in person or by telephone, the investment advisor must read the following information to the Investor at the time the purchase order is taken.**

1. The Notes will be issued on or about October 30, 2008 and will mature on October 30, 2013, resulting in a term to maturity of approximately 5 years. The full Principal Amount of \$100 per Note will be repaid if held to maturity.
2. The performance of the Assets, which consist of exchange traded funds and stock indices, measured from the date of issuance of the Notes to each Calculation Date, will affect the amount of Variable Return, if any, and Additional Variable Return, if any, payable at maturity. It is possible that no Variable Return or Additional Variable Return will be paid.
3. The Variable Return, if any, paid at maturity is calculated by multiplying the Principal Amount by the Average Realized Value of the Assets. The Average Realized Value will be the simple average of the Realized Value for each Calculation Date (every 6 months) during the term of the Notes. The Realized Value on any Calculation Date is the percentage increase or decrease in the Closing Level of the best performing Asset then remaining in the Portfolio over the period between the Issue Date and the relevant Calculation Date, subject to a maximum of 50%. After an Asset is used to determine a Realized Value, that Asset will be removed from the Portfolio and its performance will no longer factor into the calculation of Variable Return (but may be relevant for purposes of calculating Additional Variable Return, if any).
4. The maximum Variable Return payable on the Notes is 50% (or \$50 per Note) over the term of the Notes. If the price return of each Asset over the full term of the Notes exceeds 50%, Additional Variable Return will be paid in an amount equal to 50% of the price return in excess of 50% of the worst performing Asset in the Portfolio over such period. Canadian law prohibits a person from charging interest greater than 60% each year. Accordingly, payment of any amount of Additional Variable Return in excess of 60% each year may be deferred beyond the Maturity Date to ensure compliance with such laws.
5. The Notes have certain investment characteristics that differ from conventional fixed income investments in that they do not provide investors with any return or income stream prior to the Maturity Date or a return at the Maturity Date that is calculated by reference to a fixed or floating rate of interest that is determinable prior to the Maturity Date. The Notes could produce no return on the Investor’s original investment. Therefore, the Notes are not suitable for an investor if the investor needs or expects certainty of yield.
6. The Notes are designed for investors with a long-term investment horizon who are prepared to hold the Notes to the Maturity Date and who understand and are prepared to assume risks with respect to a return tied to the performance of the Assets. Neither the Bank nor Scotia Capital make any recommendation as to the suitability of the Notes for investment.
7. Investors cannot elect to receive the Variable Return or Additional Variable Return, if any, prior to maturity. The initial investment of \$100 per Note will be repaid only at maturity. Scotia Capital Inc. has undertaken to effect the actions set out in the Information Statement for purposes of initiating and maintaining a secondary market for the Notes. If an Investor sells Notes prior to the Maturity Date, the Investor may have to do so at a discount from the Principal Amount even if the performance of the Assets has been positive. All secondary market sales of Notes must be effected through a service maintained by distributors in the FundSERV network. Such service may be suspended at any time without prior notice.
8. Scotia Capital intends to use reasonable efforts to initiate and maintain a secondary market for the Notes but reserves the right, in its discretion, not to do so at any time without notice to Investors. If an Investor chooses to sell a Note within the first 720 days from the Issue Date, an Early Trading Charge of up to 5.50% of the Principal Amount will reduce the amount that the Investor will receive.

9. Selling expenses of \$3.50 per Note will be paid out of the proceeds of this Offering to qualified selling group members for selling the Notes.
10. The Bank will, as long as the Notes are issued in book-entry only form through CDS, pay the Principal Amount, Variable Return, if any, and Additional Variable Return, if any, to CDS or its nominee. The Bank expects that CDS or its nominee will, upon receipt of such payment, credit participants' accounts in amounts proportionate to their respective interest in the Notes.
11. The Notes are not deposits insured under the Canada Deposit Insurance Act or under any other deposit insurance regime.
12. Before reaching a decision to purchase any Notes, an Investor should carefully consider a variety of risk factors, including but not limited to: (i) the Notes are not suitable for all investors; (ii) the Notes are different than conventional fixed income investments; (iii) it is possible that no Variable Return or Additional Variable Return will be payable; (iv) Investors have no ownership of, or recourse to, the Assets; (v) payment of amounts by the Bank under the Notes is dependant upon the creditworthiness of the Bank; (vi) there is no assurance that the Selling Agent will maintain a secondary market for the Notes and if it does not, no other secondary market will be available; and (vii) the occurrence of an Extraordinary Event may accelerate the determination and payment of Variable Return and Additional Variable Return, if any; however, the Principal Amount will not be repaid until maturity. Investors should read the Information Statement for a more complete discussion of the risk factors associated with an investment in the Notes.
13. An Investor may cancel an order to purchase a Note (or the purchase of a Note if the Note has already been issued) by providing instructions to the Bank through his or her investment advisor at any time up to 48 hours after the later of: (i) the day on which the agreement to purchase the Notes is entered into; and (ii) deemed receipt of the Information Statement. Investors should read the Information Statement for more details about their right of cancellation.
14. The terms of the Notes may be amended without the consent of the Investors by the Bank 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 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 66⅔% of the Notes represented at a meeting convened for the purpose of considering the resolution. If an amendment is made without the consent of Investors, notice of such amendment will be provided to Investors prior to the amendment becoming effective or without delay afterwards.
15. The Bank is the issuer of the Notes. Scotia Capital will, as the Calculation Agent, calculate the amount, if any, of Variable Return payable to Investors at maturity. Since the Calculation Agent's calculations and determinations may affect the market value of the Notes, the Bank may have a conflict of interest if the Calculation Agent needs to make any such calculations and determinations.
16. The net asset value of a Note and how that value is related to the Variable Return and Additional Variable Return, if any, payable under the Notes, as well as the last available measure of the index or reference point on which the Variable Return and Additional Variable Return is to be determined and how that measure is related to the Variable Return and Additional Variable Return, if any, payable under the Notes will be available after the Issue Date at [www.scotia-ppns.com](http://www.scotia-ppns.com) and upon request.

**This is only a summary of certain terms of the Notes. Investors should read the Information Statement for further details concerning all aspects of the Notes.** A soft copy of the Information Statement is available at [www.scotia-ppns.com](http://www.scotia-ppns.com) and a hard copy will be sent to each Investor upon request.



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