

## AMENDED AND RESTATED INFORMATION STATEMENT DATED MARCH 12, 2008

*This amended and restated Information Statement (the "Information Statement") amends and restates and replaces the Information Statement of the Bank in respect of the Notes dated January 18, 2008 in its entirety.*

*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

## Callable Canadian Financials Deposit Notes, Series 3

### PRINCIPAL PROTECTED

**MAXIMUM OFFERING: CDN\$ 50,000,000**

The Bank of Nova Scotia — Callable Canadian Financials Deposit Notes, Series 3 (the "Notes") are principal protected notes issued by The Bank of Nova Scotia (the "Bank"), the return on which is linked, in the manner provided herein, to the price performance of a basket (the "Basket") consisting of notional equity shares (collectively, the "Shares") of 9 issuers (the "Companies"), equally dollar-weighted at inception. The Notes will mature on September 25, 2014 (the "Maturity Date").

#### The Companies initially are:

- Bank of Montreal
- Canadian Imperial Bank of Commerce
- Great-West Lifeco Inc.
- IGM Financial Inc.
- Laurentian Bank of Canada
- National Bank of Canada
- Power Financial Corporation
- Royal Bank of Canada
- The Toronto-Dominion Bank

**The Bank has the right (the "Bank Call Right"), at its option, to redeem all but not less than all of the Notes on March 31, 2010 (the "Call Date").** If the Bank exercises the Bank Call Right, a holder of Notes (an "Investor") will be entitled to payment on the Call Date, in respect of each Note held, of an amount in Canadian dollars equal to the Principal Amount (\$100) plus \$25.44 (the "Call Coupon"), which is equivalent to an annual compound rate of return of approximately 12%. Investors have no right to cause the redemption of any Notes in any circumstance. **If the Bank exercises the Bank Call Right, an Investor's return will be fixed at \$125.44 per Note and Investors will not receive any Variable Return (as defined herein). See "Description of the Notes — Bank Call Right" and "Risk Factors".**

Subject to the Bank Call Right, an Investor will receive an amount per Note on the Maturity Date equal to: (i) the amount deposited of Cdn \$100 (the "Principal Amount"); and (ii) the variable return, if any (the "Variable Return"), in an amount equal to the Principal Amount multiplied by the Price Return. The Price Return is the simple average of the Share Returns (each of which can be positive or negative), expressed as a percentage. A Share Return is the percentage increase or decrease in the Closing Price of the relevant Share measured from the Issue Date to the second Business Day prior to the Maturity Date. **No Variable Return will be paid unless the Price Return is greater than zero.** See "Description of the Notes — Variable Return".

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

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**PRICE: CDN \$100 PER NOTE**  
**Minimum Subscription: \$5,000 (50 Notes)**  
**FundSERV Code: SSP 125**

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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 or referred to herein.*

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

In this Information Statement, "\$" refers to Canadian dollars, unless otherwise expressly specified.

## SUITABILITY FOR INVESTMENT

An investment in Notes is suitable only for investors prepared to assume risks with respect to a return tied to the price performance of the Shares. 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 or the Bank Call Right is exercised by the Bank prior 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, except in the event that the Bank Call Right is exercised by the Bank. It is possible that the Shares will not have appreciated in value by the Calculation 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).

## AMENDMENT AND RESTATEMENT

**THIS AMENDED AND RESTATED INFORMATION STATEMENT AMENDS AND RESTATES AND REPLACES THE INFORMATION STATEMENT DATED JANUARY 18, 2008 OF THE BANK IN RESPECT OF THE NOTES (“THE ORIGINAL INFORMATION STATEMENT”) IN ITS ENTIRETY. PROSPECTIVE INVESTORS SHOULD REVIEW THIS INFORMATION STATEMENT CAREFULLY PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE NOTES. PROSPECTIVE INVESTORS SHOULD NOT RELY ON THE ORIGINAL INFORMATION STATEMENT.**

## 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:** The Bank of Nova Scotia — Callable Canadian Financials 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 Cdn \$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	\$3.25	\$96.75

(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.

**Companies and Shares:** The Notes will provide exposure to the performance of the Shares of the Companies utilizing a notional Basket of Shares acquired with the Net Proceeds of the Offering. The Companies that will initially comprise the Basket and the current trading symbols of the Shares are as follows, equally dollar-weighted at inception:

<u>Company</u>	<u>Trading Symbol<sup>(1)</sup></u>
Bank of Montreal . . . . .	BMO
Canadian Imperial Bank of Commerce . . . . .	CM
Great-West Lifeco Inc. . . . .	GWO
IGM Financial Inc. . . . .	IGM
Laurentian Bank of Canada . . . . .	LB
National Bank of Canada . . . . .	NA
Power Financial Corporation . . . . .	PWF
Royal Bank of Canada . . . . .	RY
The Toronto-Dominion Bank . . . . .	TD

(1) All Shares at inception will trade on the TSX.

Brief descriptions of the Companies and information concerning historical trading prices of the Shares are set out under “The Shares and the Companies” in this Information Statement. Investors may obtain more detailed information about each of the Companies through their advisors or at [www.sedar.com](http://www.sedar.com).

Upon the occurrence of certain events, the Shares of a Company may be substituted in the Basket with different notional shares. See “Description of the Notes — Special Circumstances”.

**All references herein to the Basket and the Shares are solely for purposes of establishing the sources of and the mechanics for determining the Variable Return, if any. The Notes do not constitute a direct investment in any of the Shares. 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 any**

**Share in the Basket and will not have any rights as a security holder of any of the Companies including, without limitation, any voting rights or rights to receive dividends or distributions.**

**Minimum Subscription:**

Minimum subscription of Cdn \$5,000 (50 Notes).

**Issue Size:**

A maximum of Cdn \$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 March 31, 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 2.00%. To the extent that the interest accrued on any Investor's subscription proceeds from the date of deposit to 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 earned rounded down to the nearest integral multiple of \$100. No fractional Notes will be issued. The Bank will file an information return with the CRA in respect of any amount required to be included in an Investor's income as described above and will provide the Investor with a copy of such return.

**Bank Call Right:**

**The Bank has the right to redeem all, but not less than all, of the Notes on the Call Date (March 31, 2010) by providing notice to Investors not less than 10 Business Days prior to the Call Date.** The decision to redeem will be in the sole discretion of the Bank. Investors do not have the right to require redemption of Notes in any circumstances. If the Bank exercises the Bank Call Right, the amount payable by the Bank on the Call Date in respect of each Note will be an amount equal to the sum of: (i) the Principal Amount; plus (ii) \$25.44 (the "Call Coupon"). The Call Coupon of \$25.44 per Note, if paid on the Call Date, would be equivalent to an annual compound rate of return per Note of approximately 12%. **If the Bank exercises the Bank Call Right, an Investor's return will be fixed at \$125.44 per Note and Investors will not receive any Variable Return. An Investor's return on the Notes, if redeemed pursuant to the Bank Call Right, may be less than would otherwise be the case if the Bank had not exercised the Bank Call Right. See "Description of the Notes — Bank Call Right" and "Risk Factors".**

**Initial Price:**

For purposes of determining the Share Return of each Share, the Initial Price of each Share will be its Closing Price on the Issue Date, subject to deferral in the circumstances described under "Description of the Notes — Special Circumstances".

**Final Price:**

For purposes of determining the Share Return of each Share, the Final Price of each Share will be its Closing Price on the date that is two Business Exchange Days prior to the Maturity Date (the "Calculation Date"), subject to deferral in the circumstances described under "Description of the Notes — Special Circumstances".

**Maturity Date/Term:**

The Notes will mature on September 25, 2014, resulting in a term to maturity of approximately 6.5 years.

**Amounts Payable at Maturity:**

Subject to the Bank's right to exercise the Bank Call Right, the amount payable in respect of each Note on the Maturity Date will be equal to the sum of: (i) the Principal Amount; plus (ii) the Variable Return, if any. An Investor does not have the right to retract or cause the redemption of the 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". In no event, except in connection with the exercise by the Bank of the Bank Call Right, will the Principal Amount of a Note be paid prior to the Maturity Date. The amount and method of calculating Variable Return and the timing of the payment of Variable Return, if any, may be affected by Market Disruption Events and Extraordinary Events.

**Variable Return:**

Subject to the Bank's right to exercise the Bank Call Right, 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:

$$\text{Variable Return} = \text{Principal Amount} \times \text{Price Return}$$

The Price Return will equal the average of the Share Returns (which can be positive or negative) of the Shares in the Basket. **No Variable Return will be paid unless the Price Return is greater than zero.** Variable Return, if any, paid on the Notes will not reflect any dividends or other distributions declared or paid on the Shares. See "Description of the Notes — Variable Return" and "Risk Factors".

The Share Return of any particular Share in the Basket is the percentage increase or decrease in the Closing Price of that Share, measured from the Issue Date to the Calculation Date.

**Deferral of Payment:**

In certain circumstances, payment of Variable Return, if any, may be deferred to ensure compliance with Canadian laws regarding interest rates. See "Description of the Notes — Deferred Payment".

**Market Disruption Event:**

If a Market Disruption Event occurs on the Calculation Date, determination of the Variable Return, if any, will be postponed to a later date. If a Market Disruption Event occurs on either the Issue Date or the Calculation Date and continues for a period of eight consecutive Business Days, the Calculation Agent may, in its discretion, elect to determine the Initial Price or the Final Price, as the case may be, of the affected Share. 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, if any, payable to Investors. If an Extraordinary Event occurs, the Bank may elect to pay the Variable Return, if any, to Investors at that time or, instead, defer payment of any such Variable Return until the Maturity Date. Notwithstanding the occurrence of an Extraordinary Event, the Principal Amount of each 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, AA- by S&P and Aa1 by Moody's. 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 630 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 a distributor on the FundSERV network will be subject to certain additional limitations and procedures established by the FundSERV network.** See “Description of the Notes — Secondary Trading of Notes”, “FundSERV” and “Risk Factors”.

**Early Trading Charge:**

During the first 630 days following the issuance of the Notes, an Early Trading Charge will apply to any secondary market sale of a Note through the Selling Agent. The Early Trading Charge will be equal to a percentage of the Principal Amount of the Note, determined as follows:

<u>If Sold Within</u>	<u>Early Trading Charge</u>
0-90 days . . . . .	5.00%
91-180 days . . . . .	4.00%
181-270 days . . . . .	3.00%
271-360 days . . . . .	2.00%
361-450 days . . . . .	1.50%
451-540 days . . . . .	1.00%
541-630 days . . . . .	0.50%
Thereafter . . . . .	Nil

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

**Book-Entry Registration:**

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

<b>Status:</b>	The Notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking <i>pari passu</i> among themselves with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding (except as otherwise prescribed by law). <b>Investors will not have the benefit of any insurance under the provisions of the <i>Canada Deposit Insurance Corporation Act</i> or under any other deposit insurance regime.</b>
<b>Use of Proceeds:</b>	The Net Proceeds will not be held by the Bank in trust for 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”.
<b>Income Tax Considerations:</b>	<p>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 or the Bank giving notice of its intention to exercise the Bank Call Right, 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. Where the Variable Return is determined because of an Extraordinary Event but payment is deferred until the Maturity Date then the 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 as a result of an Extraordinary Event the full amount of such 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 is calculable. Where the Bank gives notice of its intention to exercise the Bank Call Right, then the Call Coupon 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. The full amount of: (i) the Call Coupon paid to an Initial Investor on the Call Date; or (ii) the 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 Call Date or the Maturity Date, respectively. 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 or the Call 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. <b>Initial Investors who dispose of Notes prior to the Maturity Date should consult their tax advisors with respect to their particular circumstances.</b></p> <p>See “Certain Canadian Federal Income Tax Considerations”.</p>
<b>Selling Expenses:</b>	Selling expenses of \$3.25 per Note will be paid out of the proceeds of this Offering to qualified selling members for selling the Notes.
<b>Risk Factors:</b>	Before reaching a decision to purchase any Notes, prospective investors should carefully consider a variety of risk factors associated with the Notes. An Investor will not be able to require redemption of the Notes prior to the Maturity Date. The Notes have certain characteristics that differ from conventional fixed income investments in that, subject to the exercise by the Bank of the Bank Call Right, 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, except in the event that the Bank Call Right is exercised by the Bank. 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 Shares.

There is no assurance that the Shares 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 Shares. The capital appreciation, if any, of the Shares may not be sufficient to generate any Variable Return on the Notes.

If the Bank exercises the Bank Call Right and, as a result, redeems the Notes, Investors will receive, in respect of each Note, the Principal Amount plus the \$25.44 Call Coupon. In such circumstances, Investors will not receive any Variable Return. An Investor's return on the Notes, if redeemed pursuant to the Bank Call Right, may be less than would otherwise be the case if the Bank had not exercised the Bank Call Right.

A prospective investor should decide to invest in the Notes only after carefully considering with his or her advisor 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"**.

## DESCRIPTION OF THE NOTES

### Issue Size

The Bank of Nova Scotia — Callable Canadian Financials Deposit Notes, Series 3 will be issued by the Bank on the Issue Date. A maximum of Cdn \$50,000,000 Principal Amount of Notes will be sold 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 Cdn \$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. Cdn \$5,000).

### Issue Date

The Notes will be issued on or about March 31, 2008 (the actual date of issuance being the “Issue Date”).

### Companies and Shares

The Notes will provide exposure to the performance of the Shares of the Companies utilizing a notional Basket of Shares acquired with the Net Proceeds of the Offering. The Companies that will initially comprise the Basket, and the current trading symbols of the Shares, are as follows, equally dollar-weighted at inception:

<u>Company</u>	<u>Trading Symbol<sup>(1)</sup></u>
Bank of Montreal . . . . .	BMO
Canadian Imperial Bank of Commerce . . . . .	CM
Great-West Lifeco Inc. . . . .	GWO
IGM Financial Inc. . . . .	IGM
Laurentian Bank of Canada . . . . .	LB
National Bank of Canada . . . . .	NA
Power Financial Corporation . . . . .	PWF
Royal Bank of Canada . . . . .	RY
The Toronto-Dominion Bank . . . . .	TD

(1) All Shares at inception will trade on the TSX.

Brief descriptions of the Companies and information concerning historical trading prices of the Shares are set out under “The Shares and the Companies” in this Information Statement. Investors may obtain more detailed information about each of the Companies through their advisors or at [www.sedar.com](http://www.sedar.com).

Upon the occurrence of certain events, the Shares of a Company may be substituted in the Basket with different notional shares. See “Description of the Notes — Special Circumstances”.

**All references herein to the Basket and the Shares are solely for purposes of establishing the sources of and the mechanics for determining the Variable Return, if any. The Notes do not constitute a direct investment in any of the Shares. 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 any Share notionally contained in the Basket, and will not have any rights as a shareholder, unitholder or other security holder of any of the Companies including, without limitation, any voting rights or rights to receive dividends or distributions.**

### Bank Call Right

**The Bank has the right to redeem all, but not less than all, of the Notes on the Call Date by providing notice to Investors not less than 10 Business Days prior to the Call Date (being March 31, 2010).** The decision to redeem the Notes is in the sole discretion of the Bank. Investors do not have the right to require a redemption of Notes in any circumstance. If the Bank exercises the Bank Call Right, the amount payable by the Bank on the Call Date in respect of each Note will be an amount equal to the sum of: (i) the Principal Amount; plus (ii) the Call

Coupon of \$25.44. The Call Coupon, if paid on the Call Date, would be equivalent to an annual compound rate of return per Note of approximately 12%.

**If the Bank exercises the Bank Call Right, an Investor's return will be fixed at \$125.44 per Note and Investors will not receive any Variable Return. The decision to redeem (or not to redeem) the Notes will be made solely by the Bank and may not be advantageous to Investors. An Investor's return on the Notes, if redeemed pursuant to the Bank Call Right, may be less than if the Bank has not redeemed the Notes and the Notes remained outstanding until the Maturity Date.**

The Bank's decision as to whether to redeem the Notes on the Call Date pursuant to the Bank Call Right may be influenced by a number of factors, including the prevailing and anticipated level of interest rates on the Call Date, the price performance of the Shares in the Basket since the Issue Date, changes in the dividend yields of the Shares in the Basket since the Issue Date, changes in the volatility of the Shares in the basket since the Issue Date, and changes in the correlation of the prices of the Shares in the Basket since the Issue Date. In particular, an Investor should note that it is possible that the Bank could decide not to redeem the Notes on the Call Date even if the Share performance on the Call Date is greater than the Call Coupon of 25.44% (expressed as a percentage of the Principal Amount). Conversely, it is possible that the Bank could decide to redeem the Notes on the Call Date even if the Share performance on the Call Date is less than the Call Coupon of 25.44% (expressed as a percentage of the Principal Amount). To the extent that, prior to the Call Date, the Bid Price of a Note posted by the Selling Agent approaches or reaches \$125.44, there will be an enhanced likelihood that the Bank would redeem the Notes pursuant to the Bank Call Right.

If the Bank decides to redeem the Notes on the Call Date, it will provide not less than 10 Business Days' prior notice to Investors of its intention to redeem the Notes on the Call Date, in the manner set out under "Description of the Notes — Notification". Payment of the Principal Amount and the Call Coupon will be made by the Bank on the Call Date, provided that if the Call Date does not occur on a Business Day, then payment will be made on the next following Business Day, and no interest or other compensation will be paid in respect of such postponement.

### **Maturity and Principal Repayment**

Subject to the exercise by the Bank of the Bank Call Right, each Note will mature 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 Day for any reason, then the Maturity Date will be deemed to occur on the next following Business Day and no interest or other compensation will be paid to an Investor in respect of such postponement.

### **Variable Return**

Subject to the exercise by the Bank of the Bank Call Right, each Note will bear Variable Return, if any, 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 — Deferred Payment" and "Description of the Notes — Special Circumstances". Subject to the exercise by the Bank of the Bank Call Right, 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:

$$\text{Variable Return} = \text{Principal Amount} \times \text{Price Return}$$

The Price Return will be determined by the average of the Share Returns (each of which may be positive or negative). The Share Return for any Share shall be equal to the percentage increase or decrease in the Closing Price of that Share, measured from the Issue Date to the Calculation Date, calculated as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

The Final Price of a Share is its Closing Price on the Calculation Date, subject to the provisions set out under "Description of the Notes — Special Circumstances". The Initial Price of a Share is its Closing Price on the Issue Date, subject to the provisions set out under "Description of the Notes — Special Circumstances".

Variable Return, if any, paid on the Notes will not reflect any dividends or other distributions declared or paid on the Shares.

**The amount of Variable Return, if any, will depend upon the price performance of the Shares and is subject to exercise by the Bank of the Bank Call Right. It is possible that no Variable Return will be payable. No Variable Return will be paid unless the Price Return is greater than zero. See “Risk Factors — No Variable Return May be Payable”.**

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

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

### Hypothetical Variable Return Examples

The following hypothetical examples are for illustrative purposes only **and assume that the Bank does not exercise the Bank Call Right**. The Initial Prices and Final Prices of the Shares used in the following hypothetical examples are not estimates or forecasts of the actual Closing Prices of the Shares or the actual performance of the Notes.

*Example 1: Price Return of the Basket at Maturity is Positive (assumes the Notes are NOT called)*

Company Name	Initial Price	Final Price	Share Return
Bank of Montreal	57.23	85.69	49.73%
Canadian Imperial Bank of Commerce	71.33	127.39	78.59%
Great-West Lifeco Inc.	33.49	30.52	-8.87%
IGM Financial, Inc.	46.86	93.19	98.87%
Laurentian Bank of Canada	32.08	46.52	45.02%
National Bank of Canada	49.85	84.52	69.55%
Power Financial Corporation	37.82	66.90	76.88%
Royal Bank of Canada	50.35	84.02	66.87%
The Toronto-Dominion Bank	68.31	106.46	55.85%
<b>PRICE RETURN</b>			<b>59.17%</b>
<b>COMPOUND ANNUAL RETURN</b>			<b>7.41%</b>
<b>VARIABLE RETURN</b>			<b>\$59.17</b>

In the above hypothetical example, the Price Return of the Shares is 59.17%, which would generate a Variable Return of \$59.17. This equates to a compound annual return of 7.41%. The amount payable at the Maturity Date, assuming the Notes are not redeemed by the Bank, would be \$159.17, being the sum of: (i) the Variable Return of \$59.17, which is the product of the Price Return of 59.17% and the Principal Amount of \$100; and (ii) the Principal Amount of \$100.

In the above hypothetical example, the amount of Variable Return payable to an Investor on the Maturity Date (\$59.17) would be greater than the Call Coupon of \$25.44, but would represent a lower compound annual return on the Notes as compared to the 12% compound annual return if the Notes were redeemed by the Bank on the Call Date pursuant to the Bank Call Right.

*Example 2: Price Return of the Basket at Maturity is Negative (assumes the Notes are NOT called)*

Company Name	Initial Price	Final Price	Share Return
Bank of Montreal	57.23	37.54	-34.41%
Canadian Imperial Bank of Commerce	71.33	60.17	-15.64%
Great-West Lifeco Inc.	33.49	23.49	-29.85%
IGM Financial, Inc.	46.86	44.25	-5.57%
Laurentian Bank of Canada	32.08	27.73	-13.57%
National Bank of Canada	49.85	42.59	-14.56%
Power Financial Corporation	37.82	32.25	-14.73%
Royal Bank of Canada	50.35	38.88	-22.78%
The Toronto-Dominion Bank	68.31	72.39	5.97%
<b>PRICE RETURN</b>			<b>-16.13%</b>
<b>VARIABLE RETURN</b>			<b>\$0.00</b>

In the above hypothetical example, the Price Return of the Shares is -16.13%, which would generate a Variable Return of \$0. The amount payable at the Maturity Date, assuming the Notes are not redeemed by the Bank, would be \$100, being the sum of: (i) \$0 Variable Return; and (ii) the Principal Amount of \$100.

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

#### **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 for the Notes through the FundSERV network. 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. See "FundSERV" for details regarding secondary trading where the Notes are held through participants in FundSERV.

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, if any. Generally the longer the term to maturity, and the higher the prevailing interest rates at the time such Bid Price is obtained, the less the 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 Prices of the Shares; (b) the remaining term to maturity of the Notes; (c) changes in the Closing Prices of the Shares 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 value of the Variable Return may be substantially less than the value computed only with reference to the price performance of the Shares.

If an Investor submits a request to sell a Note to the Selling Agent and, prior to consummation of such sale, the Bank exercises the Bank Call Right, such Note will be redeemed pursuant to the Bank Call Right and will not be sold to the Selling Agent.

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 Shares has been positive and, as a result, the Investor may suffer losses. See “Risk Factors — Liquidity Risk and Secondary Market”.

**Early Trading Charge**

During the first 630 days following the issuance of the Notes, an Early Trading Charge will apply to any secondary market sale of a Note through the Selling Agent. The Early Trading Charge will be equal to a percentage of the Principal Amount of the Note, determined as follows:

<u>If Sold Within</u>	<u>Early Trading Charge</u>
0-90 days . . . . .	5.00%
91-180 days . . . . .	4.00%
181-270 days . . . . .	3.00%
271-360 days . . . . .	2.00%
361-450 days . . . . .	1.50%
451-540 days . . . . .	1.00%
541-630 days . . . . .	0.50%
Thereafter . . . . .	Nil

**An Investor should be aware that any price for the Notes appearing on his or her monthly or quarterly investment account statement will be BEFORE the application of any applicable Early Trading Charge. An Investor wishing to sell Notes prior to the Maturity Date should consult with his or her investment advisor as to whether an Early Trading Charge is payable 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 favorable in the circumstances at any time to sell Notes (assuming the availability of a secondary market) or hold 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.**

**Special Circumstances**

During the term of the Notes, certain events affecting the Notes and the Shares 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 the valuation of one or more Shares.

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”.

***Potential Adjustment Event***

Following the announcement by a Company of the terms of any Potential Adjustment Event in respect of its Shares, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative effect on the theoretical value of the relevant Share and, if so, will: (i) make adjustments, if any, to any component or variable relevant to the determination of Variable Return as the Calculation Agent

determines appropriate to account for the dilutive or concentrative effect; and (ii) determine the effective date of any such 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 Share traded on such options exchange. Save as expressly provided herein, the Calculation Agent will make no adjustment in respect of any distribution of cash.

#### ***Market Disruption Event***

If the Calculation Agent determines that a Market Disruption Event in respect of a Share in the Basket has occurred and is continuing on any date that, but for that event, would be a Valuation Date in respect of such Share, then that Valuation Date will be postponed to the next Business Exchange Day on which there is no Market Disruption Event in effect.

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

- (i) such eighth Business Day shall be the Calculation Date; and
- (ii) the Closing Price of such Share for such Valuation Date shall be determined by the Calculation Agent, in its sole discretion, without any liability on the part of the Calculation Agent, 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 Share Return and, consequently, the calculation of Variable Return, if any, payable on the Maturity Date. In such circumstances, the Bank may delay such payment until the tenth Business Day after the Price Return has been determined.

#### ***Substitution Event***

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

- (i) any adjustments set out in “Description of the Notes — Special Circumstances — Potential Adjustment Event” in respect of such Share will not apply;
- (ii) the Calculation Agent may choose (in its absolute discretion) a new share or unit (the “Replacement Share”) of a large company or income trust listed on a major Canadian exchange as a substitute for such Deleted Share;
- (iii) such Deleted Share will be deleted from the Basket and will not be considered as a Share for purposes of determining Variable Return, if any, on or after the Substitution Date;
- (iv) the Replacement Share will be a Share in the Basket, the issuer of such Replacement Share will be the Company in respect of such Replacement Share, and the primary exchange or market quotation system on which such Replacement Share is listed, quoted or traded, as determined by the Calculation Agent, will be the Exchange in respect of such Replacement Share; and
- (v) the Calculation Agent will determine, in its discretion, the Initial Price of such Replacement Share by taking into account all relevant market circumstances, including the Initial Price of such Deleted Share and the Closing Price or estimated value on the Substitution Date of the Deleted Share and the Closing Price on the Substitution Date of the Replacement Share, and will make adjustments, if any, to any one or more of the formula for calculating the Share Return of such Replacement Share, 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 Share, 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 Share chosen by the Calculation Agent may be any share or unit of a large company or income trust, and may be a company that was the continuing entity in respect of a Merger Event. The Calculation Agent may decide not to choose a Replacement Share as a substitute for a Deleted Share if the Calculation Agent determines that there are no appropriate shares of a large company or other entity listed, quoted or traded on a major Canadian exchange which offer sufficient liquidity in order for Scotia Capital to place, maintain or modify hedges in respect of such shares, in which case the Calculation Agent may declare an Extraordinary Event, with the consequences described under “Description of the Notes — Special Circumstances — Extraordinary Event”.

#### ***Merger Event and Tender Offer***

On or after a Merger Date or Tender Offer Date in respect of a Share, the Calculation Agent may either: (i) (A) make adjustment(s), if any, to any component or variable relevant to the determination of 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, which may, but need not, be determined by reference to the adjustments made in respect of such Merger Event or Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange; and (B) determine the effective date of the adjustments; or (ii) if the Calculation Agent determines that no adjustments that 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 Share.

#### ***Extraordinary Event***

If the Calculation Agent determines, prior to giving notice of its intention to exercise the Bank Call Right, that one or more Extraordinary Events have occurred, the Bank may, at its option upon notice to the Investors (the date specified in such notice being the “Extraordinary Event Notification Date”), elect to accelerate the determination of Variable Return, if any, on all outstanding Notes. Upon such election, Variable Return, if any, per Note will be determined and calculated by the Calculation Agent as of the Business Exchange Day immediately following the Extraordinary Event Notification Date, using the Final Price of each Share as of such date, subject to the following:

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

In the event of the early determination of the Variable Return, if any, as a consequence of the occurrence of an Extraordinary Event, the Bank may, at its option, elect to: (i) pay the Variable Return, if any, prior to the Maturity Date; or (ii) defer payment of the Variable Return, if any, until the Maturity Date. If the Bank elects to pay the Variable Return, if any, prior to the Maturity Date, payment will be made no later than the tenth Business 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 depository (initially being CDS) and registered in the name of such depository or its nominee in a denomination equal to the aggregate Principal Amount of the 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 depository, its nominee or any successors of such depository or nominee.

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

Ownership of beneficial interests in a global 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 holder 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 holders 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 holders or if an owner of a beneficial interest in a registered global Note desires to give or take any action that a holder 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 depositary gives to the Bank or its agent, as the case may be. It is expected that the depositary's instructions will be based upon directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global Note that had been held by the depositary.

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 in the aforementioned register in which registrations and transfers of Notes are to be recorded will be made by cheque mailed to the applicable registered Investor at the address of the Investor appearing if requested in writing by the Investor at least five Business 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 a Variable Return that would exceed 60% per annum may be deferred to ensure compliance with such laws. In addition, the Bank may withhold a portion of any payment to an Investor that the Bank is legally able or required to withhold. The Bank will pay the portion so deferred to the Investor together with interest at the Bank's equivalent term deposit rate as soon as Canadian law permits.

### **Status; No Deposit Insurance**

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

### **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, AA- by S&P and Aa1 by Moody's. 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.**

### **Dealings in Shares**

The Bank may from time to time, in the course of its normal business operations, hold Shares or interests linked to any Share or Company. The Bank and its affiliates may deal in the securities of each Company 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 Company or any other person or entity having obligations relating to such Company and may engage in proprietary trading in the Shares or in options, futures or derivatives relating to the Shares (including such trading as the Bank may deem appropriate, in its discretion, to hedge any risk in connection with the Notes) and may act with respect thereto 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 value of any Shares and thus the 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 Company 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 given: (i) by wire or fax to the applicable depository (initially being CDS); or (ii) in the case where the Notes are directly registered in the Investors' names and issued in definitive form, by mail or other form of delivery selected by the Bank to the registered addresses of the Investors; provided, however, that any required notice of an Extraordinary Event and any notice of exercise of the Bank Call Right 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 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 66 $\frac{2}{3}$ % of the Notes represented at a meeting convened for the purpose of considering the resolution. The quorum for a meeting of holders is at least two holders represented in person or by proxy holding at least 10% 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 holder for the purposes of voting at meetings.

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

### **Investors' Right of Rescission**

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

### **PLAN OF DISTRIBUTION**

Each 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 Canadian securities legislation.

The closing of this offering is scheduled to occur on or about March 31, 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.

The Bank will pay selling expenses of \$3.25 per Note to qualified selling group members for selling the Notes. The selling expenses will be paid out of the proceeds of the Offering. The Selling Agent may form a sub-agency group including other qualified selling members and determine the fee payable to the members of such group, which fee will be paid by the Selling Agent out of its own funds. 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 Issue 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. In addition, the Notes may not be offered or sold to residents of any jurisdiction or country in Europe.

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

## **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 depositary 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.

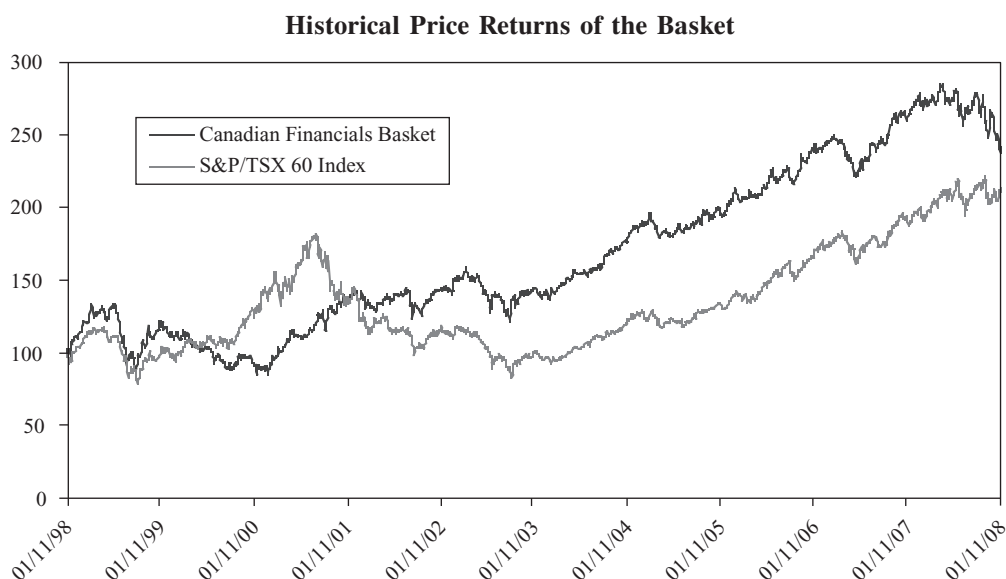
An Investor holding FundSERV-enabled Notes should realize that such FundSERV-enabled Notes may not be transferable to another dealer, if the Investor were to decide to move his or her investment account to such other dealer. In that event, the Investor would have to sell the FundSERV-enabled Notes pursuant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

## 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 Share Returns, the Price Return, the Variable Return, if any, as well as for making certain other determinations with regard to the Notes and the Basket. 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 Share Returns, the Price Return whether a Market Disruption Event or Extraordinary Event has occurred and in making certain other determinations with respect to the Notes.

## THE BASKET

The following chart shows the historical price performance of the Basket. Over a 10 year period from January 12, 1998 to January 11, 2008, the annual compound return of the Basket was 9.23% compared to 7.74% for the S&P/TSX 60 Index. As of January 17, 2008, the average 12 month dividend yield of the Basket was 3.97% based on Share prices as of such date. **Past performance of the Basket is not indicative of future performance of the Shares, the Basket or the Notes.**



Source: Bloomberg

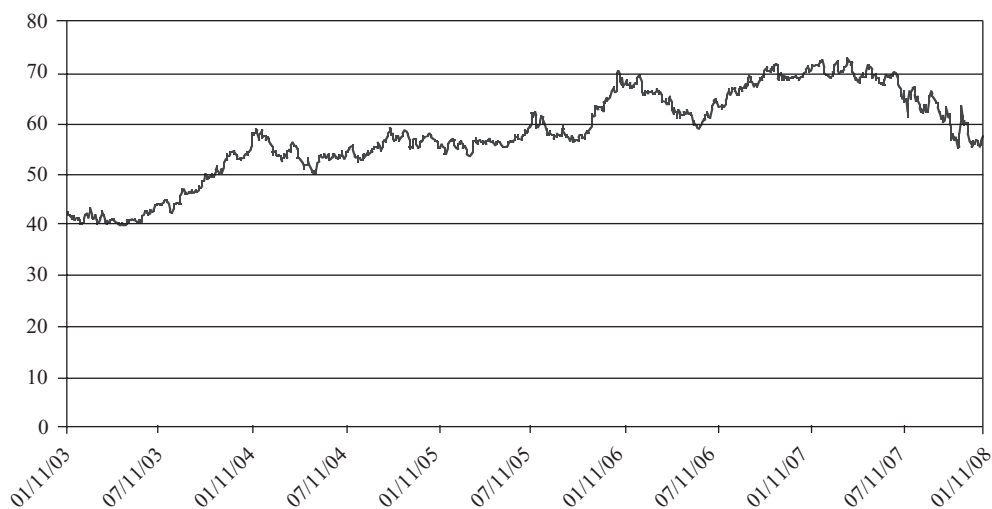
## THE SHARES AND THE COMPANIES

All information in this Information Statement relating to the Shares and the Companies is derived from publicly available sources and is presented in this Information Statement in summary form. As such, neither the Bank, 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 for any material contained on the websites of the various Companies referred to herein, which website information is not incorporated by reference into, or deemed to be a part of, this Information Statement. The charts show historical Closing Prices of the various Shares from and including January 13, 2003 to and including January 11, 2008. **Historical performance of the Shares is not indicative of the future performance of the Shares or the Notes.**

### Bank of Montreal

Bank of Montreal, doing business as BMO Financial Group, is a Canadian chartered bank which operates throughout the world. It offers commercial, corporate, governmental, international, personal banking, and trust services. Bank of Montreal also offers full brokerage, underwriting, investment, and advisory services. Bank of Montreal trades on the TSX under the symbol BMO. As at January 17, 2008, market capitalization was approximately \$27.24 billion and the 12-month dividend yield was 4.96%.

**Bank of Montreal — Daily Closing Price (Cdn)**

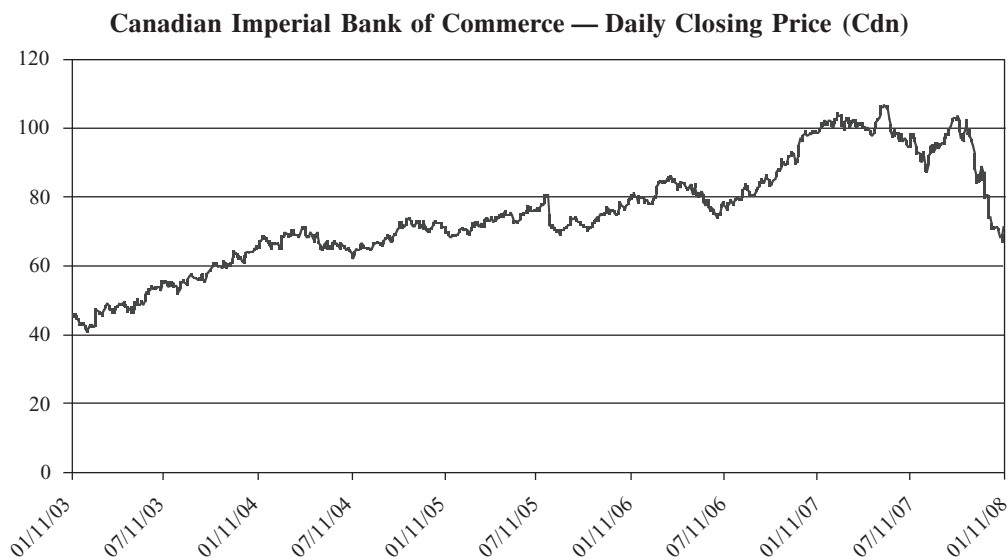


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$39.63 on May 7, 2003 and the highest Closing Price was \$72.75 on April 18, 2007. The starting Closing Price was \$42.30 on January 13, 2003 and the ending Closing Price was \$57.35 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce provides banking and financial services to consumers, individuals, and corporate clients in Canada and around the world. Canadian Imperial Bank of Commerce trades on the TSX under the symbol CM. As at January 17, 2008, market capitalization was approximately \$22.63 billion and the 12-month dividend yield was 4.86%.



Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$41.05 on February 10, 2003 and the highest Closing Price was \$106.75 on May 23, 2007. The starting Closing Price was \$44.97 on January 13, 2003 and the ending Closing Price was \$71.22 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## Great-West Lifeco Inc.

Great-West Lifeco Inc. is a financial services holding company with interests in the life insurance, health insurance, investment and retirement savings, and reinsurance businesses. It serves the financial security needs of people in Canada and the United States. Great-West Lifeco Inc. trades on the TSX under the symbol GWO. As at January 17, 2008, market capitalization was approximately \$29.37 billion and the 12-month dividend yield was 3.22%.

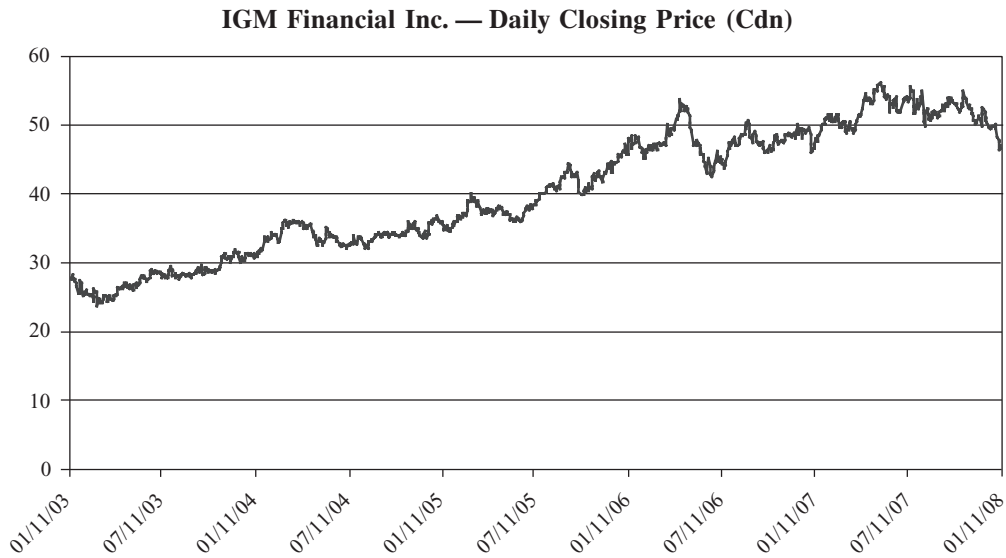


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$17.51 on March 7, 2003 and the highest Closing Price was \$37.58 on February 26, 2007. The starting Closing Price was \$19.03 on January 13, 2003 and the ending Closing Price was \$33.50 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## IGM Financial Inc.

IGM Financial Inc. offers a variety of personal financial planning services. It provides mutual funds, guaranteed investment certificates, insurance products, and mortgage loans. IGM Financial Inc. operates throughout Canada. IGM Financial Inc. trades on the TSX under the symbol IGM. As at January 17, 2008, market capitalization was approximately \$11.94 billion and the 12-month dividend yield was 3.93%.

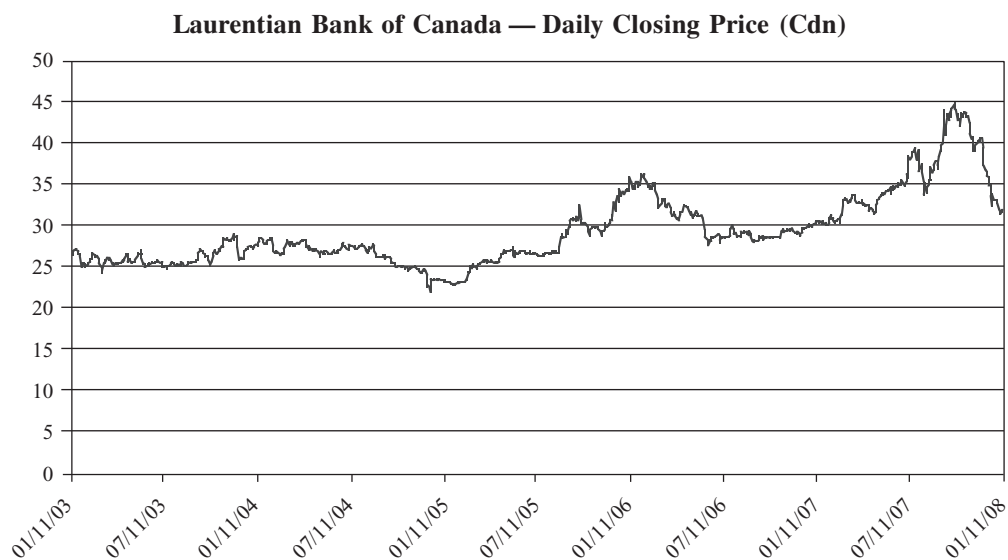


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$23.60 on March 6, 2003 and the highest Closing Price was \$56.05 on May 22, 2007. The starting Closing Price was \$27.50 on January 13, 2003 and the ending Closing Price was \$46.86 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## Laurentian Bank of Canada

Laurentian Bank of Canada offers retail banking, agency banking and commercial and corporate banking products and services to individuals and small to medium sized businesses. Laurentian Bank of Canada operates through its offices and branches in Canada. Laurentian Bank of Canada, through its subsidiaries, offers fiduciary and trust products and services as well as brokerage services. As of January 17, 2008, market capitalization was approximately \$784.97 million and the 12-month dividend yield was 3.61%.

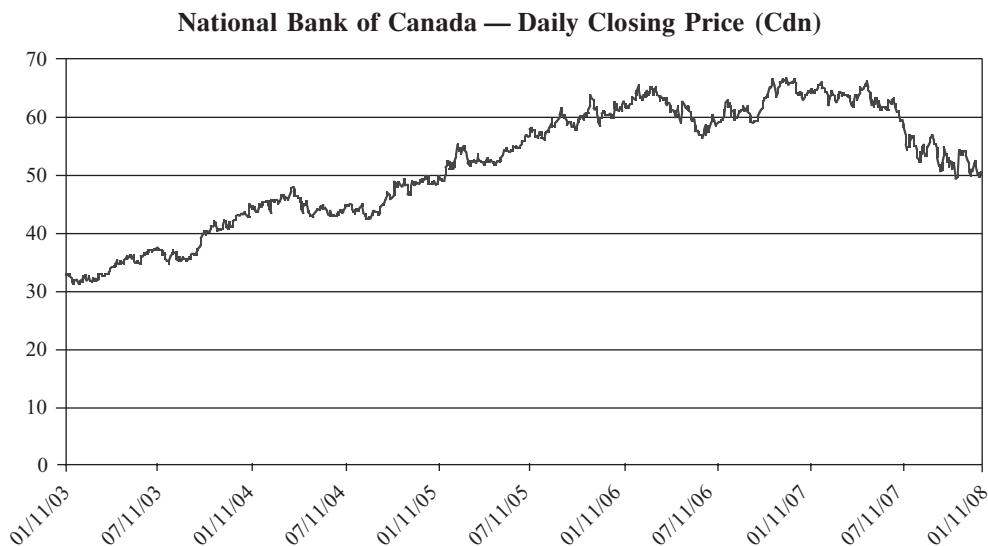


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$22.66 on December 15, 2004 and the highest Closing Price was \$44.69 on October 10, 2007. The starting Closing Price was \$26.94 on January 13, 2003 and the ending Closing Price was \$32.00 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## National Bank of Canada

National Bank of Canada provides a full array of banking services, including retail, corporate and investment banking. National Bank of Canada, through its subsidiaries, is involved in securities brokerage, insurance and wealth management, as well as mutual fund and retirement plan management. National Bank of Canada trades on the TSX under the symbol NA. As at January 17, 2008, market capitalization was approximately \$7.60 billion and the 12-month dividend yield was 4.91%.

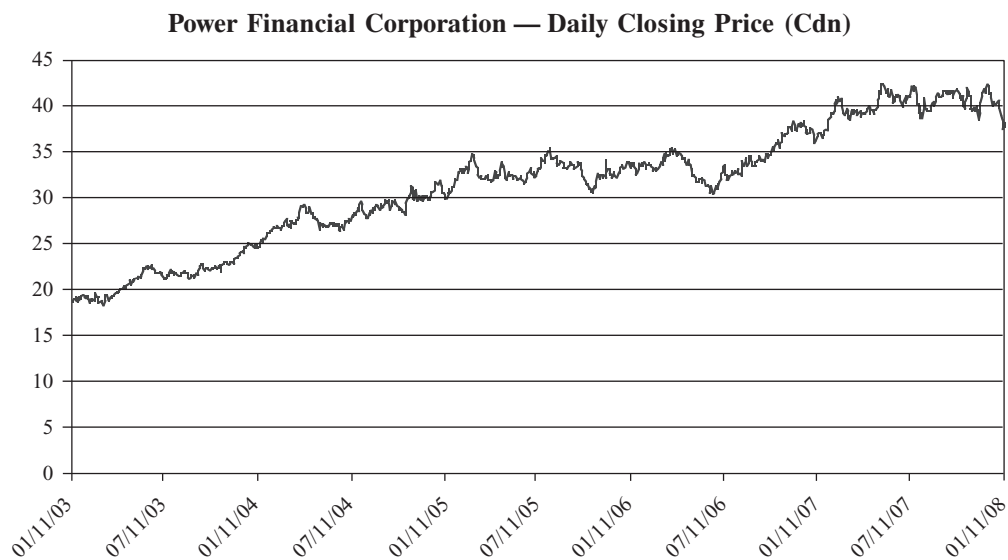


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$31.25 on January 27, 2003 and the highest Closing Price was \$66.59 on December 21, 2006. The starting Closing Price was \$32.80 on January 13, 2003 and the ending Closing Price was \$50.05 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## Power Financial Corporation

Power Financial Corporation, through subsidiaries, is involved in insurance, international banking and investments, global asset management and investment counselling. In addition, Power Financial Corporation is involved in merchant banking in North America and Europe. As at January 17, 2008, market capitalization was approximately \$26.23 billion and the 12-month dividend yield was 3.12%.

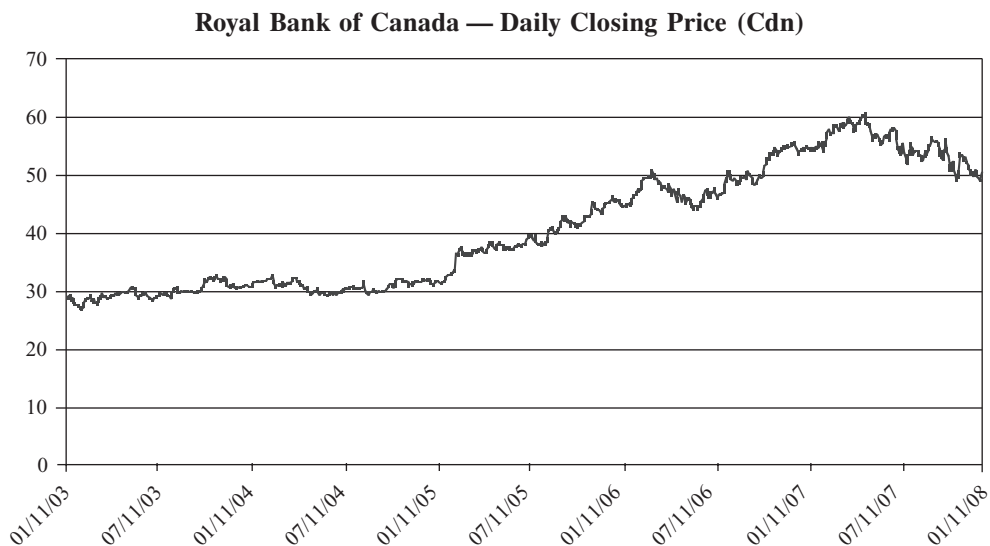


Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$18.33 on March 14, 2003 and the highest Closing Price was \$42.45 on May 18, 2007. The starting Closing Price was \$18.70 on January 13, 2003 and the ending Closing Price was \$37.84 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## Royal Bank of Canada

Royal Bank of Canada provides personal and commercial banking, wealth management, and corporate and investment banking services. It serves individual and business customers through offices located worldwide. Royal Bank also serves its customers through the telephone, Internet, and personal computer. Royal Bank of Canada trades on the TSX under the symbol RY. As at January 17, 2008, market capitalization was approximately \$61.52 billion and the 12-month dividend yield was 3.78%.



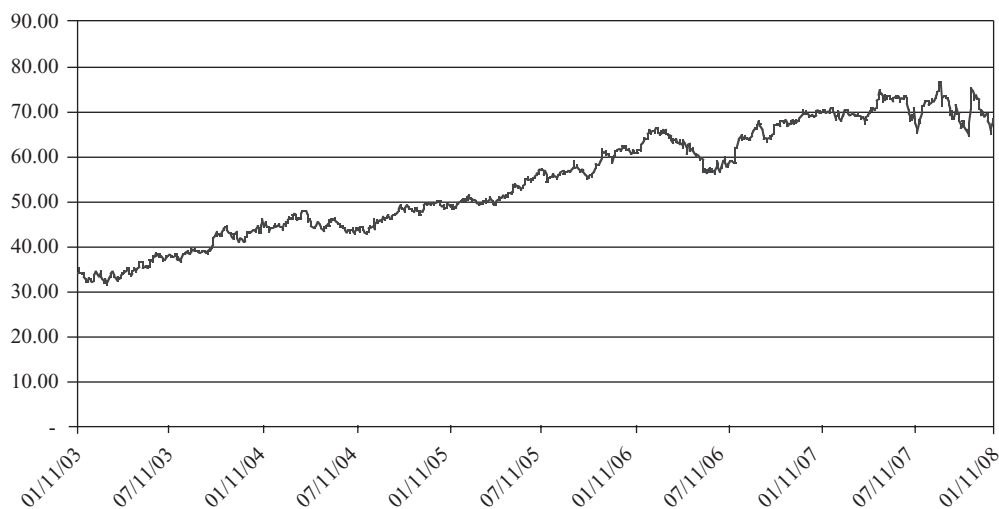
Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$26.85 on February 10, 2003 and the highest Closing Price was \$60.62 on May 24, 2007. The starting Closing Price was \$28.77 on January 13, 2003 and the ending Closing Price was \$50.52 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

## The Toronto-Dominion Bank

The Toronto-Dominion Bank conducts a general banking business through banking branches and offices located throughout Canada and overseas. The Toronto-Dominion Bank and other subsidiaries offer a broad range of banking, advisory services, and discount brokerage to individuals, businesses, financial institutions, governments, and multinational corporations. The Toronto-Dominion Bank trades on the TSX under the symbol TD. As at January 17, 2008, market capitalization was approximately \$47.25 billion and the 12-month dividend yield was 3.34%.

**The Toronto-Dominion Bank — Daily Closing Price (Cdn)**



Source: Bloomberg

During the period between January 13, 2003 to and including January 11, 2008, the lowest Closing Price was \$31.54 on March 12, 2003 and the highest Closing Price was \$76.33 on October 1, 2007. The starting Closing Price was \$35.17 on January 13, 2003 and the ending Closing Price was \$68.30 on January 11, 2008. The Closing Price is quoted in Canadian Dollars.

### 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 the 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 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 Call Coupon**

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 of the Call Coupon on the Notes under these provisions prior to the Maturity Date, provided that no Extraordinary Event has occurred and that the Bank has not given notice of its intention to exercise the Bank Call Right.

When in a particular taxation year, as a result of an Extraordinary Event, the Variable Return is determined but the Bank elects to defer the payment of the Variable Return until the Maturity Date, the portion of the 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.

When in a particular taxation year, as a result of an Extraordinary Event, the Variable Return is determined and is paid to an Initial Investor by the Bank prior to the Maturity Date, 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 becomes calculable, except to the extent that the amount was otherwise included in the Initial Investor’s income for that or a preceding year.

When in a particular taxation year, the Bank has given notice of its intention to exercise the Bank Call Right, the portion of the Call Coupon 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 otherwise included in income for the taxation year or a preceding taxation year. Thereafter, in each subsequent taxation year to and including the taxation year of the Initial Investor that includes the Call Date, 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 Call Coupon.

### **Disposition of Notes**

On a disposition to the Bank of a Note at the Call Date, an Initial Investor will be required to include in income for the taxation year in which the disposition occurs, the amount of the Call Coupon, except to the extent otherwise included in income for the taxation year or a preceding taxation year. The Initial Investor will realize a capital gain (or a capital loss) to the extent that the proceeds received from the Bank, less the Call

Coupon 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.

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, except to the extent otherwise included in income for the taxation year or a preceding taxation year. 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.

In certain circumstances, where an Initial Investor assigns or otherwise transfers a debt obligation (other than as a consequence of a repayment at the Maturity Date or the Call Date), 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 year or a preceding year. Other than in the event of an Extraordinary Event or the Bank giving notice of its intention to exercise the Bank Call Right, there should generally be no amount in respect of the Variable Return or the Call Coupon 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 or the Call 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.

### **Information Returns**

The Bank will file an information return with the CRA in respect of an amount to be included in an Initial Investor's income as described above, other than an amount with respect to an assignment or transfer of Notes to a person other than the Bank, and will provide the Initial Investor with a copy of such return.

### **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 approximately 60,000 employees (31,000 in Canada), the Bank and its affiliates have branches and offices serving more than 12.5 million customers in some 50 countries, which provide a wide range of banking and financial services.

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.

Effective January 16, 2008, Mike Durland is to assume the role of Co-Chairman and Co-Chief Executive Officer, Scotia Capital and Head, Global Capital Markets. As Co-Chairman and Co-CEO of Scotia Capital, Mr. Durland takes over the global capital markets responsibilities of John Schumacher, who has chosen to leave the Bank.

### **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 Scotiabank’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 Scotiabank Group. 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 Notes 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. Absent special circumstances, the Notes will not provide Investors with a Variable Return prior to the Maturity Date, and may not 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 Shares. Subject to the exercise by the Bank of the Bank Call Right, 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 a positive annual return.

## **Comparison to Other Obligations**

The terms of the Notes differ from those of ordinary obligations or debt instruments, in that, subject to the exercise by the Bank of the Bank Call Right, a return, if any, is payable on the Notes only at the Maturity Date in most circumstances and only to the extent that the Price Return is greater than zero. Whether the Price Return will be greater than zero is contingent on events that are inherently difficult to predict and which are beyond the Bank's control. Accordingly, there can be no assurance that the Price Return will be greater than zero, or 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.

## **No Guaranteed Return on Notes**

While an Investor is, subject to exercise by the Bank of the Bank Call Right, 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, except in circumstances where the Bank exercises the Bank Call Right. Historical returns on the Shares should not be considered as an indication of the future performance of the Shares or the Notes. No assurance can be given, and none is intended to be given, that any Share will appreciate in the period during which the Notes are outstanding and that any Variable 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 May Be Payable**

Variable Return, if any, payable on the Notes is directly linked to the Share Returns (each of which may be positive or negative). Unless the Price Return is positive at maturity, no Variable Return will be payable on the Notes. See "Description of the Notes — Variable Return".

## **Historical Performance of a Share is not an Indication of Future Performance**

Variable Return, if any, will be determined on the basis of the price performance of the Shares. The historical performance of a Share is not necessarily indicative of the future performance of that Share.

## **Risks Relating to the Shares**

It is impossible to predict whether the Closing Price of a Share will increase or decrease over the term of the Notes. Closing Prices of the Shares will be influenced by both complex and interrelated political, economic, financial and other factors that can affect the financial and securities markets generally and by various circumstances that can influence the value of a particular Share.

## **Liquidity Risk and Secondary Market**

The Principal Amount and Variable Return, if any, per Note are only payable at maturity (subject to the exercise by the Bank of the Bank Call Right or, in the case of Variable Return, if any, 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 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 for the Notes through FundSERV. 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 Prices of the Shares; (b) the remaining term to maturity; (c) the change in Closing Prices of the Shares 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 value of the Variable Return may be substantially less than the value computed only with reference to the performance of the Shares. 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 Shares, generally, 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 5.00% of the Principal Amount of the Note.

### **Bank Call Right**

The Bank's right to redeem the Notes may limit the Investor's return on the Notes. If the Bank redeems the Notes on the Call Date, the Bank will pay the Investor the Principal Amount plus the Call Coupon. The Call Coupon is a fixed rate of 25.44% of the Principal Amount (equivalent to an annual compound rate of return of approximately 12%) and will not depend on the price performance of the Shares in the Basket. The decision to redeem (or not to redeem) the Notes will be made solely by the Bank and may not be advantageous to Investors. An Investor's return on the Notes may be less than if the Bank had not redeemed the Notes and the Notes remained outstanding until the Maturity Date. In addition, if the Bank redeems the Notes, an Investor may not be able to reinvest the proceeds the Investor receives at that time in an investment having a comparable yield. To the extent that, prior to the Call Date, the Bid Price of a Note posted by the Selling Agent approaches or reaches \$125.44, there will be an enhanced likelihood that the Bank would redeem the Notes pursuant to the Bank Call Right.

### **Price Return Only**

Variable Return, if any, payable in respect of the Notes will be based on the price return of the Shares only. As of January 17, 2008, the average 12-month dividend yield of the Basket was 3.97%, based on Share prices as of such date. Investors will not be entitled to the benefit of dividends on the Shares in the Basket by way of reinvestment or otherwise.

### **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 Notes. The Bank and its affiliates may also deal in the securities of each Company (including Shares) 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 Company or any other person or entity having obligations relating to such Companies and may engage in proprietary trading in the Shares or in options, futures or derivatives relating to the Shares (including such trading as the Bank may deem appropriate, in its discretion, to hedge any risk in connection with the Notes) 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 value of the Shares and, thus, the 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 Company 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 in respect of a Share occurs on a Valuation Date, the determination of the Closing Price for that Share on such date (and, possibly, any subsequent payment of Variable Return, if any) may be delayed. Fluctuations in the Closing Price of the affected Share may occur in the interim. If the Calculation Agent determines that a Market Disruption Event in respect of a Share in the Basket has occurred and is continuing on any date that but for that event would be a Valuation Date in respect of such Share, then Variable Return, if any, will be calculated (and the applicable Closing Price will be determined) on the basis that such Valuation Date will be postponed to the next Business Exchange Day on which there is no Market Disruption Event in effect in respect of such Share. 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, if any, on all outstanding Notes. If so, the Bank may, at its option, elect to pay the Variable Return, if any, prior to the Maturity Date or to defer such payment until the Maturity Date. In such circumstances, the Variable Return, if any, may be less than the Variable Return, if any, that would otherwise have been payable had the Extraordinary Event not occurred. However, in no event will the Principal Amount of a Note be paid prior to the Maturity Date. See “Description of the Notes — Special Circumstances — Extraordinary Event”.

### **Adjustments In Special Circumstances**

In certain circumstances, including Potential Adjustment Events and Substitution Events, the Calculation Agent may adjust any one or more of the Initial Prices for the Shares, the formula for calculating a Share Return, or another component or variable relevant to the determination of Variable Return to account equitably for those circumstances. In certain circumstances, the Calculation Agent may replace a notional Share notionally held in the Basket with a different notional share. If so, the Calculation Agent may, in its discretion, make certain adjustments to the determination of Variable Return, to account equitably for those circumstances. A Substitution Event may adversely affect the Variable Return, if any, realized by Investors of Notes. See “Description of the Notes — Special Circumstances”.

### **No Independent Calculation**

As part of its responsibilities, the Calculation Agent, acting reasonably, will be solely responsible for computing the Price Return and Variable Return, if any. No independent calculation agent will be retained to make or confirm the determinations and calculations made by the Calculation Agent.

## **Risks Relating to the Companies**

The Variable Return, if any, payable on the Notes is linked to the price performance of the Shares. Accordingly, certain risk factors applicable to investors who invest directly in Shares are also applicable to an investment in Notes to the extent that such risk factors could adversely affect the performance of the Company. While Investors may obtain additional information concerning the Companies at the sources noted under “The Shares and the Companies,” neither the Bank, the Selling Agent or their respective affiliates assume any responsibility for any such information, which is not incorporated by reference in, or deemed in any way to form a part of, this Information Statement. Prospective investors are urged to conduct their own independent investigation of the Companies and the Shares prior to making any investment decision with respect to the Notes. The Bank is not affiliated with any of the Companies and has not performed any due diligence investigation or review of them. Neither the Bank, the Selling Agent nor their respective affiliates assume any responsibility for the adequacy of the information concerning the Companies or the Shares contained in this Information Statement or any publicly available information concerning the Companies or the Shares.

## **Dependence on Management**

The Companies’ success depends, as in the past, on the skill and acumen of their respective management teams. An investment in the Notes is, apart from the principal protected feature of the Notes, subject to the same risks as a direct equity investment in the Companies. If these individuals should cease to participate in the Companies’ business and if satisfactory replacements cannot be found, the Companies’ ability to carry out their business plans could be impaired. There can be no assurance that: (a) any Company’s strategic objectives will be realized; (b) any Company’s business strategies will prove successful; or (c) any Company can avoid losses. Past performance of a Company or its Shares is not indicative of future returns.

## **No Control over Management**

Since the Basket is notional only, Investors will have no ownership or other interest in the Shares comprising the Basket other than the right to be paid a return, if any, on the Notes based on the performance of the Basket. An Investor will not have the rights of a security holder of any of the Companies including, without limitation, any voting rights or rights to receive dividends or distributions. There will be no control over the management of any Company whose Shares are reflected in the Basket. The performance of the Notes will depend in part on the ability and success of the management of the Companies, in addition to general economic and market factors.

## **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 will not be amended or changed in a manner which adversely affects Investors.

## **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.

## **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 Closing Prices of the Shares. 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 investing in the Notes or the information 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 15, 2007;
- (c) the Bank's consolidated financial statements for the year ended October 31, 2007 and 2006 together with the auditors' report thereon;
- (d) 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
- (e) 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 the *Income Tax Act* (Canada).

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

“**Bank Call Right**” means the right of the Bank, at its option, to redeem all outstanding Notes on the Call Date.

“**Basket**” means, collectively, each “Share”.

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

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday in Ontario, on which the Bank is open for domestic business in Toronto, Ontario.

“**Business Exchange Day**” means 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, that is also a Business Day.

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

“**Calculation Date**” means the second Business Exchange Day prior to the Maturity Date, subject to the provisions set out under “Description of the Notes — Special Circumstances”.

“**Call Coupon**” means \$25.44 per Note.

“**Call Date**” means March 31, 2010.

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

“**Closing Price**” in respect of a Share means, on any day, the official closing price for that Share as announced by the relevant Exchange, provided that, if on or after the Issue Date such Exchange materially changes the time of day at which such official closing price is determined, the Calculation Agent may thereafter deem the Closing Price to be the price of that Share as of the time of day used by such exchange to determine the official closing price prior to such change.

“**Companies**” mean, initially: Bank of Montreal, Canadian Imperial Bank of Commerce, Great-West Lifeco Inc., IGM Financial Inc., Laurentian Bank of Canada, National Bank of Canada, Power Financial Corporation, Royal Bank of Canada and The Toronto-Dominion Bank.

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

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

“**Deleted Share**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances — Substitution Event”.

“**Delisting**” means, in respect of a Share, that the relevant Exchange announces that, pursuant to the rules of such exchange, the Shares 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, in respect of each Share noted, the TSX, provided that if the TSX is no longer the primary exchange for the trading of the relevant Share, as determined in the sole discretion of the Calculation Agent, the Calculation Agent may designate another exchange or trading system on which the Shares are then listed, quoted or traded as the Exchange for such Share.

“**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; (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; or (iv) a Substitution Event occurs and the Calculation Agent fails or is unable to choose a Replacement Share.

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

**“Final Price”** means in respect of a Share, the Closing Price of the Share on the Calculation Date, as determined by the Calculation Agent, subject to the provisions set out under “Description of the Notes — Special Circumstances”.

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

**“Initial Price”** means, in respect of a Share, the Closing Price of the Share on the Issue Date as determined by the Calculation Agent, provided that, if the Issue Date is not a Business Exchange Day in respect of such Share, then the Initial Price in respect of such Share means the Closing Price of such Share for the immediately following applicable Business Exchange Day as determined by the Calculation Agent, and further subject to the provisions set out under “Description of the Notes — Special Circumstances”.

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

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

**“Issue Date”** means on or about March 31, 2008.

**“Market Disruption Event”** means, in respect of a Share, 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 has or will have a material adverse effect on the ability of equity dealers generally to acquire, establish, re-establish, substitute, maintain, unwind or modify hedges of positions in respect of such Share. A Market Disruption Event may include, without limitation, any of the following events: (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to the Share(s) on the Exchange(s); or (b) in futures or options contracts or futures contracts relating to the relevant Share(s) on any relevant Related Exchange; (ii) the closure (“Early Closure”) on any Business Exchange Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Business Exchange Day; and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the close of trading on such Business Exchange Day; (iii) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general: (a) to effect transactions in, or obtain market values for, the Share(s) on the Exchange(s); or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share(s) on any relevant Related Exchange; (iv) the failure on any Business Exchange Day of the relevant Exchange(s) of the relevant Share(s) or any Related Exchange to open for trading during its regular trading session; (v) 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 Bank or the Calculation Agent to perform its obligations under the Notes or for equity dealers generally to acquire, establish, re-establish, substitute, maintain, unwind or modify hedges of positions in respect of such Share; (vi) 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 a material adverse effect on the financial markets of Canada or a country in which any applicable Exchange or Related Exchange is located; or (vii) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Bank or the Calculation Agent to perform its obligations under the Notes or of equity dealers generally to place, maintain or modify hedges of positions with respect to such Share or a material and adverse effect on the Canadian economy or the trading of securities generally on any Exchange or Related Exchange.

**“Maturity Date”** means September 25, 2014.

**“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 Company.

**“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 Share, any: (i) reclassification or change of the relevant Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in a reclassification or change of all of such Shares 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 Shares of such Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of such Company or its subsidiaries with or into another entity in which such Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares 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 Share Return in respect of such Share is determined.

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

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

**“Net Proceeds”** means an amount equal to \$96.75 per Note.

**“Notes”** means The Bank of Nova Scotia — Callable Canadian Financials Deposit Notes, Series 3 offered by this Information Statement.

**“Offering”** means the offering of the Notes pursuant to this Information Statement.

**“Potential Adjustment Event”** means, in respect of a Share, the occurrence of any of the following events: (i) a subdivision, consolidation or reclassification of the Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue; (ii) a distribution, issue or dividend to existing holders of the Shares of: (a) additional Shares; or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the applicable Company equally or proportionately with such payments to holders of Shares; or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the applicable Company 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 Shares (where the characterization of a dividend as “extraordinary” will be determined by the Calculation Agent); (iv) a call by the applicable Company in respect of the Shares that are not fully paid; (v) a repurchase by the applicable Company or any of its subsidiaries of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; (vi) in respect of the applicable Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Company pursuant to a shareholder 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 Shares as determined by the Calculation Agent.

“**Price Return**” means the average of the Share Returns for each of the Shares in the Basket as determined by the Calculation Agent, provided that if such average does not exceed zero, then the Price Return shall be zero.

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

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

“**Related Exchange**” means, in respect of a Share, any exchange or trading system on which futures or options on such Share are listed from time to time.

“**Replacement Share**” has the meaning ascribed thereto under “Description of the Notes — Special Circumstances — Substitution Event”.

“**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, Scotia Capital Inc. and any of its affiliates and, where the context requires, “Scotia Capital” also refers to the global corporate and investment banking and capital markets products and services provided by the Bank and its affiliates.

“**Selling Agent**” means Scotia Capital Inc.

“**Share Return**” means, in respect of a Share, the number (which may be positive or negative, and which is to be expressed as a percentage, rounded to two decimal places) calculated as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

“**Shares**” means the shares of the Companies specified under “Description of the Notes — Companies and Shares”.

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

“**Substitution Event**” means, in respect of a Share any event which, in the determination of the Calculation Agent, has adversely affected or may potentially adversely affect the liquidity of the Share (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 Share that is deemed by the Calculation Agent, in its sole discretion, to be a Substitution Event.

“**Tender Offer**” means, in respect of a Share, 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 Shares of the applicable Company, 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 Shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

“**TSX**” means the Toronto Stock Exchange.

“**Valuation Date**” means the Issue Date and the Calculation Date, subject to the provisions set out under “Description of the Notes — Special Circumstances”.

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



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