

INFORMATION STATEMENT DATED NOVEMBER 26, 2007

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 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 of Europe.



The Bank of Nova Scotia

DEX Universe Bond Index™

Notes (Return of Capital), Series 2, Series 3 and Series 4

\$20,000,000 Maximum Per Series PRINCIPAL PROTECTED

The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 2 (the "Series 2 Notes"), The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 3 (the "Series 3 Notes") and The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 4 (the "Series 4 Notes" and collectively with the Series 2 Notes and the Series 3 Notes, the "Notes") issued by The Bank of Nova Scotia (the "Bank") will mature, in the case of the Series 2 Notes on or about January 25, 2013 (the "Series 2 Maturity Date"), in the case of the Series 3 Notes, on or about March 28, 2013 (the "Series 3 Maturity Date") and, in the case of the Series 4 Notes, on or about May 23, 2013 (the "Series 4 Maturity Date"). The Notes have been developed to provide holders of Notes ("Investors") who hold the Notes to the applicable Maturity Date with principal protected notes that provide exposure to the performance of the DEX Universe Bond Index™ (the "Index"). **With the exception of the Issue Dates, the Maturity Dates and the Semi-Annual Partial Principal Repayment Dates, the terms and conditions of each series of Notes are identical in all material respects.**

The return on the Notes of each series is linked to a separate notional portfolio (the "Portfolio") consisting of book-keeping accounts holding a notional investment in the Index and notional 0.50% coupon bonds ("Bonds") of the Bank. Initially, the Portfolio for each series of Notes will have 100% exposure (\$97.50 per Note) to the Index. See "Description of the Notes — Portfolio Allocation Rules".

The Index is designed to be a broad measure of the Canadian investment-grade fixed income market. As of November 5, 2007, the Index consisted of 1,011 securities, with a total market value of approximately \$695 billion. Returns are calculated daily, and are weighted by market capitalization, so that the return on a bond influences the return on the Index in proportion to the Bond's market value. Coupon income, realized and unrealized, is reinvested daily across all bonds in the Index in proportion to their market values. The Index has been published since 1979. It is intended to be a transparent index, with individual security holdings disclosed electronically each day. See "The Index".

For the avoidance of doubt, each Portfolio is notional only and all actions taken with respect thereto including, without limitation, all investments and sales of an interest in the Index and/or Bonds are notional actions only. All references contained in this Information Statement to any such actions or events are to be construed as notional actions and events only. Since each Portfolio is strictly notional and each of the Index Account, the Bond Account, the Principal Repayment Account (as each such term is defined below) are book-keeping entries only, at no time will any Portfolio actually hold or own any cash, securities underlying the Index or Bonds and Investors will not have any rights to acquire, or any direct or indirect ownership of or entitlement to, any securities underlying the Index or Bonds or other assets reflected in the relevant Portfolio. See "Description of the Notes" and "Risk Factors".

In respect of each Note, the Bank will: (i) repay to the Investor a portion of the Original Principal Amount (being \$100 per Note) semi-annually during the term of the Notes equal to 2.125% of the Original Principal Amount (on a per Note basis) ("Semi-Annual Partial Principal Repayments") subject to a cumulative maximum per Note of each series of \$19.125 over the term of such Notes, subject to the occurrence of an Extraordinary Event (which may include a Market Disruption Event which continues in effect for eight or more consecutive Business Days) or a Protection Event; (ii) repay, on the applicable Maturity Date, the unpaid Original Principal Amount of the Note outstanding at the applicable Maturity Date (being \$100 less the aggregate of all Semi-Annual Partial Principal Repayments made on such Note); and (iii) pay, on the applicable Maturity Date, Variable Return, if any, calculated as set forth herein. **The Semi-Annual Partial Principal Repayments and the payment, at the applicable Maturity Date, of the unpaid balance of the Original Principal Amount of a Note remaining outstanding at that time ensures that the Original Principal Amount of each Note of each series (\$100) will have been paid by the applicable Maturity Date, regardless of the performance of the relevant Portfolio.**

PRICE: \$100 PER NOTE

Minimum Subscription: \$5,000 (50 Notes)
FundSERV Code (Series 2 Notes): SSP 122
FundSERV Code (Series 3 Notes): SSP 123
FundSERV Code (Series 4 Notes): SSP 124

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 the particular circumstances of the investor and the information set out in this Information Statement. Neither the Bank, Scotia Capital Inc. nor any of their respective affiliates makes any recommendation as to whether the Notes of any series are a suitable investment for any person.

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

Neither the Bank, the Selling Agent, nor their affiliates makes any representation as to the future performance of any of the Index or the Bonds. Investors should make any decision to invest in the Notes based only on their own views on the likely future performance of the Portfolio without reliance on the Bank, the Selling Agent or any of their affiliates and with the knowledge that the views of the Bank, the Selling Agent and their respective 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

The Notes of each series have been designed to provide Investors with exposure to the Index. An investment in Notes is suitable for investors prepared to assume risks with respect to a return tied to the performance of the Index. However, the return on the Notes of each series, if any, is uncertain in that an Investor may not receive any payments during the term of the Notes and may not receive anything more at the applicable Maturity Date than the Principal Outstanding. **The Original Principal Amount is guaranteed to be repaid over the term of the Notes only if such Notes of a series are held to the applicable Maturity Date.** A person should reach a decision to invest in the Notes of any series 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. 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, 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) or, if the Tax Proposals are enacted as proposed, registered disability savings plans.

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 — DEX Universe Bond Index™ Notes (Return of Capital), Series 2;
The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 3; and
The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 4.

With the exception of the Issue Dates and the Maturity Dates, the terms and conditions of the Notes of each series are identical in all material respects.

Issuer: The Bank of Nova Scotia.

Selling Agent: Scotia Capital Inc.

The Index: DEX Universe Bond Index™. The Index is designed to be a broad measure of the Canadian investment-grade fixed income market. As of November 5, 2007, the Index consisted of 1,011 securities, with a total market value of approximately \$695 billion. Returns are calculated daily, and are weighted by market capitalization, so that the return on a bond influences the return on the Index in proportion to the bond's market value. Coupon income, realized and unrealized, is reinvested daily across all bonds in the Index in proportion to their market values. The Index has been published since 1979. It is intended to be a transparent index, with individual security holdings disclosed electronically each day.

Original Principal Amount: The Notes of each series will be sold in denominations of \$100 per Note (the "Original Principal Amount"). If the Notes are held until maturity, Investors will receive, over the term of the Notes of the applicable series, a minimum of the Original Principal Amount per Note held.

Subscription Price:	<u>Price to an Investor⁽¹⁾</u>	<u>Selling Agent Fees</u>	<u>Proceeds to the Bank⁽²⁾</u>
	\$100 per Note	\$2.50	\$97.50

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

(2) The net proceeds ("Net Proceeds") are before deduction of expenses of issue, which will be paid by the Bank out of its general funds.

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

Issue Size: A maximum of \$20,000,000 Original Principal Amount of Notes of each series will be issued by the Bank. This maximum size may be changed at any time, without notice, in the sole discretion of the Bank.

Issue Dates: The Series 2 Notes will be issued on or about January 25, 2008 (the "Series 2 Issue Date"). The Series 3 Notes will be issued on or about March 28, 2008 (the "Series 3 Issue Date") and the Series 4 Notes will issued on or about May 23, 2008 (the "Series 4 Issue Date" and, collectively with the Series 2 Issue Date and the Series 3 Issue Date, the "Issue Dates").

Subscription proceeds submitted by Investors in advance of the applicable 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 applicable Issue Date equals or exceeds \$100 or integral multiples thereof, such Investor will receive Notes of the relevant series in an equivalent Original 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 of any series 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.

Maturity Dates/Terms:

The Series 2 Notes will mature on January 25, 2013, resulting in a term to maturity of approximately 5 years. The Series 3 Notes will mature on March 28, 2013, resulting in a term to maturity of approximately 5 years. The Series 4 Notes will mature on or about May 23, 2013, resulting in a term to maturity of approximately 5 years. The Notes of each series are not redeemable or retractable prior to maturity, but they may be resold in any available secondary market. See "Description of the Notes — Secondary Trading".

Offering:

This Offering has been developed to provide investors with the opportunity to purchase principal protected notes that provide up to 100% of exposure (\$97.50 per Note) to the Index. The link between the Notes of each series and the Index will be based on an initial notional investment of the Net Proceeds of the Offering of each series (\$97.50 per Note) in the Index Account.

Portfolios:

Each series of Notes will have its own Portfolio. Each Portfolio will consist of three book-entry accounts, being the Index Account, the Bond Account and the Principal Repayment Account. It is anticipated that the Calculation Agent will initially allocate the entire Net Proceeds of \$97.50 per Note of each series to the Index Account within three Business Days of the applicable Issue Date. **For the avoidance of doubt, each Portfolio is notional only and all actions taken with respect thereto including, without limitation, all investments and sales of an interest in the Index and/or Bonds are notional actions only. All references contained in this Information Statement to any such actions or events are to be construed as notional actions and events only. Since each Portfolio is strictly notional and each of the Index Account, the Bond Account and the Principal Repayment Account are book-keeping entries only, at no time will any Portfolio actually hold or own cash, Bonds or any securities underlying the Index. Investors will not, by virtue of holding Notes or otherwise, have any rights to acquire, or any direct or indirect ownership of or entitlement to, Bonds or any securities underlying the Index.**

Index Accounts:

Any amounts allocated to each Index Account will be fully exposed to the performance of the Index, based on the Closing Value of the Index. The allocation of a Portfolio to the Index may be affected by a Market Disruption Event, an Extraordinary Event or a Protection Event. Semi-Annual Partial Principal Repayments paid on a series of Notes will be deducted from the relevant Index Account and credited to the applicable Principal Repayment Account. See "Description of the Notes".

Principal Repayment Accounts:

Subject to the occurrence of an Extraordinary Event (which may include a Market Disruption Event which continues in effect for eight or more

consecutive Business Days) or a Protection Event, principal amounts equal to 2.125% of the Original Principal Amount of each Note of a series will be notionally credited to the relevant Principal Repayment Account, deducted from the corresponding Index Account and paid to Investors in each year during the term of the Notes of the relevant series, on the following dates:

<u>Series</u>	<u>Semi-Annual Partial Principal Repayment Dates⁽¹⁾</u>	<u>Commencing</u>
Series 2 Notes	January 25 July 25	July 25, 2008
Series 3 Notes	March 28 September 28	September 28, 2008
Series 4 Notes	May 23 November 23	November 23, 2008

(1) If any such date is not a Business Day then the Semi-Annual Partial Principal Repayment Date shall be on the next following Business Day.

Program Fees will not be deducted from any Principal Repayment Account. Each Semi-Annual Partial Principal Repayment will reduce the Floor, thereby reducing the risk that a Protection Event will occur in respect of the relevant series of Notes.

Bond Accounts:

Each Bond Account will, if a Protection Event or an Extraordinary Event occurs, notionally hold 0.50% coupon bonds (each a “Bond”) of the Bank that mature on the applicable Maturity Date for that series of Notes. Bonds will be purchased and sold at yields equal to the prevailing Canadian dollar inter-bank swap rate (using the bid swap rate for purchases and offer swap rate for sales) for a term equivalent to the remaining term of the relevant series of Notes. No Bonds will be purchased on any Issue Date. See “Description of the Notes — Portfolio Allocation Rules”.

**Semi-Annual Partial
Principal Repayments:**

Subject to the occurrence of an Extraordinary Event (which may include a Market Disruption Event which continues in effect for eight or more consecutive Business Days) or a Protection Event, Semi-Annual Partial Principal Repayments per Note will be payable in Canadian dollars in an amount, if any, equal to 2.125% of the Original Principal Amount of such Notes. Upon payment of any Semi-Annual Partial Principal Repayment on the Notes of a series, the aggregate amount of such payment will be deducted from the applicable Principal Repayment Account. On any day, the \$100 Original Principal Amount of a Note minus the aggregate Semi-Annual Partial Principal Repayments made on such Note to and including such date shall equal the Principal Outstanding of such Note. A cumulative maximum of \$19.125 per Note of Semi-Annual Partial Repayments will be paid over the term of the Notes of each series. Each Semi-Annual Partial Principal Repayment will reduce the Floor for that series, thereby reducing the risk that a Protection Event will occur in respect of that series. See “Description of the Notes — Semi-Annual Partial Principal Repayments”.

Amount Payable at the Maturity Date:

The amount payable per Note at its maturity (the “Maturity Payment Amount”) will be determined by the Calculation Agent based on the following formula:

$$\text{Maturity Payment Amount} = \text{Principal Outstanding} + \text{Variable Return}$$

Where:

- **Principal Outstanding** in respect of a series of Notes equals the Original Principal Amount (\$100) less the aggregate of all Semi-Annual Partial Principal Repayments per Note of the relevant series made during the term of such Notes;
- **Variable Return** in respect of a series of Notes equals: (i) NAV_{FINAL} ; less (ii) the Principal Outstanding of the Notes of such series;
- NAV_{FINAL} in respect of a series of Notes is an amount, expressed per Note, equal to the NAV determined on the third Business Exchange Day prior to the applicable Maturity Date, excluding any amount notionally held in the applicable Principal Repayment Account which will be paid out as a Semi-Annual Partial Principal Repayment on the applicable Maturity Date determined on the third Exchange Business Day prior to such Maturity Date; and
- **NAV** in respect of a series of Notes means, at any time, the total of: (i) the value of the applicable Index Account based on the then prevailing Closing Value (the “Index Account Value”) and the value of the applicable Bond Account; plus (ii) any cash in the applicable Principal Repayment Account; minus (iii) the accrued and unpaid Program Fee; divided by (iv) the number of Notes of that series outstanding.

Portfolio Allocation Rules:

Within 3 Business Days of the applicable Issue Date, it is anticipated that the full amount of the Net Proceeds from the issuance of the Notes of a series of \$97.50 per Note will be allocated to the relevant Index Account at the then prevailing Closing Value. No Bonds will be purchased initially.

Each Portfolio will remain fully invested in the Index Account at all times during the term of the Notes of the relevant series unless a Protection Event or an Extraordinary Event occurs prior to the applicable Maturity Date. If the Distance in respect of a series of Notes falls to less than 3.00% at any time (a “Protection Event”), the applicable Index Account will be liquidated at its mark to market value based on the then current Closing Value of the Index and the notional proceeds thereof applied first to repay any accrued and unpaid Program Fees of the relevant series and second, to purchase Bonds. Following the occurrence of a Protection Event or an Extraordinary Event in respect of a series of Notes, no portion of the relevant Portfolio will be allocated to the Index Account with the result that, thereafter until the applicable Maturity Date, the Portfolio for such series will consist only of Bonds, regardless of the subsequent performance of the Index. If a Protection Event occurs in respect of a series of Notes, the possibility of the Investor receiving more than the Principal Outstanding per Note of that series on the applicable Maturity Date is significantly reduced. In this case, Investors may only have the Principal Outstanding of their Notes returned to them on the Maturity Date, which could be less than the Original Principal Amount of \$100 per Note of such series.

For purposes of determining whether a Protection Event has occurred in respect of a series of Notes, the Distance, at any time, is the applicable Index Account Value less the price of a Bond that will pay an amount equal to the

Principal Outstanding at the applicable Maturity Date (the “Floor”), expressed as a percentage of such Index Account Value. Each Semi-Annual Partial Principal Repayment paid on a series of Notes will reduce the Floor in respect of a series of Notes, thereby reducing the risk that a Protection Event will occur in respect of such series.

See “Description of the Notes — Portfolio Allocation Rules”.

Market Disruption Event:

If a Market Disruption Event (as defined herein) occurs in respect of a series of Notes, the Calculation Agent may elect to determine whether a Protection Event has occurred in respect of such series substituting its own discretion, with respect to the applicable Index Account Value and may, in its sole discretion, make all necessary determinations and adjustments to the relevant Portfolio without any liability on the part of the Calculation Agent. In addition, the occurrence of a Market Disruption Event may delay determination and payment of the Variable Return, if any, in respect of a series of Notes at maturity. See “Description of the Notes — Special Circumstances — Market Disruption Event.”

Extraordinary Event:

If an Extraordinary Event (as defined herein) in respect of a series of Notes occurs, the Calculation Agent may determine that the applicable Portfolio will not include any investment in the Index and will only consist of the Bond Account. If so, no Variable Return may be paid in respect of such series, even though the Index may earn a positive return following the occurrence of the Extraordinary Event. In addition, all cash in the applicable Principal Repayment Account will be paid to Investors in the relevant series of Notes on the next following Semi-Annual Partial Principal Repayment Date (or if a Semi-Annual Partial Principal Repayment Date does not occur prior to maturity, on the applicable Maturity Date), following which no further Semi-Annual Partial Principal Repayments will be paid for the remainder of the term of the Notes of the relevant series. If an Extraordinary Event occurs in respect of a series of Notes, Investors in respect of such series will receive the Principal Outstanding per Note no earlier than the applicable Maturity Date. The liquidated proceeds of the applicable Index Account will be invested in the corresponding Bond Account. If an Extraordinary Event occurs in respect of a series of Notes, the possibility of receiving more than the Principal Outstanding per Note of the relevant series at the applicable Maturity Date is significantly reduced. In this case, Investors in respect of a series of Notes may only have the Principal Outstanding of their Notes of such series returned to them on the Maturity Date. See “Description of the Notes — Special Circumstances — Extraordinary Event”.

Secondary Market:

There is currently no market through which the Notes of any series may be sold. There can be no assurance that a secondary market for the Notes of any series 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. 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 through the FundSERV network for the Notes (the “Bid Price”). 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 two years from its 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 procedures and limitations established by the FundSERV network. See “Description of the Notes — Secondary Trading of Notes”, “FundSERV” and “Risk Factors”.

While the Selling Agent will use reasonable efforts, the Selling Agent is under no obligation to facilitate or arrange for such a secondary market, and such secondary market, when commenced, may be suspended at any time at the sole discretion of the Selling Agent, without notice. If there is no secondary market, an Investor will not be able to sell its Notes. The Notes are intended to be instruments held to the Maturity Date. **If an Investor sells Notes of a series prior to the Maturity Date, the Investor may have to do so at a discount from the Principal Outstanding of such Notes even if the performance of the applicable Portfolio has been positive and, as a result, the Investor may suffer losses.** See “Description of the Notes — Secondary Trading” and “Certain Canadian Federal Income Tax Considerations”.

Early Trading Charge:

If an Investor sells a Note of a series within the first 720 days from the applicable Issue Date, the proceeds from the sale of the Note will be reduced by the Early Trading Charge. The Early Trading Charge is 3.50% of the Original Principal Amount of any Note of a series sold in the first 360 days following its Issue Date and 1.75% of the Original Principal Amount of any Note sold from 361 days to 720 days following such Issue Date. After 720 days following the applicable Issue Date, the Early Trading Charge will cease to apply. See “Description of the Notes — Early Trading Charge”.

Rank; No Deposit Insurance:

The Notes of each series will rank equally with all other deposit liabilities of the Bank. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.** See “Description of the Notes — Rank; No Deposit Insurance”.

Credit Rating:

The Notes have not been rated. As of the date of this Information Statement, the Bank’s deposit liabilities with a term of more than one year were rated AA by DBRS Limited, AA– by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. and Aa1 by Moody’s Investors Service, Inc. There can be no assurance that if the Notes were specifically rated by these rating agencies that they would have the same rating as the Bank’s 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”.

Use of Proceeds:

The Net Proceeds will not be held by the Bank in trust for the Investors of the Notes in any segregated or other account. Rather, the Bank will use the Net Proceeds of the Offering for its general banking purposes. See “Use of Proceeds”.

Income Tax Considerations:

This income tax summary is subject to the limitations and qualifications set out under the heading “Certain Canadian Federal Income Tax Considerations”. Semi-Annual Partial Principal Repayments received in respect of the Notes, if any, will reduce the principal amount of the Notes and reduce the Initial Investor’s adjusted cost base of the Notes and will not be included in the Initial Investor’s income. Except in the case of an Extraordinary Event or a Protection Event, there should 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 or a Protection Event, 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 Regulations. The full amount of the Variable Return will generally be included in an Initial Investor’s income in the taxation year of the Initial Investor that includes the Maturity Date. Although not free from doubt, an Initial Investor who disposes of, or is deemed to dispose of, a Note (other than by virtue of repayment of the Note on the Maturity Date) should realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Note, less any costs of disposition, exceed (or are exceeded by) the Initial Investor’s adjusted cost base of the Note. **Initial Investors who dispose of Notes prior to the Maturity Date should consult their tax advisors with respect to their particular circumstances.**

See “Certain Canadian Federal Income Tax Considerations”.

Eligibility for Investment:

The Notes of each series 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, 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) or, if the Tax Proposals are enacted as proposed, registered disability savings plans.

Fees and Expenses:

The following fees and expenses will be paid prior to Variable Return, if any, in respect of Notes of a series at the applicable Maturity Date of the Notes:

Program Fee

The Notes of each series will be subject to an annual program fee (the “Program Fee”). The Program Fee will vary depending upon the allocation in the relevant Portfolio between the Index Account and the Bond Account. The Program Fee will be 1.00% for the portion of each Portfolio allocated to the Index Account and 0.50% for the portion of each Portfolio allocated to the Bond Account. The Program Fee in respect of each series of Notes will be accrued daily and paid semi-annually in arrears to Scotia Capital, as Calculation Agent of the Notes. The 0.50% Program Fee on the portion of each Portfolio allocated to the Bonds is produced by the coupon on the Bonds. The 1.00% Program Fee on the portion of each Portfolio allocated to the Index Account is generated by reducing the notional investment in that Index Account.

Program Fees associated with the Notes of a series will be deducted from the applicable Index Account periodically during the term of such Notes and prior to determining the amount of Variable Return, if any, payable at maturity in respect of the Notes of such series.

The Bank will also pay a selling fee to qualified selling group members of \$2.50 per Note sold.

Calculation Agent:

Scotia Capital will act as the Calculation Agent, provided that Scotia Capital may appoint a successor calculation agent and may delegate its functions to a third party. The Calculation Agent will make all necessary calculations and determinations required in respect of the Notes. In certain circumstances involving a Market Disruption Event, exact and precise calculations may not

be possible. The Calculation Agent's calculations and determinations will be made in good faith and will, absent manifest error, be final and binding on Investors.

**Book-Entry Only
Registration:**

All of the Notes of a series will be evidenced by a single global Note held by CDS, or its nominee on its behalf, as registered Investor of the Notes. Registration of interests in and transfers of Notes will be made only through participants in its book-entry system ("Participants"). Subject to certain limited exceptions, no Investor will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and no Investor will be shown on the records maintained by the depositary except through an agent who is a Participant of the depositary. See "Description of the Notes — Form of the Notes".

Risk Factors:

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

There is no assurance that the Index will appreciate in value over the term of the Notes of any series. Therefore, there is no assurance that Investors will receive any amount at the applicable Maturity Date other than the repayment of the Principal Outstanding, which could be less than the Original Principal Amount of \$100 per Note. The Notes do not represent a direct or indirect ownership interest in any notional Bonds or any securities underlying the Index. All fees and expenses in respect of the Notes will be deducted from the value of the relevant Portfolio and will reduce the Variable Return, if any, payable in respect of such series. The performance of the Index may not be sufficient to generate any Variable Return on the Notes of any series.

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

Series 2 Notes will be issued on or about January 25, 2008. The Series 3 Notes will be issued on or about March 28, 2008. The Series 4 Notes will be issued on or about May 23, 2008. A maximum of \$20,000,000 Original Principal Amount of Notes of each series will be issued by the Bank. This maximum size may be changed at any time without notice and in the sole discretion of the Bank.

Original Principal Amounts and Minimum Subscriptions

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

Semi-Annual Partial Principal Repayments

Subject to the occurrence of a Protection Event or an Extraordinary Event (which may include a Market Disruption Event which continues in effect for eight or more consecutive Business Days), Semi-Annual Partial Principal Repayments, if any, per Note will be payable in Canadian dollars on the following dates:

<u>Series</u>	<u>Semi-Annual Partial Principal Repayment Dates⁽¹⁾</u>	<u>Commencing</u>
Series 2 Notes	January 25 July 25	July 25, 2008
Series 3 Notes	March 28 September 28	September 28, 2008
Series 4 Notes	May 23 November 23	November 23, 2008

(1) If any such date is not a Business Day then the Semi-Annual Partial Principal Repayment Date shall be on the next following Business Day.

The amount of each Semi-Annual Partial Principal Repayment to be paid per Note of a series on a particular Semi-Annual Partial Principal Repayment Date will be an amount equal to 2.125% of the Original Principal Amount per Note of the relevant series. Upon payment of any Semi-Annual Partial Principal Repayment, the aggregate amount of such payment will be deducted from the relevant Principal Repayment Account. Program Fees will not be deducted from any Principal Repayment Account. A cumulative maximum of \$19.125 per Note of Semi-Annual Partial Principal Repayments will be paid over the term of such Note.

Maturity Payment Amount

General

Each Note matures on the applicable Maturity Date. Subject to the occurrence of a Market Disruption Event, an Investor will be paid the Maturity Payment Amount at the applicable Maturity Date, subject to the provisions and conditions described or contemplated in this Information Statement. The Maturity Payment Amount is linked to the performance of the relevant Portfolio, the assets of which will be allocated as described

under “Description of the Notes — Portfolio Allocation Rules”. The Maturity Payment Amount per Note of each series will be determined by the Calculation Agent based on the following formula:

Maturity Payment Amount = Principal Outstanding + Variable Return

Where:

- **Principal Outstanding** in respect of a series of Notes equals the Original Principal Amount (\$100) less the aggregate of all Semi-Annual Partial Principal Repayments per Note of such series made during the term of such Notes;
- **Variable Return** in respect of a series of Notes equals: (i) NAV_{Final} ; less (ii) the Principal Outstanding of the Notes of such series;
- NAV_{Final} in respect of a series of Notes is an amount, expressed per Note, equal to the NAV determined on the third Business Exchange Day prior to the Maturity Date, excluding any amount notionally held in the applicable Principal Repayment Account which will be paid out as a Semi-Annual Partial Principal Repayment on the applicable Maturity Date; and
- **NAV** in respect of a series of Notes means, at any time, the total of (i) the value of the applicable Index Account Value and the value of the applicable Bond Account; plus (ii) any cash in the applicable Principal Repayment Account; minus (iii) the accrued and unpaid Program Fee; divided by (iv) the number of Notes of such series outstanding.

In no event will payment of the Maturity Payment Amount in respect of series of Notes be made by the Bank earlier than the applicable Maturity Date. Each Index Account will be notionally liquidated on the third Business Exchange Day immediately preceding the applicable Maturity Date based on its mark to market value utilizing the then prevailing Closing Value. The Calculation Agent will calculate the NAV_{FINAL} of a series of Notes on the third Business Exchange Day prior to the applicable Maturity Date. The timing and manner of determining the Variable Return, if any, and therefore the Maturity Payment Amount in respect of a series of Notes, may be affected by the occurrence of Market Disruption Events, Extraordinary Events or the inability notionally to fully liquidate the relevant Portfolio by the third Business Exchange Day prior to the applicable Maturity Date. See “Description of the Notes — Special Circumstances”.

If the Maturity Date of a series of Notes is not a Business Day for any reason, then such 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 the Notes of such series in respect of such postponement. **If the Notes are held to the applicable Maturity Date, the full Original Principal Amount (\$100 per Note) will have been paid in total by such Maturity Date (regardless of the performance of the Portfolio and even if NAV_{FINAL} of such Notes is less than \$100 for any reason).**

There is a possibility that there may be no Variable Return payable in respect of the Notes of a series. There will be no Variable Return unless the NAV_{FINAL} of such Notes is greater than the Principal Outstanding at maturity. If not, the Maturity Payment Amount per Note of that series will be limited to the Principal Outstanding of such series on the applicable Maturity Date. See “Risk Factors.”

If, following payment of the Maturity Payment Amount of a series of Notes, a correction or change is made to the Closing Value of the Index for any day during the term of such Notes, such Maturity Payment Amount will not be charged to reflect such correction or change and the Bank will be under no obligation to pay any additional amount to any Investor.

Examples

Example 1 — NAV_{FINAL} is greater than the Principal Outstanding

Maturity Payment Amount = Principal Outstanding + Variable Return

Assumptions:

$$NAV_{FINAL} = \$120.00$$

$$\text{Principal Outstanding} = \$80.875$$

$$\text{Total of Semi-Annual Partial Principal Repayments} = \$19.125$$

- (i) Variable Return (Min 0) = $NAV_{FINAL} - \text{Principal Outstanding}$
= $\$120.00 - \80.875
= $\$39.125$
- (ii) Maturity Payment Amount = $\text{Principal Outstanding} + \text{Variable Return}$
= $\$80.875 + \39.125
= $\$120.00$

The Maturity Payment Amount of \$120.00 per Note is in addition to total Semi-Annual Partial Principal Repayments of \$19.125 paid over the term of the Notes.

Example 2 — NAV_{FINAL} is less than the Principal Outstanding

Maturity Payment Amount = Principal Outstanding + Variable Return

Assumptions:

$$NAV_{FINAL} = \$73.00$$

$$\text{Principal Outstanding} = \$80.875$$

$$\text{Total of Semi-Annual Partial Principal Repayments} = \$19.125$$

- (i) Variable Return (Min 0) = $NAV_{FINAL} - \text{Principal Outstanding}$
= $\$73.00 - \80.875
= $\$0$
- (iv) Maturity Payment Amount = $\text{Principal Outstanding} + \text{Variable Return}$
= $\$80.875 + \0
= $\$80.875$

The Maturity Payment Amount of \$80.875 per Note is in addition to total Semi-Annual Partial Principal Repayments of \$19.125 paid over the term of the Notes.

The Portfolios

General

Each series of Notes will have a separate notional Portfolio. Each Portfolio consists of three book-entry accounts referred to as the Index Account, the Bond Account and the Principal Repayment Account. Each Portfolio is a notional portfolio of assets allocated in accordance with the Portfolio Allocation Rules between the Index Account and the Bond Account. Since each Portfolio is notional only, Investors will have no ownership or other interest in the Bonds, securities underlying the Index or other assets comprising a Portfolio, other than the right to be paid the Maturity Payment Amount and the Semi-Annual Partial Principal Repayments on the Notes of the relevant series. **For the avoidance of doubt, all holdings in each Portfolio and all actions including, without limitation, all holdings, purchases and sales of Bonds are notional holdings and actions only. All references contained in this Information Statement to any such actions or events are to be construed as notional actions and events only. Since each Portfolio is strictly notional and each Index Account, Bond Account and**

Principal Repayment Account are book-keeping entries only, at no time will any Portfolio actually hold or own any cash, securities underlying the Index or Bonds.

The Index Accounts

Each Index Account will consist of a notional investment in the Index. Each Index Account will provide exposure to the Index. Each Index Account may be affected by the occurrence of a Market Disruption Event, an Extraordinary Event or a Protection Event. Initially, the Net Proceeds per Note of each series of Notes of \$97.50 will be invested in the applicable Index Account and will remain invested in that Index Account for the term of the Notes, absent a Protection Event or an Extraordinary Event. Semi-Annual Partial Principal Repayments made in respect of that series of Notes will be deducted from the applicable Index Account and credited to the applicable Principal Repayment Account.

The Bond Accounts

Each Bond Account will consist of notional 0.50% coupon bonds of the Bank, which will be purchased and sold at yields equal to the prevailing Canadian dollar inter-bank swap rates as reasonably determined by the Calculation Agent, using the bid price for purchases and offer price for sales for a term equivalent to the remaining term of the Notes of the relevant series. The 0.50% coupon is to support the Program Fees associated with that Bond Account. On the applicable Issue Date, it is anticipated that all assets comprising the applicable Portfolio for that series of Notes will be allocated to the corresponding Index Account with no assets used to make a purchase in the Bond Account.

Following the applicable Issue Date, the notional assets comprising the relevant Portfolio will be allocated from the applicable Index Account to the applicable Bond Account upon the occurrence of a Protection Event or an Extraordinary Event. See “Description of the Notes — Portfolio Allocation Rules.”

The Principal Repayment Accounts

On each applicable Semi-Annual Partial Principal Repayment Date or, if such day is not a Business Day, the next following Business Day, the relevant Principal Repayment Account will be credited, the applicable Index Account will be debited and Investors will be paid principal amounts equal to 2.125% of the Original Principal Amount per Note of the relevant series. Program Fees will not be deducted from the Principal Repayment Accounts. Each Semi-Annual Partial Principal Repayment made on a series of Notes will reduce the Floor for that series, thereby reducing the risk that a Protection Event will occur in respect of a series of Notes. If a Protection Event or an Extraordinary Event occurs in respect of a series of Notes, Semi-Annual Principal Repayments will not be made for the remainder of the term of such Notes.

Portfolio Allocation Rules

General

Within 3 Business Days of the applicable Issue Date, the full amount of the Net Proceeds from the issuance of the Notes of the relevant series of \$97.50 per Note will be allocated to the applicable Index Account at the then prevailing Closing Value. No Bonds will be purchased initially.

Each Portfolio will remain fully invested in the applicable Index Account at all times during the term of the Notes of the relevant series unless a Protection Event or an Extraordinary Event in respect of such series occurs prior to the applicable Maturity Date. If the Distance in respect of a series of Notes falls to less than 3.00% at any time, thereby triggering a Protection Event in respect of such series, the relevant Index Account will be liquidated at its mark to market value based on the then current Closing Value of the Index and the notional proceeds thereof applied first to repay any accrued and unpaid Program Fees, and second to purchase Bonds. Following the occurrence of a Protection Event in respect of a series of Notes, no portion of the relevant Portfolio will be allocated to the corresponding Index Account with the result that, thereafter until the applicable Maturity Date, that Portfolio will consist only of Bonds, regardless of the subsequent performance of the Index. If a Protection Event occurs in respect of a series of Notes, the possibility of the Investor in such

series receiving more than the Principal Outstanding per Note of such series on the applicable Maturity Date is significantly reduced. In this case, Investors in such series may only have the Principal Outstanding of their Notes returned to them on the applicable Maturity Date.

The Distance in respect of a series of Notes, at any time, is the value of the Index Account less the price of a Bond that will pay an amount equal to the Principal Outstanding of such series at the applicable Maturity Date (the “Floor”), expressed as a percentage of the relevant Index Account Value. Each Semi-Annual Partial Principal Repayment will reduce the Floor of such series, thereby reducing the risk that a Protection Event will occur in respect of that series of Notes.

Protection Events

If a Protection Event occurs in respect of a series of Notes, the applicable Index Account will be fully liquidated at its mark to market value based on the then current Closing Value of the Index and the proceeds applied first to repay any accrued and unpaid Program Fees, and second to the purchase of Bonds such that, on the applicable Maturity Date, the value of the Bonds in the relevant Portfolio is expected to equal at least the Principal Outstanding per Note of the relevant series, with the Bank assuming the risk for any shortfall. In addition, all cash in the applicable Principal Repayment Account will be paid to Investors in such series on the next following Semi-Annual Partial Principal Repayment Date (or if a Semi-Annual Partial Principal Repayment Date does not occur prior to maturity, on the applicable Maturity Date), following which no further Semi-Annual Partial Principal Repayments will be paid for the remainder of the term of the Notes of that series. Investors are, in all events, entitled to receive the Principal Outstanding in respect of each Note held at the applicable Maturity Date. After a Protection Event occurs in respect of a series of Notes, the assets comprising the applicable Portfolio will remain in the corresponding Bond Account until the applicable Maturity Date regardless of the subsequent performance of the Index. If a Protection Event occurs in respect of a series of Notes, the possibility of receiving more than the Principal Outstanding per Note of that series on the applicable Maturity Date is significantly reduced. In this case, Investors in such series may have only the Principal Outstanding of their Notes returned to them on the applicable Maturity Date.

Illustrative Example

General

The illustrative example set out below demonstrates how the Portfolio Allocation Rules operate on the Notes. **This example is for illustrative purposes only and is not to be construed as a forecast or estimate of the anticipated performance of the Notes of any series or the Index. For simplicity in this example, it is assumed that interest rates remain constant.** The hypothetical fluctuation in the Closing Value of the Index is used for illustration purposes only. Accordingly, the hypothetical performance of the Index is not an estimate or forecast of future value of the Index for the periods set out below. The following example assumes the Investor has purchased a single Note.

Investors in any series of Notes should note that, although Variable Return which, in turn, affects the Maturity Payment Amount, is linked to the performance of the applicable Portfolio, the amount, if any, of the Variable Return (and, as a result, the Maturity Payment Amount) will depend upon the timing and extent of the increase and decrease in the Closing Value of the Index over the term of the series of Notes to the applicable Maturity Date. Specifically:

- there is no theoretical maximum Variable Return payable on the Notes except that the 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;
- a Protection Event in respect of a series of Notes will occur if the Distance for such series falls below 3%, in which case the applicable Portfolio will be fully invested in Bonds until the applicable Maturity Date and the Investor will not participate in any subsequent performance (positive or negative) of the Index, with the result that it is possible that no Variable Return may be paid on such Notes;

- each Semi-Annual Partial Principal Repayment in respect of a series of Notes will reduce the Floor for such series, thereby reducing the risk that a Protection Event will occur in respect of such series;
- each Portfolio will remain fully invested in the corresponding Index Account over the term of the relevant series of Notes, unless a Protection Event or an Extraordinary Event occurs in respect of such series prior to the applicable Maturity Date;
- an Index Account will be reduced by an amount equal to each Semi-Annual Partial Principal Repayment paid on the applicable series of Notes;
- it is very unlikely that investing in the Notes will offer the same return as a direct investment in the Index;
- the Principal Outstanding per Note of a series will be payable by the Bank on the applicable Maturity Date regardless of the performance of the Index with the result that, in all events over the term of such Notes, Investors will receive at least the Original Principal Amount (\$100) per Note if held until maturity;
- Variable Return will only be payable to the extent that the NAV_{FINAL} in respect of the relevant series of Notes exceeds the Principal Outstanding in respect of such series at the applicable Maturity Date.

Protection Event

If the value of a Portfolio declines or if the Floor rises (due to a decrease in interest rates) by a pre-defined amount resulting in the Distance falling to less than 3% at any time for a series of Notes, a Protection Event will occur in respect of that series of Notes and the relevant Portfolio will notionally liquidate the corresponding Index Account and purchase Bonds.

If so, an Investor's exposure to the Index Account would decrease to zero for the remainder of the term of the Notes of that series and no further Semi-Annual Partial Principal Repayments would be made on the Notes of that series.

The following example demonstrates the occurrence of a Protection Event:

At Issue

Initial NAV	= \$97.50
Initial Floor	= \$82
Distance	= (NAV – Floor)/NAV
	= (\$97.50 – \$82)/\$97.50
	= 15.90%

At Protection Event

NAV	= \$84.50
Floor	= \$82
Distance	= (NAV – Floor)/NAV
	= (\$84.50 – \$82)/\$84.50
	= 2.96%

If the NAV of the Notes of a series declines to \$84.50, the Distance will fall below 3% causing a Protection Event. This would require that the Index Account for that series of Notes be liquidated and the notional proceeds of \$84.50 would be invested in the corresponding Bond Account for the remainder of the term of the Notes of that series.

Special Circumstances

During the term of the Notes of each series, certain events affecting such Notes and the Index may occur. Following the occurrence of any such event, the Calculation Agent may be required to make decisions with respect to the Notes of the relevant series relating to the payment and/or calculation of Variable Return, if any, and the valuation of the applicable Index Account. 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 holding such Notes, without any liability on the part of the Bank, the Calculation Agent or the Selling Agent, and Investors holding such Notes will not be entitled to any compensation from the Bank, the Calculation Agent or the Selling Agent for any loss suffered as a result of any of the Calculation Agent's calculations or determinations. See "Risk Factors".

Market Disruption Event

If a Market Disruption Event in respect of the Index has occurred or is continuing on any date, then the Calculation Agent may, in its discretion, elect to determine whether a Protection Event in respect of any series of Notes has occurred, acting in good faith and taking into account all market circumstances considered by it to be relevant in determining the Closing Value of the Index, without liability on the part of the Calculation Agent (the "MDE Formula"). If the Calculation Agent, in its discretion, determines that a Protection Event in respect of any series of Notes has occurred based on the applicable Index Account Value utilizing such Closing Value then the Calculation Agent may, in its discretion, liquidate the applicable Index Account at its mark to market value based on such Closing Value with the consequences described under "Description of the Notes — The Portfolio — Protection Event".

Subject to the occurrence of a Market Disruption Event in respect of any series of Notes, payment of the Maturity Payment Amount of each series of Notes is expected to occur on the applicable Maturity Date. If a Market Disruption Event in respect of any series of Notes occurs and is resolved by the third Business Day before the applicable Maturity Date, payment of the applicable Maturity Payment Amount will occur on the relevant Maturity Date. If a Market Disruption Event occurs in respect of any series of Notes and is not resolved by the third Business Day before the applicable Maturity Date, payment of the Principal Outstanding will occur on the applicable Maturity Date, and payment of the Variable Return, if any, will occur as soon as practicable following resolution of the Market Disruption Event and, in any event, no later than 180 days after the applicable Maturity Date. If the Market Disruption Event is not resolved by the 175th day after the applicable Maturity Date, the Calculation Agent shall, in its sole discretion, determine the Closing Value of the Index as of the Business Day immediately preceding such date using the Calculation Agent's good faith estimate, without any liability on the part of the Calculation Agent, of such Closing Value on such Business Day and taking into account all market circumstances considered by the Calculation Agent to be relevant, acting reasonably, and calculate and pay the Variable Return, if any, in respect of the relevant series of Notes utilizing such Closing Value.

Adjustments Due to Material Changes

If, during the term of the Notes of any series, the Index is: (i) not calculated and announced by PC-Bond on the Issue Date but is subsequently calculated and announced by a Successor Source; or (ii) replaced by a successor index using, in the determination of Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Source or the successor index, as the case may be, and the Variable Return, if any, will be calculated by reference to the Closing Value of that index in accordance with the formula previously set out herein.

If any of the following occurs in respect of the Index (each a "Material Index Change"):

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

(iii) at any time, PC-Bond fails to calculate and announce the Index,

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

Extraordinary Event

If an Extraordinary Event occurs in respect of a series of Notes, the Calculation Agent may determine that the Notes of that series will no longer have exposure to the Index, and the relevant Portfolio may consist only of Bonds until the applicable Maturity Date. Upon such determination by the Calculation Agent, no further Variable Return will be earned on the Notes of that series, even though the Index may earn a positive return following the occurrence of an Extraordinary Event. In addition, all cash reflected in the applicable Principal Repayment Account will be paid to Investors of that series on the next following Semi-Annual Partial Principal Repayment Date (or if a Semi-Annual Partial Principal Repayment Date does not occur prior to maturity, on the applicable Maturity Date), following which no further Semi-Annual Partial Principal Repayments will be paid for the remainder of the term of such Notes. At the sole discretion of the Calculation Agent, if the circumstances giving rise to the Extraordinary Event no longer exist or are determined by the Calculation Agent to have been adequately resolved, the Calculation Agent may, but is not required to, reallocate the assets of the applicable Portfolio according to the Portfolio Allocation Rules. **If an Extraordinary Event in respect of a series of Notes occurs, the possibility of an Investor in that series receiving any payment in excess of the Principal Outstanding at the applicable Maturity Date may be significantly reduced.** Following the occurrence of an Extraordinary Event in respect of a series of Notes, an Investor of that series would continue to be able to sell a Note of that series in accordance with the terms of, and subject to the restrictions of, any secondary market then offered by the Selling Agent. See “Description of the Notes — Secondary Trading”.

For the avoidance of doubt, if an Extraordinary Event occurs in respect of a series of Notes, neither payment of the Variable Return, if any, or payment of the Principal Amount per Note of that series will be accelerated.

Secondary Trading

There is currently no market through which the Notes of any series may be sold. There can be no assurance that a secondary market for the Notes of any series 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. 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 Investors. These efforts will consist of posting a daily Bid Price determined by the Selling Agent through the FundSERV network for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Investor. Each sale of a Note

to the Selling Agent will be effected at a price equal to: (i) the Bid Price for the Note; minus (ii) any applicable Early Trading Charge. See “Description of the Deposit Notes— Early Trading Charge”. This will be the secondary market price. See “FundSERV” for details regarding secondary trading where the Notes are held through participants in the FundSERV network.

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

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

If an Investor sells Notes prior to maturity, the Investor may have to do so at a discount from the Principal Outstanding of such Notes even if the performance of the relevant Portfolio has been positive and, as a result, the Investor may suffer losses. See “Risk Factors — Liquidity Risk and Secondary Market”.

An Investor will not be able to redeem Notes prior to the Maturity Date.

Early Trading Charge

A sale of Notes of a series prior to the applicable Maturity Date may be subject to the Early Trading Charge. If a Note is sold to the Selling Agent within 720 days following its Issue Date, the proceeds from the sale of the Note will be reduced by an Early Trading Charge expressed as a percentage of the Original Principal Amount of the Note of that series as follows:

<u>If Sold Within</u>	<u>Early Trading Charge</u>
0 to 360 days	3.50%
361 to 720 days	1.75%

An Investor should understand that any valuation price for the Notes appearing on its investment account statement, as well as any Bid Price quoted to the Investor to sell Notes prior to the applicable Maturity Date, will be before the application of any applicable Early Trading Charge. An Investor wishing to sell Notes prior to their Maturity Date should consult its investment advisor about 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 applicable Maturity Date. An Investor should consult his or her investment advisor as to whether it would be more favourable in the circumstances at any time, to sell (assuming the availability of a secondary market) or to hold the Notes until their 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 applicable Maturity Date as compared to holding the Notes until such Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

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

Rank; No Deposit Insurance

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

Credit Rating

The Notes have not been rated. As of the date of this Information Statement, the deposit liabilities of the Bank with a term to maturity of more than one year are rated AA by DBRS, AA- by S&P and Aa1 by Moody's. There can be no assurance that, if the Notes were specifically rated by these rating agencies, they would have the same rating as the other deposit liabilities of the Bank. **A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.**

Settlement of Payments

The Bank will be required to make available to CDS, no later than 10:00 a.m. (Toronto time) on each applicable Maturity Date, funds in an amount sufficient to pay the amounts due under the Notes of the relevant series. Payment of the Variable Return, if any, and Semi-Annual Partial Principal Repayments, if any, may be delayed in certain circumstances. See “Deferred Payment” and “Description of the Notes — Market Disruption Event”.

All amounts payable in respect of the Notes of each series will be made available by the Bank through CDS or its nominee. CDS or its nominee will, upon receipt of any such amount, facilitate payment to the applicable CDS Participants or credit the account of such CDS Participants, in amounts proportionate to their respective interests as shown on the records of CDS.

The Bank expects that payments by CDS Participants to Investors will be governed by standing instructions and customary practices, as is the case with securities or instruments held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank in respect of Notes represented by a global Note is limited to making payment of the amounts due in respect of the global Note to CDS or its nominee. Neither the Bank nor any of its affiliates will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of the Notes represented by the global Note or for maintaining, supervising or reviewing records relating to any such ownership.

The Bank retains the right, as a condition to payment of amounts at each Maturity Date, to require the surrender for cancellation of any certificate evidencing the Notes of the relevant series.

Neither the Bank nor CDS will be bound to recognize the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

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 applicable 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.

Form of the Notes

General

The Notes of each series will be represented by a global Note representing the entire issuance of Notes of that series. 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 of each series in a form of a 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 Original Principal Amount of the Notes of that series. 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 Outstanding 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 Investors or if an owner of a beneficial interest in a registered global Note desires to give or take any action that an Investor is entitled to give or take in respect of the Notes, the depository for the registered global Note would authorize the Participants holding the relevant beneficial interests to give or take that action, and the Participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

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

The Bank expects that the depository for any of the Notes represented by a registered global Note, upon receipt of any payment on the Notes, will immediately credit Participants' accounts in amounts proportionate to their respective beneficial interests in that registered global Note as shown on the records of the depository. The Bank also expects that payments by Participants to owners of beneficial interests in a registered global Note held through Participants will be governed by standing customer instructions and customary practices, as is now the

case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those Participants.

Definitive Notes

If the depositary 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 depositary, and a successor depositary 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 depositary.

In addition, the Bank may at any time and in its sole discretion decide not to have any of the Notes of a series 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 of that series.

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 holders 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 will be made by cheque mailed to the applicable registered Investor at the address of the Investor appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Investor at least five 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 Outstanding under the Note in full, to retain the Note and mark the Note as cancelled.

Dealings in Securities Underlying Index

The Bank and its affiliates may from time to time, in the course of its normal business operations, hold interests linked to the Index. The Bank and its affiliates may deal in the securities underlying the Index and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any issuer the securities of which may, from time to time, be represented in the Index or any other person or entity having obligations relating to such issuer and may engage in proprietary trading in the interests linked to the Index or the securities of any issuer represented, from time to time, in the Index or in options, futures or derivatives relating to such securities (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 value of the Index 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 issuer represented, from time to time, in the Index, 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 of a series will be valid and effective: (i) if such notices are given (which notice may be given by wire or fax) to the applicable depository (initially being CDS) and its relevant Participants; or (ii) in the case where such Notes are directly registered in the Investors' names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Investors; provided, however, that any required notice of an Extraordinary Event or Market Disruption Event will also be published in the Toronto and national editions of a major daily English language Canadian newspaper with national circulation and in a daily French language newspaper of general circulation in Montreal.

Amendments to the Notes

The terms of the Notes of any series may be amended without the consent of 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 such series. 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 Investors holding not less than 66²/₃% of the Principal Outstanding of the Notes of that series represented at a meeting convened for the purpose of considering the resolution. The quorum for a meeting of Investors is at least two Investors holding Notes of such series represented in person or by proxy holding at least 10% of the total Principal Outstanding of the Notes of that series. 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 holding Notes of such series of such adjourned meeting. The Investors holding Notes of such series present at the adjourned meeting will constitute a quorum. Each Investor is entitled to one vote per Note of the relevant series held by such Investor for the purposes of voting at meetings.

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

Investors' Right of 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.

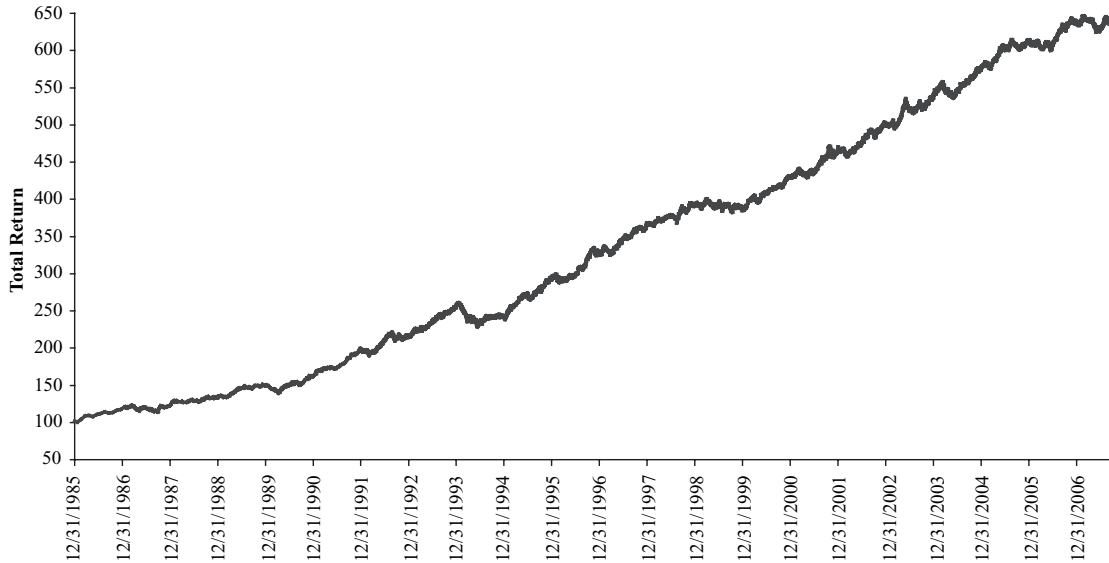
THE INDEX

The Index is designed to be a broad measure of the Canadian investment-grade fixed income market. As of November 5, 2007, the Index consisted of 1,011 securities, with a total market value of approximately \$695 billion. Returns are calculated daily, and are weighted by market capitalization, so that the return on a bond influences the return on the Index in proportion to the bond's market value. Coupon income, realized and unrealized, is reinvested daily across all bonds in the Index in proportion to their market values. The Index has been published since 1979. It is intended to be a transparent index, with individual security holdings disclosed electronically each day. Neither the Bank nor Scotia Capital Inc. is the sponsor of the Index.

Historical Performance of the Index

The following chart illustrates the growth of \$100 invested in the Index from December 31, 1985 through to October 31, 2007. **The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Notes.**

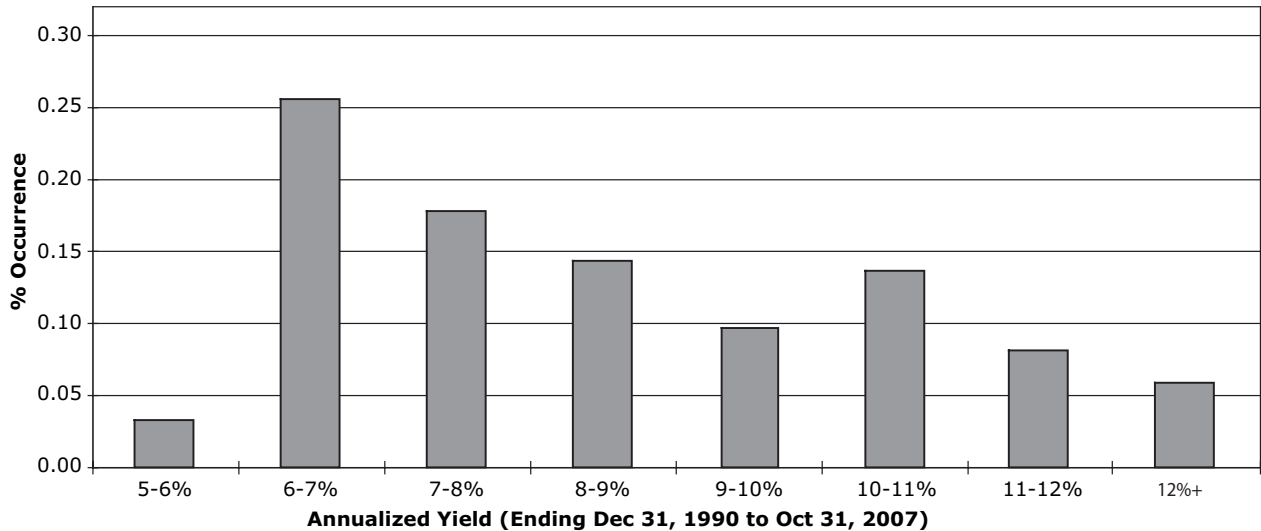
**DEX Universe Bond Index™ (Total Return)
(Dec 31, 1985 to Oct 31, 2007)**



Source: Scotia Capital Inc.

The following chart illustrates the distribution of annualized returns for rolling five-year periods beginning January 1, 1985, and ending October 31, 2007. **The chart is a record of historical performance only and should not be taken as an indication or estimate of the future performance of either the Index or the Notes.**

**DEX Universe Bond Index™ (Total Return)
Distribution of Annualized Yields over Rolling Five Year Periods
(Ending Dec 31, 1990 to Oct 31, 2007)**



Source: Scotia Capital Inc.

Disclaimer

The Notes are not sponsored, endorsed, sold or promoted by PC-Bond Group. PC-Bond Group and the Bank make no representation, condition or warranty, express or implied, regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the Index to track general bond market performance or any other economic factors. PC-Bond's relationship to the Bank and the Selling Agent is restricted to the licensing (or sublicensing) of certain trademarks and the licensing of the Index, which is determined, composed and calculated by PC-Bond without regard to the Bank, the Selling Agent or the Notes. The Selling Agent also supplies data to PC-Bond. PC-Bond has no obligation to take the needs of the Bank, the Selling Agent or the Investors into consideration in determining, composing or calculating the Index. PC-Bond is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in the determination or calculation of Variable Return. PC-Bond has no obligation or liability in connection with the administration, marketing or trading of the Notes.

PC-Bond Group does not guarantee the accuracy and/or the completeness of the Index or any data included therein or any other data provided by the PC-Bond Group and PC-Bond Group shall have no liability for any interruptions, delays, errors or omissions therein. PC-Bond Group makes no warranty, condition or representation, express or implied, as to results to be obtained by the Bank, the Selling Agent, Investors, or any other person or entity from the use of the Index or any data included therein or any other data provided by PC-Bond Group. PC-Bond Group makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability, merchantable quality or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the Index or any data included therein or any other data provided by PC-Bond Group. Without limiting any of the foregoing, in no event shall PC-Bond Group have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

INTEREST ON SUBSCRIPTION PROCEEDS

Subscription proceeds submitted by Investors in advance of the applicable 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 of a series will receive credit for interest accruing on funds so delivered in the form of additional whole Notes of the same series. 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 applicable Issue Date, divided by the \$100 purchase price of a Note, rounded down to the nearest whole number. No fractional Notes of any series 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 network 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 network 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 through the FundSERV network (“FundSERV-enabled Notes”) will also be evidenced by that Global Note, as are all other Notes. See “Description of the Notes — Form of the Notes” above for further details on CDS as a depository and related matters with respect to the Global Note. Investors holding FundSERV-enabled Notes will therefore have an indirect beneficial interest in the Global Note. That beneficial interest will be recorded in CDS as being owned by Scotia Capital Inc., as a direct participant in CDS. Scotia Capital Inc. will in turn record in its records respective beneficial interests in the FundSERV-enabled Notes. An Investor should understand that Scotia Capital Inc. will make such recordings as instructed through the FundSERV network by the Investor’s financial advisor.

Purchase Through a Distributor on the FundSERV Network

In order to complete the purchase of FundSERV-enabled Notes, the full subscription price (i.e., the aggregate Principal Amount therefor) must be delivered to Scotia Capital Inc. in immediately available funds by no later than the Issue Date. Despite delivery of such funds, Scotia Capital Inc. reserves the right not to accept any offer to purchase FundSERV-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 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 FundSERV). 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 the FundSERV network 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 Scotia Capital Inc. but rather will be sold in the secondary market to Scotia Capital Inc. In turn, Scotia Capital Inc. will be able in its discretion to sell those FundSERV-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.

Scotia Capital Inc. 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 Scotia Capital Inc.’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 Scotia Capital Inc.’s Bid Price generally available to all Investors as at the relevant close of business, including clients of Scotia Capital Inc.

An Investor holding FundSERV-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.

FEES AND EXPENSES ASSOCIATED WITH THE NOTES

Program Fee

The Notes of each series will be subject to an annual Program Fee. The Program Fee will vary depending upon the relative allocation in the applicable Portfolio between the Index Account and the Bond Account. The Program Fee will be 1.00% for the portion of each Portfolio allocated to the Index Account and 0.50% for the portion of such Portfolio allocated to the Bond Account. The Program Fee will be calculated daily and payable semi-annually in arrears to Scotia Capital, as Calculation Agent of the Notes. The 0.50% Program Fee on the portion of each Portfolio allocated to the Bonds is produced by the coupon on the Bonds. The 1.00% Program Fee on the portion of each Portfolio allocated to the Index Account is generated by reducing the relevant notional investment in the corresponding Index Account.

Program Fees associated with the Notes of a series will be deducted from the applicable Index Account periodically during the term of the Notes and prior to determining the amount of the Variable Return, if any, payable at maturity in respect of such Notes.

The Bank will also pay a selling fee to qualified selling group members of \$2.50 per Note of each series sold.

USE OF PROCEEDS

The Net Proceeds will not be held by the Bank in trust for the Investors in any segregated or other account. Rather, the Bank will use the Net Proceeds of the Offering for its general banking purposes.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Notes by an Investor who purchases Notes at the time of their issuance (an “Initial Investor”). This summary is applicable only to an Initial Investor who is an individual (other than a trust) and, for the purposes of the Act, is a resident of Canada, deals at arm’s length, and is not affiliated, with the Bank and holds 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 (the “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.

Semi-Annual Partial Principal Repayments

Any Semi-Annual Partial Principal Repayments received in respect of the Notes will reduce the principal amount of the Notes and reduce the Initial Investor’s adjusted cost base of the Notes and will not be included in the Initial Investor’s income when received.

Variable Return

A Note is a “prescribed debt obligation” within the meaning of the Act. The rules in the Regulations applicable to a prescribed debt obligation generally require a taxpayer to accrue the amount of any interest,

bonus or premium receivable in respect of the obligation over the term of the obligation, based on the maximum amount of interest, bonus or premium that could be payable on the obligation. Based in part on the CRA's administrative practice with regard to prescribed debt obligations, there should be no deemed accrual of the Variable Return on the Notes under these provisions prior to the Maturity Date, provided that no Extraordinary Event or Protection Event has occurred.

When in a particular taxation year, as a result of an Extraordinary Event or a Protection Event, the Variable Return is determined, 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.

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

Disposition of a Note

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 in the taxation year or a preceding taxation year. The Bank will file an information return with the CRA in respect of any such amount to be included in an Initial Investor's income and will provide the Initial Investor with a copy of such return. 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 (reduced as discussed above under "Semi-Annual Partial Principal Repayments") 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 of a Note on the Maturity 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 a Protection Event, there should be no amount in respect of the Variable Return that will be treated as accrued interest on an assignment or transfer of a Note prior to the Maturity Date. Except as described above regarding a payment at the Maturity Date by the Bank, while the matter is not free from doubt, an amount received by an Initial Investor on a disposition or deemed disposition of a Note should give rise to a capital gain (or capital loss) to the extent proceeds of disposition exceed (or are less than) the aggregate of the Initial Investor's adjusted cost base of the Note (reduced as discussed above under "Semi-Annual Partial Principal Repayments") 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.

PLAN OF DISTRIBUTION

Each Note of each series will be issued for a subscription price of 100% of the Original 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 the offering of: (i) Series 2 Notes is scheduled to occur on or about January 25, 2008; (ii) Series 3 Notes is scheduled to occur on or about March 28, 2008; and (iii) Series 4 Notes is scheduled to occur on or about May 23, 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 of any series. 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 \$2.50 per Note of each series 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. 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 of each series of Notes 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 of 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, 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.

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.

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 close to 58,000 employees, the Bank and its affiliates have branches and offices serving almost 12 million customers in some 50 countries, which provide a wide range of banking and financial services, either directly or through subsidiary and associated banks, trust companies and other financial institutions.

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 2006 Management's Discussion and Analysis found on page 42 of the Annual Report.

Domestic Banking

The Bank's Domestic Banking business line provides a full range of banking and investment services to retail and small business banking, commercial and wealth management customers across Canada. Retail Banking provides a full range of financial products and services to nearly 7 million customers through a multi-channel domestic delivery network that includes 972 branches; 2,742 automated banking machines ("ABMs"); telephone, wireless and internet banking; three call centres, 100 wealth management branches, four dealer finance centres; and six commercial and business banking centres. Retail and Small Business Banking supplies 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

The Bank's International Banking business line operates in more than 40 countries and includes operations in the following geographic regions: the Caribbean and Central America, Mexico, Latin America, and Asia. International Banking includes the Bank's retail and commercial banking operations outside of Canada. Including the Bank's subsidiaries and affiliates, more than 27,100 employees worldwide provide a full range of services to over 4.7 million customers. In the Caribbean and Central America, the Bank operates in 25 countries with 372 branches and offices and a network of 844 ABMs and employs over 11,200 staff. In Mexico, Grupo Financiero Scotiabank Inverlat, S.A. de C.V. is the sixth-largest financial group in the Mexican banking system, serving more than 1.4 million customers through 494 branches and offices, and has a network of 1,122 ABMs, nearly 7,400 employees and a significant portion of the rapidly expanding mortgage and automotive financing markets. In Latin America, the Bank's holdings include Scotiabank Sud Americano, S.A. in Chile, Scotiabank Peru S.A.A. and an affiliate in Venezuela. In Chile, the Bank operates 53 branches and offices and provides personal, commercial and corporate banking services. The Bank expanded its operations in Peru in 2006, which resulted in 77.57% ownership of the third-largest bank in the country, with 140 branches and other operations. In the Asia Pacific region, the Bank operates in nine countries with 24 branches and offices. Current activities are focused on commercial banking and trade finance, along with some wholesale banking.

Scotia Capital

Scotia Capital provides full service wholesale banking to corporate, government and institutional clients across the NAFTA region as well as other selected niche markets globally. Scotia Capital has 18 offices and more than 300 relationship managers who are organized primarily around industry specialties. Scotia Capital is organized into two main businesses. Global Corporate and Investment Banking is organized geographically with four groups: Canadian Corporate and Investment Banking; United States Corporate; Europe Corporate; and Mexico Wholesale. In Canada, Scotia Capital provides wholesale banking services. In Mexico, Scotia Capital offers a full suite of wholesale products, as well as cash management, trade finance and correspondent banking to our Mexico-based clients. The United States and European units provide corporate lending products as well as select non-lending products. Global Capital Markets represents the Bank's trading businesses and operates in Canada, the United States, Mexico, Western Europe and Asia. Global Capital Markets specializes in fixed income, derivatives, foreign exchange, and equity sales, trading and research, and through ScotiaMocatta, precious metals.

RISK FACTORS

Investing in the Notes of any series is subject to certain risks. Before reaching a decision to purchase Notes of any series, a person should carefully consider a variety of risk factors including, but not limited to, the following:

Suitability of Notes for Investment

A prospective investor should decide to invest in Notes only after carefully considering with his or her advisors as to whether the Notes are a suitable investment in light of his or her investment objectives 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 of any series are a suitable investment for any person.

The Notes have certain investment characteristics that differ from conventional fixed income investments. The Notes may not provide Investors with an income stream or return prior to the applicable Maturity Date and may not provide any return in excess of the Principal Outstanding on maturity. The Notes do not provide a return that is calculated or determined with reference to a fixed or floating rate of interest. 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 Index. The Original Principal Amount is guaranteed to be repaid only if the Notes of a series are held to the applicable Maturity Date. The Notes are not conventional indebtedness. The Notes do not have a fixed yield and could produce no yield. Therefore, the Notes are not suitable investments for Investors who need or expect any return or a specific return on investment.

Investors should understand that the risk involved in this type of investment is greater than that normally associated with other types of investments. Performance of the Index may not be sufficient to generate any Variable Return on the Notes.

Comparison to Other Obligations

The terms of the Notes differ from those of ordinary obligations or debt instruments, in that a return, if any, is payable on the Notes of a series only to the extent that the relevant Index Account performance exceeds all applicable Program Fees over the term of the Notes of that series and certain events including Extraordinary Events and Protection Events do not occur. There can be no assurance that the Variable Return will be greater than zero or that more than the Original Principal Amount will ever be payable with respect to any series of 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 entitled to payments over the term of the Notes of each series totalling \$100 per Note of that series, the Notes do not bear a fixed rate of interest and there can be no assurance that the Notes of any series will bear any return. Historical performance of the Index should not be considered as an indication of the future performance of the Index or the Notes. No assurance can be given, and none is intended to be given, that the Index will appreciate in the period during which the Notes of any series are outstanding or that any return will be achieved on the Notes at the applicable Maturity Date. Semi-Annual Partial Principal Repayments paid on a series of Notes will reduce the applicable Index Account Value and the exposure of the Notes of that series to the Index Account.

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.

Uncertain Return Until the Maturity Date

The Notes are generally not suitable for an investor who requires liquidity prior to their Maturity Date. An Investor should consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell (assuming the availability of a secondary market) or hold the Note of a series until the applicable 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 applicable Maturity Date as compared to holding the Note until such Maturity Date.

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

Variable Return, if any, will be determined on the basis of the performance of the Index. The historical performance of the Index is not necessarily indicative of the future performance of the Index. The values of the securities reflected in the Index and therefore the Index itself will be influenced by complex and interrelated political, economic, financial and other factors.

Risks Relating to the Index

The Variable Return, if any, payable on the Notes of each series is linked to the performance of the Portfolio, which in turn is based on the performance of the Index. Accordingly, certain risk factors applicable to holders who invest directly in securities underlying the Index are also applicable to an investment in Notes to the extent that such risk factors could adversely affect the performance of the Index. Such risk factors include credit risk (factors that may result in non-payment of the obligation), currency risk (change in value of Canadian dollar compared to foreign currencies), financial, political and social factors that affect investments in Canada and interest rate risk (factors which might cause interest rates to rise or fall, since the value of fixed income instruments varies inversely with interest rates).

Valuation of the Index

In valuing the Index, the Calculation Agent will be dependent on information reported by PC-Bond. The Bank assumes no obligation to verify any information reported or determination made in respect of the Index and will not unwind or modify any reallocation of any Portfolio effected in respect of the Notes of any series during the term thereof in reliance on such information or determination in the event any information reported or determination made in respect of the Index proves to be incorrect in any way.

The Index

The trading prices of the securities underlying the Index, from time to time, will affect the Closing Value of the Index and, accordingly, the Index Account Values. Investors should recognize that it is impossible to know whether the value of the securities comprising the Index at any time will rise or fall. Trading prices of the securities comprising the Index may be influenced by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally or the equity trading markets on which the securities comprising the Index are trading. Investors should familiarize themselves with the basic features of the Index, including the general method of calculating the Closing Value.

Liquidity Risk and Secondary Trading of Notes

The Notes of each series are designed for Investors with long-term investment horizons who are prepared to hold the Notes to the applicable Maturity Date. The Notes are not designed as a short-term investment.

Variable Return, if any, per Note is only payable at the applicable Maturity Date. An Investor cannot elect to receive Variable Return prior to the applicable Maturity Date. The Notes will not be listed on any stock exchange. However, the Selling Agent intends to use reasonable efforts to maintain a secondary market for the Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. These efforts will consist of posting a daily Bid Price through the FundSERV network for the Notes of each series. 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. There is no assurance that any

premium that may have been paid by an Investor having purchased Notes in the secondary market will be recouped. The price that the Selling Agent will pay to an Investor for a Note of a series prior to its Maturity Date will be determined by the Selling Agent, acting in its sole discretion, and will be based on, among other things: (i) how much the value of the assets in the relevant Portfolio have risen or fallen since the applicable Issue Date; (ii) the fact that assets in such Portfolio will be reallocated between the corresponding Index Account and the Bond Account if a Protection Event or Extraordinary Event in respect of such series occurs during the term of such Notes; (iii) the fact that Semi-Annual Partial Principal Repayments in respect of that series will not be made during the remainder of the term of such Notes if a Protection Event or Extraordinary Event occur in respect of that series; and (iv) a number of other interrelated factors including, without limitation, volatility of the value of the notional assets in the relevant Portfolio, prevailing interest rates and the time remaining to the applicable Maturity Date. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. In particular, Investors should realize that the secondary market price for the Notes: (i) may not rise and fall with changes in the Closing Value of the Index; and (ii) may be substantially affected by changes in current interest rates independent of performance of the notional assets in the relevant Portfolio. Due to the method used to price the Variable Return, the expected value of the Variable Return may be substantially less than the value computed only with reference to the performance of the Index Account of the relevant series of Notes. If an Investor sells Notes prior to maturity, the Investor may have to do so at a discount from the Principal Outstanding of such Notes even if the performance of the relevant Portfolio has been positive and, as a result, the Investor may suffer losses. An Investor who sells a Note prior to the relevant Maturity Date may have to pay an Early Trading Charge of up to 3.50% of the Original Principal Amount of such Notes.

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 an Extraordinary Event has occurred in respect of a series of Notes, and may, as a consequence thereof, have to make certain determinations. While the Calculation Agent is required to make all 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 or affiliates, 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. The Bank and its affiliates may also deal in the securities of issuers represented in the Index. In addition, the Bank and its affiliates 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 issuer, the securities of which are represented in the Index or any other person or entity having obligations relating to such entities and may engage in proprietary trading in securities represented in the Index or securities linked to the Index, or in options, futures or derivatives relating to such securities (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 in 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 or any issuer, from time to time, represented in the Index 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).

Fees and Transaction Costs

In order for the payment at the applicable Maturity Date to exceed the Principal Outstanding of a Note of any series, the return on the notional assets in the relevant Portfolio at the applicable Maturity Date will have to exceed the aggregate fees and expenses paid in respect of such Notes during the term of the Notes.

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.

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.

Protection Event

The Portfolio for each series of Notes will remain fully invested in the Index Account at all times during the term of such Notes unless an Extraordinary Event or Protection Event occurs in respect of such series. If a Protection Event occurs in respect of a series of Notes then, for the remaining term of such Notes, the Notes of that series will no longer have any exposure to the corresponding Index Account. Following the occurrence of a Protection Event in respect of a series of Notes, any Variable Return on such Notes calculated as of the date of such occurrence will be notionally invested in the relevant Bond Account and the proceeds will be paid to the Investor at the applicable Maturity Date. **Following the occurrence of a Protection Event in respect of a series of Notes, all cash in the applicable Principal Repayment Account will be paid to Investors holding Notes of such series on the next following Semi-Annual Partial Principal Repayment Date (or if a Semi-Annual Partial Principal Repayment Date does not occur prior to maturity, on the applicable Maturity Date), following which no further Semi-Annual Partial Principal Repayments will be paid for the remainder of the term of such Notes.** If a Protection Event occurs in respect of a series of Notes, the possibility of an Investor in respect of such series receiving any Variable Return is significantly reduced and an Investor in such series will not receive any further Semi-Annual Partial Principal Repayments during the remainder of the term of such Notes.

Market Disruption Event

If a Market Disruption Event occurs in respect of a series of Notes on any day, the determination of whether a Protection Event in respect of that series of Notes has occurred, and any resulting notional rebalancing of the Portfolio may be delayed. Fluctuations in the Closing Value of the Index and in the market prices of a notional Bond may occur in the interim.

In the event that a Market Disruption Event occurs in respect of a series of Notes and continues for eight consecutive Business Days, the Calculation Agent may, in its discretion, determine the Closing Value of the Index or, alternatively, designate the occurrence of such event as an Extraordinary Event in respect of that series. In such circumstances, the Variable Return, if any payable in respect of that series, may be less than the Variable Return, if any, that would otherwise have been payable had the Market Disruption Event not occurred. See “Description of the Notes — Special Circumstances — Market Disruption Event” and “Description of the Notes — Special Circumstances — Extraordinary Event.”

A Market Disruption Event may also result in a delay in payment of the Variable Return, if any, payable in respect of a series of Notes. If a Market Disruption Event occurs in respect of a series of Notes and is not resolved by the third Business Day before the applicable Maturity Date, payment of the Principal Outstanding in respect of that series will occur on the applicable Maturity Date, and payment of the Variable Return, if any, will occur as soon as practicable following resolution of the Market Disruption Event and, in any event, no later than 180 days after the applicable Maturity Date.

Extraordinary Event

If an Extraordinary Event occurs in respect of a series of Notes, such Notes may no longer have exposure to the Index Account and may have exposure only to the Bond Account. Following the occurrence of an Extraordinary Event in respect of a series of Notes, such Notes will not participate in any return that may have been realized on the Index following an Extraordinary Event. Following an Extraordinary Event in respect of a series of Notes, all cash in the relevant Principal Repayment Account will be paid to Investors in such series on the next following Semi-Annual Partial Principal Repayment Date (or if a Semi-Annual Partial Principal Repayment Date does not occur prior to maturity, on the relevant Maturity Date), following which no further Semi-Annual Partial Principal Repayments will be paid for the remainder of the term of such Notes. If an Extraordinary Event occurs, the possibility of an Investor in such series receiving any Variable Return may be significantly reduced. See “Description of the Notes — Special Circumstances — Extraordinary Event.”

No Independent Calculation

As part of its responsibilities, the Calculation Agent, acting reasonably, will be solely responsible for computing the NAV per Note of each series based on the performance of the relevant Portfolio and the Portfolio Allocation Rules. No independent calculation agent will be retained to make or confirm the determinations and calculations made by the Calculation Agent.

No Ownership of Securities Underlying Index or Bonds

Owning the Notes is different from owning securities underlying the Index. The Notes do not represent a direct substitute for an investment in the such securities. Investing in the Notes of a series provides the opportunity to participate in the value of the relevant Portfolio, while receiving at the applicable Maturity Date repayment of the Principal Outstanding of each Note of the relevant series. As such, the Notes serve as a way of participating in the appreciation in the Closing Value of the Index, while assuring the ultimate return of the Original Principal Amount invested during the term of the Notes.

The Notes will not entitle an Investor to any direct or indirect ownership of or entitlement to Bonds or securities underlying the Index.

Economic and Regulatory Issues

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

The Notes are not subject to Canadian securities laws. Accordingly, Investors do not have the same rights of action with respect to the disclosure in this Information Statement that a prospectus would provide. No securities commission or similar authority has in any way passed upon the merits of the Notes or the 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 19, 2006;
- (b) the Bank’s consolidated financial statements as at and for the years ended October 31, 2006 and 2005 together with the auditors’ report thereon, including management’s discussion and analysis of financial

conditions and results of operations as contained in the Bank's Annual Report for the year ended October 31, 2006;

- (c) the Bank's Management Proxy Circular accompanying its notice of meeting dated January 15, 2007; and
- (d) the Bank's consolidated financial statements as at and for the nine month period ended July 31, 2007, including management's discussion and analysis of financial conditions and results of operations as contained in the Bank's 2007 Third Quarter Report to Shareholders.

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, 2006 and any business acquisition reports for acquisitions completed after October 31, 2006 filed by the Bank with a securities regulatory authority in Canada after the date of this Information Statement and prior to the completion or withdrawal of this Offering, are deemed to be incorporated by reference in this Information Statement.

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

GLOSSARY

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

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

“**Bid Price**” has the meaning ascribed thereto under “Summary — Secondary Market.”

“**Bond**” or “**Bonds**” means notional 0.50% coupon bonds issued by the Bank maturing on the Maturity Date.

“**Bond Account**” means the book-entry account comprising part of each Portfolio that may notionally hold Bonds.

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

“**Business Exchange Day**” means, in respect of the Index, any day on which each Exchange for futures, option contracts or future contracts in respect of the securities represented in the Index is scheduled to be open for trading during its regular trading sessions, notwithstanding any such Exchange closing prior to its normally scheduled closing time.

“**Calculation Agent**” means Scotia Capital or its delegate.

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

“**Closing Value**” means: (i) the official closing value or value for the Index (or successor index) as announced by PC-Bond, provided that, if on or after the Issue Date PC-Bond materially changes the time of day at which such closing value or value is determined or no longer announces such official closing value or value, the Calculation Agent may thereafter deem the Closing Value to be the level or value of the Index (or successor index) as of the time of day used by PC-Bond to determine the closing value or value prior to such change or failure to announce; or (ii) in the case of a Market Disruption Event, the closing value of the Index determined by the Calculation Agent in accordance with the MDE formula.

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

“**DBRS**” means DBRS Limited.

“**Distance**” has the meaning ascribed thereto under “Summary — Portfolio Allocation Rules”.

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

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

“**Extraordinary Event**” means any of the following events that occurs on or after the Issue Date in respect of a series of Notes and prior to the Maturity Date for such series 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, re-establish, substitute, maintain or unwind any hedge transaction in connection with the Offering of such 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 such Notes or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or (iii) as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, after such date or as a result of any other event it would become unlawful for the Bank to acquire, establish, re-establish, substitute, maintain or unwind any hedge transaction entered into in connection with the Offering of such Notes.

“**Floor**” has the meaning ascribed thereto under “Summary — Portfolio Allocation Rules”.

“Index” means the DEX Universe Bond Index™.

“Index Account” in respect of a series of Notes has the meaning ascribed thereto under “Summary”.

“Index Account Value” in respect of a series of Notes has the meaning ascribed thereto under “Summary — Amount Payable at the Maturity Date”.

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

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

“Issue Date” means the Series 2 Issue Date, the Series 3 Issue Date and/or the Series 4 Issue Date.

“Issue Price” means \$100 per Note of each series.

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

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

“Maturity Date” means the Series 2 Maturity Date, the Series 3 Maturity Date and/or the Series 4 Maturity Date.

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

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

“NAV” has the meaning ascribed thereto under “Summary — Amount Payable at the Maturity Date”.

“NAV_{FINAL}” has the meaning ascribed thereto under “Summary — Amount Payable at the Maturity Date”.

“Net Proceeds” means \$97.50 per Note of each series.

“**Notes**” means the Series 2 Notes, the Series 3 Notes and/or the Series 4 Notes offered by this Information Statement.

“**Offering**” means the offering of the Notes of each series described in this Information Statement.

“**Original Principal Amount**” means \$100 per Note of each series.

“**Participants**” has the meaning ascribed thereto under “Summary — Book-Entry Only Registration”.

“**PC-Bond**” means 2099242 Ontario Inc.

“**PC-Bond Group**” means PC-Bond, its affiliates (including TSX Group Inc. and TSX Inc.) and third party data suppliers (including Scotia Capital Inc., in its capacity as data supplier to PC-Bond).

“**Portfolio**” has the meaning ascribed thereto on the face page.

“**Portfolio Allocation Rules**” has the meaning ascribed thereto under “Summary — Portfolio Allocation Rules”.

“**Principal Outstanding**” means in respect of a Note of a series on any day, the Original Principal Amount of such Note less all Semi-Annual Partial Principal Repayments paid on such Note to such date.

“**Principal Repayment Account**” means the book-entry account into which an amount equal to 2.125% of the Original Principal Amount of a series of Notes will be credited as of each Semi-Annual Partial Principal Repayment Date for such Notes.

“**Principal Repayment Account Value**” means in respect of a series of Notes, at any time, the balance credited to the Principal Repayment Account for such series divided by the number of Notes of such series outstanding.

“**Program Fee**” has the meaning ascribed thereto under “Summary — Fees and Expenses”.

“**Protection Event**” has the meaning ascribed thereto under “Summary — Portfolio Allocation Rules”.

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

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

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

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

“**S&P**” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.

“**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.

“**Selling Agent Fees**” has the meaning ascribed thereto under “Summary — Subscription Price”.

“**Semi-Annual Partial Principal Repayment**” in respect of a series of Notes means the repayment of a portion of the Original Principal Amount of a Note of such series on a Semi-Annual Partial Principal Repayment Date equal to the applicable Principal Repayment Account Value, if any, for such series on the Semi-Annual Partial Principal Repayment Date.

“Semi-Annual Partial Principal Repayment Date” means the following with respect to the Notes of each series:

<u>Series</u>	<u>Semi-Annual Partial Principal Repayment Dates⁽¹⁾</u>	<u>Commencing</u>
Series 2 Notes	January 25 July 25	July 25, 2008
Series 3 Notes	March 28 September 28	September 28, 2008
Series 4 Notes	May 23 November 23	November 23, 2008

(1) If any such date is not a Business Day then the Semi-Annual Partial Principal Repayment Date shall be on the next following Business Day.

“Series 2 Issue Date” means the date on which the Series 2 Notes will be issued, being on or about January 25, 2008.

“Series 3 Issue Date” means the date on which the Series 3 Notes will be issued, being on or about March 28, 2008.

“Series 4 Issue Date” means the date on which the Series 4 Notes will be issued, being on or about May 23, 2008.

“Series 2 Maturity Date” means on or about January 25, 2013.

“Series 3 Maturity Date” means on or about March 28, 2013.

“Series 4 Maturity Date” means on or about May 23, 2013.

“Series 2 Notes” means The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 2.

“Series 3 Notes” means The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 3.

“Series 4 Notes” means The Bank of Nova Scotia — DEX Universe Bond Index™ Notes (Return of Capital), Series 4.

“Successor Source” means, in respect of the Index, any entity or source that succeeds PC-Bond in respect of the Index and continues calculation and publication of the Closing Value for the Index, provided that such entity or source is acceptable to the Calculation Agent.

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

“Variable Return” has the meaning ascribed thereto under “Summary — Amount Payable at the Maturity Date”.



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