



Scotia Capital,
Investor Products Group,
68th Floor – 40 King Street West,
Toronto, Ontario,
M5W2X6

Date: October 9, 2008

Re: Notice of Substitution Event – The Bank of Nova Scotia – Callable Global Financial Deposit Notes, Series 2 (the “Notes”)

This notice is to advise holders of Notes that a “Substitution Event”, as defined in the Information Statement dated February 19, 2008 (the “Information Statement”), has occurred in respect of Fortis, the Shares of which are included in the notional Basket for the Notes. As of the open on October 6, 2008, the Shares of Fortis were suspended from trading on the EuroNext Brussels for reasons related to a transaction pursuant to which the Government of the Netherlands acquired Fortis Bank Nederland (Holding) N.V. and the Belgian Government acquired the interest of Fortis SA/NV in Fortis Bank. In addition, BNP Paribas has agreed to acquire 100% of Fortis Insurance Belgium.

In accordance with the terms and conditions of the Notes, Scotia Capital, in its capacity as Calculation Agent for the Notes, has replaced Fortis in the Basket with KBC Groep NV. In order to properly reflect the performance of Fortis in the Basket from the Issue Date to October 3, 2008, the Calculation Agent has deemed the Initial Price of the Shares of KBC Groep NV, for all purposes associated with the Notes, to be Euro 204.113

Set forth below is a brief description of KBC Groep NV. KBC Groep NV is an integrated bancassurance group catering mainly to retail customers, private banking clientele and small and medium-sized enterprises with a leading position in its home markets in Belgium and Central and Eastern Europe. KBC Groep NV offers mortgage and consumer loans; project financing; lease financing and factoring; life, health, commercial, automobile, industrial, accident and occupational insurance; and manages investment funds. KBC Groep NV trades on EuroNext Brussels under the symbol KBC. Investors may obtain additional information concerning KBC Groep NV at www.kbc.com.

Capitalized terms used but not defined herein have the meanings ascribed thereto in the Information Statement.

If you have any questions please contact your Investment Advisor or call 416-863-7891 or 1-866-416-7891.

Regards,
Investor Products Group, Scotia Capital
on behalf of The Bank of Nova Scotia.