



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

Date: January 5, 2009

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 Wachovia Corporation, one of the Companies whose Shares are included in the Basket. As of the market opening on January 2, 2009, the Shares of Wachovia Corporation were suspended from trading on the NYSE as Wells Fargo & Company completed its merger with Wachovia Corporation, effective December 31, 2008.

In accordance with the terms and conditions of the Notes, Scotia Capital, in its capacity as Calculation Agent for the Notes, has replaced Shares of Wachovia Corporation in the Basket with Shares of Wells Fargo & Company. In order to properly reflect the performance of Shares of Wachovia Corporation in the Basket from the Issue Date to December 31, 2008, the Calculation Agent has deemed the Initial Price of the Shares of Wells Fargo & Company, for all purposes associated with the Notes, to be USD 156.53

Wells Fargo & Company is a diversified financial services company with USD 1.4 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through almost 11,000 stores and the internet across North America and internationally. Wells Fargo & Company trades on the NYSE under the symbol WFC. Investors may obtain additional information concerning Wells Fargo & Company at www.wellsfargo.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.