INFORMATION STATEMENT DATED OCTOBER 23, 2006

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.

Scotiabank

The Bank of Nova Scotia

Dundee AdvantagePlus™ Focused Income & Growth Deposit Notes (Total Return), Series 1

$100,000,000 Maximum
GUARANTEED PRINCIPAL REPAYMENT

The Bank of Nova Scotia — Dundee AdvantagePlus™ Focused Income & Growth Deposit Notes (Total Return), Series 1, (the "Notes") issued by The Bank of Nova Scotia (the "Bank") will mature on or about December 20, 2012 (the "Maturity Date"). The Notes have been developed to provide holders of Notes ("Holders") who hold the Notes to the Maturity Date with principal protected notes that provide exposure to the distributions and capital appreciation of a basket of notional common shares and income trust units (collectively, the "Shares") of 15 issuers (the "Companies").

The Companies initially are: ARC Energy Trust; Bank of Montreal; Canadian Imperial Bank of Commerce; Canadian Oil Sands Trust; CI Financial Income Fund; Enbridge Inc.; Great-West Lifeco Inc.; IGM Financial Inc.; Manitoba Telecom Services Inc.; Precision Drilling Trust; RioCan Real Estate Investment Trust; Toronto-Dominion Bank; TransAlta Corp; TransCanada Corp. and Yellow Pages Income Fund, subject to substitution in the circumstances contemplated by this Information Statement.

The return on the Notes is linked to a notional portfolio (the "Portfolio") consisting of notional Shares and notional 0.50% coupon bonds ("Bonds") of the Bank and a notional loan facility (the "Loan"). It is anticipated that 100% of the Portfolio will be initially allocated to notional Shares on the closing of the Offering. **For the avoidance of doubt, the Portfolio is notional only and all actions taken with respect thereto including, without limitation, all purchases and sales of Shares and/or Bonds, receipts and reinvestments of Distributions and drawdowns and repayments of any Loans are notional actions only.** See "Description of the Notes" and "Risk Factors".

At the Maturity Date, each Holder will receive an amount per Note equal to: (i) the amount deposited of $100 (the "Principal Amount"); and (ii) the variable return, if any (the "Variable Return"), calculated in accordance with the Variable Return calculation (referred to herein). The Variable Return, if any, will be based on the return on the Portfolio after the payment of certain fees and expenses. See "Fees and Expenses Associated with the Notes".

All Distributions, if any, made by the Companies on Shares notionally held in the Portfolio as of the record date for any such Distribution will be notionally reinvested in the Shares, pro rata in accordance with their respective market values in the Equity Account at that time, based on then current market prices and will not be distributed to Holders during the term of the Notes. There is no guarantee that any Company will make any Distributions, in which case the reinvestment could be zero. Holders of Notes will not receive Variable Return, if any, prior to maturity. See "Description of the Notes — Variable Return — Reinvestment" and "Risk Factors."

PRICE: $100 PER NOTE
Minimum Subscription: $5,000 (50 Notes)
FundSERV Code: SSP 102

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

TABLE OF CONTENTS

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.

Any directional view on the future performance of any of the Shares, the Bonds or Companies expressed in this Information Statement or implied within the terms of the Notes may not reflect the views of the Bank, the Selling Agent or any of their respective affiliates concerning any of the Shares, the Bonds or Companies and are not necessarily consistent with the views of the Bank's research analysts concerning any of the Shares, the Bonds or Companies. Holders should make any decision to invest in the Notes based only on their own views on the likely future performance of the Shares, the Bonds and the Companies without reliance on the Bank or any of its affiliates and with the knowledge that the views of the Bank or any of its affiliates and the views of other market professionals may be different than theirs. Neither the Bank nor the Selling Agent nor any of their affiliates expresses any views on the future performance of any of the Shares, the Bonds or the Companies.

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

SUITABILITY FOR INVESTMENT

An investment in Notes is suitable only for investors prepared to assume risks with respect to a return tied to the performance of the Shares. The return on the Notes, if any, is uncertain in that an investor may not receive anything more at the Maturity Date than the Principal Amount. **The Principal Amount is guaranteed to be repaid only if the Notes are held to the Maturity Date.** A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of this investment in light of his or her investment objectives and the information set out in this Information Statement. The Notes are not conventional indebtedness in that they have no fixed or floating yield. In addition, it is possible that the Shares will not have appreciated in value by the Maturity Date and therefore the Notes could produce no return at the Maturity Date. Therefore, the Notes are not suitable investments for investors requiring or expecting certainty of yield. See "Risk Factors".

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, the Notes offered hereby would, if issued on the date of this Information Statement, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans or 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 such Act).

SUMMARY

The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Information Statement. Capitalized terms that are used but not defined in this summary are defined elsewhere in this Information Statement. See the Glossary for defined terms.

Issue: The Bank of Nova Scotia — Dundee AdvantagePlus™ Focused Income & Growth Deposit Notes (Total Return), Series 1.

Issuer: The Bank of Nova Scotia.

Selling Agent: Scotia Capital Inc.

Sub-Agent: Dundee Securities Corporation.

Principal Amount: The Notes will be sold in denominations of $100 per Note (the "Principal Amount").

Subscription Price:

Price to a Holder(1)	Selling Agent Fees	Proceeds to the Bank(2)
$100 per Note	$4.25	$95.75

(1) The price to be paid by each Holder 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).

Issue Size: A maximum of $100,000,000 Principal Amount of Notes will be issued by the Bank. The maximum size of the Offering may be changed at any time without notice, in the sole discretion of the Bank.

Issue Date: The Notes will be issued on or about December 20, 2006 (the actual date of issuance being the "Issue Date").

Maturity Date/Term: The Notes will mature on December 20, 2012, resulting in a term to maturity of approximately six years. The Notes 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 200% of exposure to the Distributions and capital appreciation of the Shares. The link between the Notes and the Distributions and capital appreciation on the Shares of the Companies will be based on an initial notional investment of the Net Proceeds of the Offering ($95.75 per Note) plus $4.25 per Note of Loan drawdown in the Portfolio. Periodically following the Issue Date, the Portfolio will be re-allocated among the notional Shares, notional Bonds and the Loan in accordance with the Asset Allocation Calculation.

Companies and Shares: The return on the Notes will provide exposure to the performance of the Shares of the Companies. The Companies that will initially comprise the Equity Account and the current Toronto Stock Exchange trading symbols of the Shares are as follows:

Company	Trading Symbol
ARC Energy Trust	AET-U
Bank of Montreal	BMO
Canadian Imperial Bank of Commerce	CM
Canadian Oil Lands Trust	COS-U
CI Financial Income Fund	CIX-U
Enbridge Inc.	ENB
Great-West Lifeco Inc.	GWO
IGM Financial Inc.	IGM
Manitoba Telecom Services Inc.	MBT
Precision Drilling Trust	PD-U
RioCan Real Estate Investment Trust	REI-U
Toronto-Dominion Bank	TD
TransAlta Corp	TA
TransCanada Corp.	TRP
Yellow Pages Income Fund	YLO-U

Brief descriptions of the Companies and information concerning historical trading prices of the Shares are set out under "The Shares and the Companies" in this Information Statement. You may obtain more detailed information about each of the Companies at www.sedar.com or through your advisor.

Upon the occurrence of certain events, the Shares of a Company may be substituted in the Equity Account with different notional shares or notional income trust units. See "Description of the Notes — Special Circumstances".

Although the Equity Account, as of the Issue Date, will be equally weighted as among the Shares of each Company, changes in market values of the Shares from and after the Issue Date coupled with the Share Trading Formula may result in the Equity Account having a higher weighting or concentration to the Shares of one or more Companies over time, which would reduce the diversification of the Equity Account.

The Portfolio: The Portfolio will consist of two book-entry accounts, being the Equity Account and the Bond Account, and the Loan. The Equity Account will notionally hold Shares of the Companies. It is anticipated that the Calculation Agent will initially allocate the entire Net Proceeds of $95.75 per Note plus $4.25 per Note of Loan drawdown to the notional purchase of Shares for the Equity Account on the basis that an approximately equal portion of such amount will be allocated to notionally acquire Shares of each Company at the then current market price determined by the Calculation Agent within 8 Business Days of the Issue Date. Thereafter, the Portfolio may be re-allocated and notional Shares may be notionally sold or purchased upon the occurrence of certain events in accordance with the Asset Allocation Calculation. Following the initial notional purchase of Shares for the Equity Account, all subsequent notional purchases and sales of Shares upon the occurrence of an Asset Allocation Event and the notional reinvestment of Distributions, if any, will be made pro rata in accordance with the respective percentages of the then Canadian dollar market value of the Equity Account represented by the Shares of each Company, based on then prevailing market prices determined by the Calculation Agent at any point in time during the relevant day (the "Share Trading Formula"). **For the avoidance of doubt, the Portfolio is notional only and all actions taken with respect thereto including, without limitation, all purchases and sales of Shares and/or Bonds, receipts and reinvestments of Distributions and drawdowns and repayments of any Loans are notional actions only.**

If the market value of the Shares in the Equity Account increases or if the price for the Bonds in the Bond Account falls beyond certain thresholds, a Leveraging Event (as defined herein) will occur and additional Shares will be notionally purchased in accordance with the Share Trading Formula using proceeds from the notional sale of Bonds and/or a notional drawdown of the Loan (subject to a maximum of $104.25 per Note). In contrast, if the market value of the Shares in the Equity Account declines or the price for the Bonds in the Bond Account rises beyond a certain threshold, a De-Leveraging Event (as defined herein) will occur and Shares will be notionally sold in accordance with the Share Trading Formula to repay any outstanding Loan and, if applicable, to notionally purchase Bonds. Leveraging and De-Leveraging Events may be delayed by the occurrence of a Market Disruption Event.

The Equity Account will be margined through a notional Loan. The amount of the Loan that may be outstanding from time to time will depend on the value of the notional Shares, interest rates, interest and other fees payable and may increase or decrease upon the occurrence of an Allocation Event. The Asset Allocation Calculation sets the maximum limit of the outstanding Loan at $104.25 per Note. Notional interest on the Loan will be at a rate equal to the one-month Bankers' Acceptance Rate plus 0.25% (4.580% as of October 18, 2006) per annum accrued daily and paid monthly at the then prevailing rate. Shares may be notionally sold from the Equity Account in accordance with the Share Trading Formula to pay the notional interest on the Loan.

From time to time, nominal amounts of cash may be notionally held in the Equity Account beginning on the Issue Date as a result of notional cash Distributions and proceeds received from the notional sale of Shares during the term of the Notes. See "Description of the Notes — The Portfolio".

The Bond Account will notionally consist of 0.50% coupon Bonds. The Bonds are notional obligations of the Bank that accrue interest daily and pay interest monthly. Bonds may be notionally purchased or sold in accordance with the Asset Allocation Calculation. It is anticipated that no Bonds will be notionally purchased on the Issue Date. Bonds will be notionally purchased when a Protection Event (as defined herein) occurs and will be notionally purchased when a De-Leveraging Event occurs only if any proceeds remain after the notional repayment of the applicable Loan. To the extent that Bonds are notionally held in the Portfolio, some or all of such Bonds will be notionally sold when a Leveraging Event occurs.

Bonds will be notionally purchased and sold at yields equal to the prevailing Canadian dollar inter-bank swap rate 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.

All Distributions, if any, made by any Company on Shares notionally held in the Portfolio as of the record date for any such Distribution will be notionally reinvested in the Equity Account in accordance with the Share Trading Formula. Based on closing prices as of October 18, 2006 and most recent dividends and distributions, the Shares currently have an average current indicative distribution rate of 5.15%. **This indicative distribution rate should not be relied on as being, as is not intended to be, predictive of Distributions, if any, that may be paid on the Shares in the future.** There is no guarantee that any of the Companies will make any Distributions on the Shares during the term of the Notes, in which case the reinvestment in the Equity Account could be zero. Furthermore, there is no assurance that the average current indicative distribution rate will be maintained. See "Description of the Notes — Variable Return — Reinvestment" and "Risk Factors".

Asset Allocation Calculation: The Asset Allocation Calculation will dictate the allocation of the Portfolio, from time to time, between Shares and Bonds and will dictate the amount, if any, of the outstanding Loan. The Calculation Agent will be responsible for applying the Asset Allocation Calculation, including facilitating any notional transactions in Shares or Bonds and any notional drawdown or repayment of the Loan. The Asset Allocation Calculation is based on the following concepts:

- "Value Spread" means, at any time, the total of: (i) the NAV; minus (ii) the Floor, where:

  "NAV" means, at any time the total of: (i) the value of the Equity Account and the Bond Account; plus (ii) any cash in the Equity Account at that time; minus (iii) the principal amount of the Loan outstanding at that time; minus (iv) interest on the Loan accrued and unpaid at that time; minus (v) the Program Fees (as defined herein) accrued and unpaid at that time; divided by (vi) the number of Notes outstanding.

  "Floor" means, at any time, the estimated offer price at that time for a 0.50% coupon Bond with a $100 face amount and a maturity date of December 20, 2012, determined by the Calculation Agent.

- "Equity Account Value" or "EAV" means, at any time, the aggregate of: (i) the amount that could be realized at that time by notionally selling all Shares in the Equity Account at then prevailing market prices determined by the Calculation Agent less any related selling fees or commissions; and (ii) any cash in the Equity Account at that time, expressed as an amount per Note.

Within 8 Business Days of the Issue Date, Shares of the Companies will be notionally purchased using the Net Proceeds of $95.75 per Note and $4.25 per Note of Loan drawdown. An approximately equal portion of such amount will be applied to purchase Shares of each Company at the then prevailing market prices determined by the Calculation Agent. Thereafter, and subject to the occurrence of events described under "Description of the Notes — Special Circumstances," the Portfolio will be rebalanced based on certain events as determined by the Value Margin (as defined herein). The

	Value Margin can be equivalently expressed as a ratio (the "Value Margin") as follows: $$\text{Value Margin} = \frac{\text{Value Spread}}{\text{EAV}} = [x]\%$$ Upon the occurrence of certain events that may be triggered by changes in the Value Margin which, in turn, is triggered by changes in the Value Spread and/or the EAV (each, an "Allocation Event"), the Portfolio will be notionally re-balanced by re-allocating the assets of the Portfolio between notional Shares and Bonds and drawing down or repaying the Loan. The Calculation Agent will be required to monitor the Value Margin on each Business Day. Allocation Events that would otherwise have occurred on a particular date may be delayed in the circumstances described under "Description of the Notes — Special Circumstances — Market Disruption Event". Subject to the foregoing, an Allocation Event will occur if, at any time on a Business Day: (i) the Value Margin falls below 13% (a "De-Leveraging Event"); (ii) the Value Margin rises above 21% (a "Leveraging Event"); or (iii) the Value Spread falls to $1.50 or less per Note (a "Protection Event"). Upon the occurrence of a Leveraging Event, any Bonds notionally held in the Bond Account will be notionally sold and, thereafter the amount of Loan will be notionally drawn down (to a maximum of $104.25 per Note) and any proceeds thereof notionally applied to purchase more notional Shares for the Equity Account in accordance with the Share Trading Formula. Upon the occurrence of a De-Leveraging Event, notional Shares in the Equity Account will be notionally sold in accordance with the Share Trading Formula. The proceeds thereof will be notionally applied to first reduce any Loan outstanding and pay accrued and unpaid interest, and second, to purchase Bonds for the Bond Account, if any proceeds remain. In either case, notional purchases and sales are made to return the Value Margin to approximately 17%, which is the mid point of the range. Upon the occurrence of a Protection Event, all notional Shares in the Equity Account will be notionally sold at then prevailing market prices at any point in time during the relevant day determined by the Calculation Agent and the proceeds thereof applied first to notionally repay any Loan outstanding, to notionally pay any accrued and unpaid Loan interest and any accrued and unpaid Program Fees, and second, to notionally purchase Bonds. Following the occurrence of a Protection Event, no further notional Shares will be purchased for the Equity Account (regardless of the subsequent occurrence of any Leveraging Event) with the result that, thereafter until the Maturity Date, the Portfolio will consist only of Bonds. If a Protection Event occurs, the possibility of the Holder receiving more than the Principal Amount of $100 per Note on the Maturity Date is significantly reduced. In this case, Holders may only have the Principal Amount of their Notes returned to them on the Maturity Date. See "Description of the Notes — Asset Allocation and the Asset Allocation Calculation".
Market Disruption Event:	If a Market Disruption Event (as defined herein) occurs, the Calculation Agent may delay application of the Asset Allocation Calculation and,

accordingly, the determination of whether a Leveraging Event, De-Leveraging Event or a Protection Event has occurred. If a Market Disruption Event continues for a period of 8 consecutive Business Days then, notwithstanding the continuation of the Market Disruption Event thereafter, the Calculation Agent may, in its discretion, elect to determine whether a Leveraging Event, De-Leveraging Event or a Protection Event has occurred substituting its own discretion with respect to market values of the affected notional Shares and may, in its sole discretion make all necessary determinations and adjustments to the Portfolio without any liability on the part of the Calculation Agent. Alternatively, in such event, the Bank may elect to designate such event as an Extraordinary Event, with the consequences described under "Description of the Notes — Special Circumstances — Extraordinary Event." The occurrence of a Market Disruption Event may delay determination and payment of the Variable Return, if any. See "Description of the Notes — Special Circumstances — Market Disruption Event."

Extraordinary Event: If an Extraordinary Event (as defined herein) occurs, the Calculation Agent may determine that the Portfolio will not include any notional Shares and will only consist of the Bond Account. If so, no Variable Return may be paid, even though the notional Shares which have been notionally sold may earn a positive return following the occurrence of the Extraordinary Event. If an Extraordinary Event occurs, Holders will receive the Principal Amount per Note no earlier than the Maturity Date. The notional liquidated proceeds of the Equity Account less payment of the Loan, if any, up to the occurrence of the Extraordinary Event will be notionally invested in the Bond Account. If an Extraordinary Event occurs, the possibility of receiving more than the Principal Amount of $100 per Note at the Maturity Date is significantly reduced. In this case, Holders may only have the Principal Amount of their Notes returned to them on the Maturity Date. See "Description of the Notes — Special Circumstances — Extraordinary Event".

Amounts Payable at the Maturity Date: The amount payable to a Holder in respect of a Note on the Maturity Date will be equal to the sum of: (i) the Principal Amount; plus (ii) the Variable Return, if any. See "Description of the Notes — Maturity and Principal Repayment".

Variable Return Calculation: The Variable Return, if any, on a Note is linked to the performance of the Portfolio. The Variable Return, if any, per Note will be payable only on the Maturity Date, subject to deferral in the circumstances described herein. The Variable Return will be the amount, if any, by which the NAV_{FINAL} (as defined herein) exceeds the Principal Amount. The Variable Return is calculated as follows:

$$\text{Variable Return} = \text{Principal Amount} \times \text{Portfolio Performance}$$

Where:

$$\text{Portfolio Performance} = \frac{NAV_{FINAL} - 100}{100}$$

- "NAV_{FINAL}" means, at any time (expressed pro rata per Note), the notional proceeds from the liquidation of the Equity Account plus the maturity value of the Bond Account as calculated by the Calculation Agent, minus repayment of the Loan and any accrued and unpaid Loan interest and Program Fees.

	Portfolio Performance will be expressed as a percentage rounded to two decimal places. No Variable Return will be paid unless the NAV_{FINAL} exceeds \$100. **For any Variable Return to be paid to Holders, the performance of the Portfolio must exceed all fees and expenses. See "Risk Factors".**
Secondary Market:	There is currently no market through which the Notes may be sold. There can be no assurance that a secondary market for the Notes will develop or, if such market does develop, that it will be sustained or liquid. The Notes will not be listed on any stock exchange. The Selling Agent intends to use reasonable efforts to 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 Holders. These efforts will consist of posting a daily bid price through FundSERV for the Notes (the "Bid Price"). The Selling Agent may, for any reason, elect not to purchase Notes from any particular Holder. **If a Holder sells a Note to the Selling Agent within the first three years from the Issue Date, the Holder will receive sale proceeds equal to the Bid Price for the Note as determined by the Selling Agent minus any applicable Early Trading Charge. The Bid Price less any Early Trading Charge is referred to as the "secondary market price". A sale of Notes originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV**. 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, a Holder will not be able to sell its Notes. The Notes are intended to be instruments held to the Maturity Date. **If a Holder sells Notes prior to the Maturity Date, the Holder may have to do so at a discount from the original Principal Amount even if the performance of the Portfolio has been positive and, as a result, the Holder may suffer losses.** See "Description of the Notes — Secondary Trading" and "Certain Canadian Federal Income Tax Considerations".
Early Trading Charge:	If a Holder sells a Note within the first three years from the closing of this Offering, the proceeds from the sale of the Note will be reduced by the Early Trading Charge. The Early Trading Charge is 5.50% of the Principal Amount of any Note sold in the first year following the closing of the Offering, 3.50% of the Principal Amount of any Note sold in the second year following the closing of the Offering and 1.50% of the Principal Amount of any Note sold in the third year following the closing of the Offering. After the end of the third year following the closing of the Offering, the Early Trading Charge will cease to apply. See "Description of the Notes — Early Trading Charge".
Rank:	The Notes will rank equally with all other deposit liabilities of the Bank. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution**. See "Description of the Notes — Rank; No Deposit Insurance".
Credit Rating:	As of the date of this Information Statement, the Bank's deposit liabilities with a term of more than one year were rated AA (low) by Dominion Bond

	Rating Service Limited, AA− by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and Aa3 by Moody's Investors Service, Inc. The Notes have not been rated. 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 proceeds received from the issuance of the Notes will be deposits of the Bank. The Net Proceeds will not be held by the Bank in trust for the holders 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:	If Notes are held until the Maturity Date, the Holder will be required to include in its income the amount, if any, by which the payment at the Maturity Date exceeds the Principal Amount. Generally, a Holder should not have to report any amount in its tax return in respect of Variable Return, if any, for any taxation year ending before the year in which the Notes mature. The Bank will file an information return with the Canada Revenue Agency in respect of any interest or deemed interest to be included in a Holder's income and will provide the Holder with a copy of such information return. Subject to the limitations outlined under "Certain Canadian Federal Income Tax Considerations", an amount received by a Holder on a disposition of a Note (other than on the Maturity Date) should give rise to a capital gain (or capital loss) to that Holder at such time to the extent such amount exceeds (or is less than) the aggregate of its adjusted cost base of the Note and any reasonable costs of disposition. A Holder should consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Notes until the Maturity Date. See "Certain Canadian Federal Income Tax Considerations".
Eligibility for Investment:	The Notes offered hereby would, if issued on the date of this Information Statement, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans or 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 such Act).
Fees and Expenses:	**The following fees and expenses will be paid prior to Variable Return, if any, at the Maturity Date of the Notes:** **Program Fee** The Notes will be subject to an annual program fee (the "Program Fee"). The Program Fee will vary depending upon the allocation in the Portfolio between the notional Shares and the Bonds. The Program Fee will be 2.15% for the portion of the Portfolio allocated to the Equity Account (including any Shares notionally acquired with the Loan in the case of a Leveraging Event and on reinvestment) and 0.50% for the portion of the Portfolio allocated to the Bond Account. The Program Fee will be accrued daily and paid quarterly in arrears to Scotia Capital, as Calculation Agent of the Notes. The 0.50% Program Fee on the portion of the Portfolio allocated to the

Bonds is produced by the coupon on the Bonds. The 2.15% Program Fee on the portion of the Portfolio allocated to the Equity Account is generated by selling Shares notionally held in the Equity Account in accordance with the Share Trading Formula. Fees of the Sub-Agent will be paid out of the portion of the Program Fee related to the Equity Account.

The Bank will pay selling agents who sell Notes an annual fee, paid quarterly, of 0.25% of the average daily value of the Equity Account during the first five years of the term of the Notes. This fee will be paid out of the Program Fee. **Program Fees and other expenses associated with the Notes will be deducted from the Equity Account periodically during the term of the Notes and prior to determining the amount of Variable Return, if any, payable at maturity.**

The Bank will also pay a selling fee to qualified selling group members of $4.25 per Note sold.

Leverage

For providing leverage to the Portfolio, Scotia Capital will receive the interest payable on funds notionally borrowed under the Loan, calculated at an annual interest rate equal to the one-month Bankers' Acceptance Rate plus 0.25% (4.580% as of October 18, 2006), accrued daily and paid monthly. This interest will be paid out of the Equity Account periodically during the term of the Notes and prior to determining the amount of Variable Return, if any, payable at maturity.

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 Holders.

Book-Entry Only Registration: All of the Notes will be evidenced by a single global Note held by CDS, or its nominee on its behalf, as registered Holder of the Notes. Registration of interests in and transfers of the Notes will be made only through participants in its book-entry system ("Participants"). Subject to certain limited exceptions, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and no Holder 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 — Book Entry System".

Risk Factors: Before reaching a decision to purchase any Notes, prospective investors should carefully consider a variety of risk factors associated with the ownership of the Notes. **A Holder will not be able to redeem Notes prior to the Maturity Date.** The Notes have certain characteristics that differ from conventional fixed income investments in that they do not provide any return or income stream prior to the Maturity Date, or a return at the Maturity Date that is calculated by reference to a fixed or floating rate of interest that can be determined prior to the Maturity Date. The return on the Notes (if any), unlike the return on many deposit liabilities of Canadian chartered banks, is uncertain. Therefore, the Notes are not suitable investments for Holders that need or expect to receive payments during the term of the

Notes or a return on investment at the Maturity Date. The Notes are designed for Holders with a long-term investment horizon who are prepared to hold the Notes to the Maturity Date and are prepared to assume risks with respect to a return tied to the performance of the Shares.

There is no assurance that the Shares will appreciate in value over the term of the Notes. Therefore, there is no assurance that Holders will receive any amount at the Maturity Date other than the repayment of the Principal Amount. The Notes do not represent a direct or indirect ownership interest in any notional Shares or Bonds. All fees and expenses in respect of the Notes will be deducted from the value of the Portfolio and will reduce the Variable Return, if any. The Distributions, if any, on and the capital appreciation, if any, of the notional Shares may not be sufficient to generate any Variable Return on the Notes.

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

DESCRIPTION OF THE NOTES

Issue Size

The Bank of Nova Scotia — Dundee AdvantagePlus™ Focused Income & Growth Deposit Notes (Total Return), Series 1 will be issued by the Bank on the Issue Date. A maximum of $100,000,000 Principal Amount of Notes will be issued by the Bank. The maximum size of the Offering may be changed at any time without notice in the sole discretion of the Bank.

Principal Amount and Minimum Subscription

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

Maturity and Principal Repayment

Each Note matures on the Maturity Date, on which date the Holder will receive a minimum of the Principal Amount of $100 per Note. If the Maturity Date is not a Business Day for any reason, then the Maturity Date will be deemed to occur on the next following Business Day and no interest or other compensation will be paid to a Holder in respect of such postponement.

The Portfolio

General

The Portfolio consists of two book-entry accounts referred to as the Equity Account and the Bond Account, and the Loan. The Portfolio is a notional portfolio of assets allocated in accordance with the Asset Allocation Calculation over the term of the Notes between the Equity Account and the Bond Account. Since the Portfolio is notional only, Holders will have no ownership or other interest in the Bonds, Shares or other assets comprising the Portfolio, other than the right to be paid the Principal Amount and the Variable Return, if any, on the Notes based on the performance of the Portfolio. **For the avoidance of doubt, all holdings in the Portfolio and all actions including, without limitation, all purchases, sales, liquidations, substitutions, receipts and reinvestments of Distributions and drawdowns and repayments of the Loan taken in connection with the Portfolio are notional holdings and actions only.**

The Equity Account

The Equity Account will consist mainly of notional Shares of the Companies and may be notionally margined through the Loan. The Equity Account may also notionally hold, from time to time, a nominal amount of cash. During the term of the Notes, Distributions and proceeds may be notionally received on notional Shares and held in the Equity Account. The cash notionally held in the Equity Account will earn notional interest at the overnight Bank of Canada rate. Distributions, if any, received on the Shares will be notionally reinvested in the Equity Account utilizing the Share Trading Formula. Notional Shares in the Equity Account may be affected by the occurrence of an Allocation Event, a Market Disruption Event, an Extraordinary Event, a Substitution Event, a Merger Event or a Protection Event.

The Companies that will initially comprise the Equity Account and the current Toronto Stock Exchange trading symbols of the Shares are as follows:

Company	Trading Symbol
ARC Energy Trust	AET-U
Bank of Montreal	BMO
Canadian Imperial Bank of Commerce	CM
Canadian Oil Lands Trust	COS-U
CI Financial Income Fund	CIX-U
Enbridge Inc.	ENB
Great-West Lifeco Inc.	GWO
IGM Financial Inc.	IGM
Manitoba Telecom Services Inc.	MBT
Precision Drilling Trust	PD-U
RioCan Real Estate Investment Trust	REI-U
Toronto-Dominion Bank	TD
TransAlta Corp	TA
TransCanada Corp.	TRP
Yellow Pages Income Fund	YLO-U

Brief descriptions of the Companies and information on historical trading prices of the Shares are set out in this Information Statement under "The Shares and the Companies". You may obtain more detailed information about each of the Companies at www.sedar.com or through your advisor.

Upon the occurrence of certain events, the Shares of a Company may be substituted in the Equity Account with different shares or income trust units. See "Description of the Notes — Special Circumstances".

Although the Equity Account, as of the Issue Date, will be equally weighted as among the Shares of each Company, changes in market values of the Shares from and after the Issue Date coupled with the Share Trading Formula may result in the Equity Account having a higher weighting or concentration to the Shares of one or more Companies over time, which would reduce the diversification of the Equity Account.

The Bond Account

The Bond Account will consist of notional 0.50% coupon bonds of the Bank, which will be notionally 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. The 0.50% coupon is solely to support the Program Fees associated with the Bond Account. On the Issue Date, it is anticipated that all assets comprising the Portfolio will be allocated to the Equity Account with no assets used to make a notional purchase in the Bond Account.

Following the Issue Date, assets comprising the Portfolio will be allocated between the Equity Account and the Bond Account according to the Asset Allocation Calculation and cash notionally accumulated in the Equity Account may be used for notional purchases of notional Shares in accordance with the Share Trading Formula or Bonds. See "Description of the Notes — Asset Allocation and the Asset Allocation Calculation."

The Loan

The amount of the Loan notionally outstanding at any time will vary, and will be increased or decreased according to the value of the Equity Account, changes in the Bond Account, interest payments and other fees payable. Interest on the Loan will be calculated at a rate equal to the one-month Bankers' Acceptance Rate plus 0.25% per annum accrued daily and paid monthly at the then prevailing rate. If the Value Margin rises above 21%, the amount of outstanding Loan may notionally be drawn down (up to a maximum of $104.25 per Note) to allow for the notional acquisition of additional Shares in accordance with the Share Trading Formula. If the Value Margin falls below 13%, the amount of any outstanding Loan may be notionally repaid and the proceeds used to notionally purchase Bonds. See "Description of the Notes — Asset Allocation and the Asset Allocation Calculation".

Asset Allocation and the Asset Allocation Calculation

General

Subject to the occurrence of a Market Disruption Event or an Extraordinary Event, the Calculation Agent will allocate assets of the Portfolio between the Equity Account and the Bond Account according to the Asset Allocation Calculation. The Asset Allocation Calculation has been designed to protect the Principal Amount of the Notes. For example, if a Protection Event occurs, all notional Shares in the Equity Account will be notionally sold at the then prevailing market prices determined by the Calculation Agent and the notional proceeds will be used to notionally purchase Bonds such that the value of the Bond Account at the Maturity Date is at least equal to the Principal Amount per Note. The Asset Allocation Calculation has also been designed to allocate assets between the Bond Account and Equity Account such that the Value Margin, at any time, will be maintained between 13% and 21%. The occurrence of an Allocation Event on any Business Day triggers the application of the Asset Allocation Calculation.

The Calculation Agent will be required to monitor the Value Margin and, subject to any adjustments to calculations as a result of the occurrence of a Market Disruption Event, a Protection Event, an Extraordinary Event, a Substitution Event or a Merger Event, will administer the allocation of the Portfolio in accordance with the Asset Allocation Calculation through a notional purchase or sale of notional Shares in accordance with the Share Trading Formula, a notional purchase or sale of Bonds, and a notional drawdown or repayment of the Loan.

Within 8 Business Days of the Issue Date it is anticipated that the full amount of the Net Proceeds from the issuance of the Notes of $95.75 per Note, which is the Principal Amount less the Selling Agent's fees, plus an amount equal to $4.25 per Note of the notional Loan, will be notionally allocated to the notional purchase of Shares for the Equity Account. The initial notional purchase of Shares will be made on the basis that an approximately equal portion of the Net Proceeds and the Loan will be allocated to notionally acquire Shares of each Company at the then current market price determined by the Calculation Agent within 8 Business Days of the Issue Date. It is anticipated that no Bonds will be notionally purchased initially. A nominal amount of the Net Proceeds may be held in cash in the Equity Account initially.

Leveraging Events

If the Value Margin rises above 21%, a Leveraging Event occurs. This may occur for a number of reasons including, without limitation, an increase in the market value of the Shares or a decrease in the price of the Bonds beyond certain thresholds. Once a Leveraging Event occurs, the Calculation Agent, acting with reasonable promptness, will as necessary, notionally sell any Bonds from the Bond Account (if there are any such notional Bonds) and thereafter, notionally draw down the amount of the Loan (to a maximum of $104.25 per Note) and notionally apply the proceeds of such Loan and the notional proceeds from the notional sale of the Bonds to notionally purchase additional Shares in accordance with the Share Trading Formula such that the Value Margin is approximately 17% after these transactions. This will increase the assets notionally held in the Equity Account, decrease the assets notionally held in the Bond Account and increase the amount of the Loan outstanding.

De-Leveraging Events

A De-Leveraging Event occurs if the Value Margin falls below 13%. This may occur for a number of reasons including, without limitation, a decrease in the market value of the Shares or an increase of the price of the Bonds beyond certain thresholds. Once a De-Leveraging Event occurs, the Calculation Agent, acting with reasonable promptness, will notionally sell Shares in accordance with the Share Trading Formula and notionally apply the proceeds, first to reduce any Loan notionally outstanding and any accrued and unpaid interest thereon, and second, as to any proceeds remaining, to notionally purchase Bonds such that the Value Margin is approximately 17% after such notional purchases. This will increase the assets notionally held in the Bond Account, decrease the assets notionally held in the Equity Account and decrease the amount of the Loan outstanding.

Protection Events

If the Value Spread reaches or falls below $1.50 per Note, a Protection Event occurs and all notional Shares held in the Equity Account will be notionally sold at the then prevailing market prices at any point in time during the relevant day determined by the Calculation Agent and the notional proceeds applied first to repay the notionally outstanding Loan and accrued and unpaid interest and accrued and unpaid Program Fees, and second to the notional purchase of Bonds such that, on the Maturity Date, the value of the Bonds therein is expected to equal at least $100 per Note, with the Bank assuming the risk for any shortfall. Holders are, in all events, entitled to receive the Principal Amount in respect of each Note held at the Maturity Date. After a Protection Event occurs, the assets comprising the Portfolio will remain in the Bond Account until the Maturity Date regardless of the subsequent performance of the Shares. In this case, the Variable Return per Note payable on the Maturity Date, if any, will be the amount by which the aggregate par value of the Bonds (pro-rated per Note) exceeds $100. If a Protection Event occurs, the possibility of receiving more than the Principal Amount of $100 per Note on the Maturity Date is significantly reduced. In this case, Holders may have only the Principal Amount of their Notes returned to them on the Maturity Date.

Illustrative Examples

General

The illustrative examples set out below demonstrate how the Asset Allocation Calculation is performed on the Notes under both positive and negative performance scenarios. **These examples are for illustrative purposes only and are not to be construed as a forecast or estimate of the anticipated performance of the Notes or the notional Shares or the Equity Account. For simplicity in these examples, it is assumed that interest rates remain constant throughout the term of the Notes.** The hypothetical fluctuations in the value of the notional Shares held in the Equity Account are used for illustration purposes only. Accordingly, the hypothetical performances of the Shares are not estimates or forecasts of future values of the Shares for the periods set out below. The following examples assume the Holder has purchased a single Note.

Holders should note that, although Variable Return is linked to the performance of the Portfolio, the amount, if any, of the Variable Return will depend upon the timing and extent of the increase and decrease in the price of the notional Shares over the term to the Maturity Date. Specifically:

- the performance of the Portfolio is dependant upon the Asset Allocation Calculation, which may be delayed due to the occurrence of a Market Disruption Event;
- Variable Return, if any, will only be payable if the NAV_{FINAL} exceeds the Principal Amount on the Maturity Date;
- upon the occurrence of a Leveraging Event, the Portfolio will be re-balanced by the purchase of additional Shares in accordance with the Share Trading Formula using proceeds from the Loan (up to a maximum amount of $104.25 per Note) or the notional sale of any notional Bonds in the Bond Account;
- there is no theoretical maximum Variable Return payable on the Notes and the Asset Allocation Calculation using leverage and Distribution reinvestment creates the opportunity for enhanced returns on the Notes;
- the Asset Allocation Calculation provides for the occurrence of a Leveraging Event if the Value Margin rises above 21% and a De-Leveraging Event if the Value Margin falls below 13%;
- upon the occurrence of a De-Leveraging Event, the Portfolio will be re-balanced with proceeds from the notional sale of notional Shares in accordance with the Share Trading Formula by paying down a portion of the Loan or the notional purchase of Bonds;
- a Protection Event will occur if the Value Spread reaches or falls below $1.50 per Note, in which case the Portfolio will be fully invested in Bonds until the Maturity Date and the Holder will not participate in any subsequent performance (positive or negative) of the Shares, with the result that it is possible that no Variable Return may be paid on the Notes;
- it is very unlikely that investing in the Notes will offer the same return as a direct investment in the Shares; and
- the Principal Amount of $100 per Note will be payable by the Bank on the Maturity Date regardless of the performance of the Shares.

Positive Performance

In the example below, NAV of the Notes increases from $95.75 to $101.14 and the cost of the Floor remains constant, resulting in the Value Margin increasing to 21.01%. This produces a Leveraging Event, where the Loan is drawn down to $29.12 and is used to notionally purchase additional Shares in the Equity Account, returning the Value Margin to 17.00%.

		Leveraging Event	
	Assumptions	**At Leveraging Event**	**After Leveraging Event**
NAV — (Note NAV per $100.00)	$ 95.75	$101.14	$101.14
Floor — (Cost of Notional Bond)	$ 79.00	$ 79.00	$ 79.00
Value Spread — (NAV − Floor)	$ 16.75	$ 22.14	$ 22.14
Value Margin — (Value Spread/EAV)	16.75%	21.01%	17.00%
EAV — (Equity Account Value)	$100.00	$105.39	$130.26
Loan Amount	$ 4.25	$ 4.25	$ 29.12
Bond Account Value	$ 0.00	$ 0.00	$ 0.00
% Change in Note NAV From Issue	0.00%	5.63%	5.63%
% Exposure to Equity Account	100%	100%	125%
Value Margin < 13%	—	—	—
Value Margin between 13% - 21%	✓	—	✓
Value Margin > 21%	—	✓	—

The above example shows the occurrence of Leveraging Events pursuant to the Asset Allocation Calculation. A Leveraging Event will occur if the Value Margin rises above 21% and a De-Leveraging Event will occur if the Value Margin falls below 13%. In this case, a Leveraging Event will require the notional purchase of additional notional Shares on the basis described herein to re-balance the Portfolio such that the Value Margin is approximately 17% using proceeds of the Loan (up to a maximum amount of $104.25 per Note). Variable Return payable on the Maturity Date would be the amount by which the pro rata value of the Portfolio exceeds the Principal Amount of the Notes.

Negative Performance

In the example below, the NAV of the Notes decreases from $95.75 to $91.43 and the cost of the Floor remains constant, resulting in the Value Margin decreasing to 12.99%. This produces a De-Leveraging Event, where $22.55 worth of Shares are notionally sold and used to pay down the Loan and purchase $18.30 worth of notional 0.50% coupon Bonds in the Bond Account, returning the Value Margin to 17.00%

		De-Leveraging Event	
	Assumptions	**At De-Leveraging Event**	**After De-Leveraging Event**
NAV — (Note NAV per $100.00)	$ 95.75	$ 91.43	$ 91.43
Floor — (Cost of Notional Bond)	$ 79.00	$ 79.00	$ 79.00
Value Spread — (NAV − Floor)	$ 16.75	$ 12.43	$ 12.43
Value Margin — (Value Spread/EAV)	16.75%	12.99%	17.00%
EAV — (Equity Account Value)	$100.00	$ 95.68	$ 73.13
Loan Amount	$ 4.25	$ 4.25	$ 0.00
Bond Account Value	$ 0.00	$ 0.00	$ 18.30
% Change in Note NAV From Issue	0.00%	−4.51%	−4.51%
% Exposure to Equity Account	100%	100%	77%
Value Margin < 13%	—	✓	—
Value Margin between 13% − 21%	✓	—	✓
Value Margin > 21%	—	—	—

In this example, the value of the Shares declined from the Issue Date. In this case, the Loan would not be drawn down and the Value Margin would be re-balanced upon the occurrence of a De-Leveraging Event by purchasing Bonds with the proceeds from the notional sale of notional Shares on the basis described herein.

Protection Event

In the example below, the NAV of the Notes decreases from $80.50 to $79.00 and the cost of the Floor remains constant, resulting in the Value Spread decreasing to $1.50. This produces a Protection Event, where all Shares held in the Equity Account are notionally sold, the Loan is paid down and the remaining proceeds used to notionally purchase 0.50% Bonds in the Bond Account.

		Protection Event	
	Assumptions	**At Protection Event**	**After Protection Event**
NAV — (Note NAV per $100.00)	$ 95.75	$ 80.50	$ 80.50
Floor — (Cost of Notional Bond)	$ 79.00	$ 79.00	$ 79.00
Value Spread — (NAV − Floor)	$ 16.75	$ 1.50	n/a
Value Margin — (Value Spread/EAV)	16.75%	1.77%	n/a
EAV — (Equity Account Value)	$100.00	$ 84.75	$ 0.00
Loan Amount	$ 4.25	$ 4.25	$ 0.00
Bond Account Value	$ 0.00	$ 0.00	$ 80.50
% Change in Note NAV From Issue	0.00%	−15.93%	−15.93%
% Exposure to Equity Account	100%	100%	0%
Value Margin < 13%	—	✓	n/a
Value Margin between 13% − 21%	✓	—	n/a
Value Margin > 21%	—	—	n/a

A Protection Event would occur if the Value Spread reaches or falls below $1.50 per Note, at which time the Portfolio would be entirely invested in Bonds. Following a Protection Event, the Portfolio will remain entirely in Bonds until the Maturity Date regardless of the subsequent performance of the Shares. In this case, the Variable Return per Note payable on the Maturity Date, if any, will be the amount by which the aggregate par value of the Bonds (pro-rated per Note) exceeds $100. If a Protection Event occurs, the possibility of receiving more than the Principal Amount of $100 per Note on the Maturity Date is significantly reduced and the Holders will not receive any interest payments during the remainder of the term of the Notes. In this case, Holders may only have the Principal Amount of their Notes returned to them on the Maturity Date.

Variable Return

General

Subject to the occurrence of a Market Disruption Event, an Extraordinary Event or a Protection Event, a Holder will be paid the Variable Return, if any, at the Maturity Date, subject to the provisions and conditions described or contemplated in this Information Statement. The Variable Return, if any, is linked to the performance of the Portfolio, the assets of which will be allocated as described above under "Description of the Notes — Asset Allocation and the Asset Allocation Calculation". Allocations will be made in accordance with the Asset Allocation Calculation based on the value of the notional Shares, the Bonds and Loan, interest rates and other factors.

The Variable Return calculation is the formula used to determine the Variable Return on the Notes at the Maturity Date. The Variable Return per Note is calculated as follows:

$$\text{Variable Return} = \text{Principal Amount } (\$100) \times \text{Portfolio Performance}$$

Where:

$$\text{Portfolio Performance} = \frac{NAV_{FINAL} - 100}{100}$$

- "NAV_{FINAL}" means, at any time (expressed pro rata per Note), the notional proceeds from the liquidation of the Equity Account plus the maturity value of the Bond Account as calculated by the Calculation Agent, minus repayment of the Loan and any accrued and unpaid Loan interest and Program Fees.

Portfolio Performance will be the amount, if any, determined on the Maturity Date and expressed as a percentage of the Principal Amount, by which the pro rata value of the Portfolio per Note exceeds the Principal Amount, being $100. A Holder cannot elect to receive the Variable Return, if any, prior to the Maturity Date and the Notes cannot be redeemed or retracted prior to the Maturity Date.

There is a possibility that a Holder may not receive any Variable Return. No Variable Return will be paid unless the Portfolio Performance (which is net of Program Fees and Loan interest payable) per Note is greater than 0% (i.e. unless the pro rata value of the Portfolio at the Maturity Date is greater than $100 per Note). In addition, if a Protection Event, a Market Disruption Event or an Extraordinary Event occurs, the Variable Return may be zero. Holders may only receive their Principal Amount on the Maturity Date. All applicable Program Fees will be paid by the 0.50% coupon on the notional Bonds until the Maturity Date.

In no event will payment of the Principal Amount or the Variable Return, if any, be made by the Bank earlier than the Maturity Date. The Equity Account will be gradually notionally liquidated (at the discretion of the Calculation Agent to ensure orderly liquidation) during the ten Business Days immediately preceding the Maturity Date or such longer or shorter period as may be required at then prevailing market prices determined by the Calculation Agent. The Calculation Agent is expected to have fully liquidated the notional assets of the Portfolio by, and to calculate the NAV_{FINAL} on, the third Business Day prior to the Maturity Date. The timing and manner of determining the Variable Return, if any, may be affected by the occurrence of Market Disruption Events or the inability notionally to fully liquidate the Portfolio by the third Business Day prior to the Maturity Date. See "Description of the Notes — Special Circumstances".

Reinvestment

All Distributions, if any, made by a Company on Shares notionally held in the Portfolio as of the record date for any such Distribution will be notionally reinvested in the Equity Account in accordance with the Share Trading Formula and will not be distributed to Holders during the term of the Notes. There is no guarantee that any Company will make any Distributions, in which case the reinvestment in the Equity Account could be zero. There is no guarantee that reinvested Distributions, if any, will not be offset by decreases in the value of the Shares such that, notwithstanding that Distributions have been reinvested, no Variable Return will be paid. Holders of Notes will not be entitled to receive Variable Return, if any, prior to maturity. See "Risk Factors."

Special Circumstances

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

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of one or more Shares or Companies in the Equity Account (an "Affected Share") has occurred or is continuing on any date, then the determination of whether any Allocation Event that would otherwise have occurred on such date will be postponed to the next Business Day on which there is no Market Disruption Event in effect, using then prevailing market values for the notional Shares. Accordingly, the determination of whether a Leveraging Event, a De-Leveraging Event or a Protection Event has occurred will be postponed until such date and the Calculation Agent will not be required to take any action with respect to any notional sales or purchases of notional Shares or Bonds, any notional drawdowns or repayments of the Loan or any notional receipts or reinvestments of Distributions until such date, if at all, based upon the then prevailing market prices for the Shares.

If, on the eighth Business Day following the date on which a Market Disruption Event for an Affected Share first occurred, such Market Disruption Event continues in effect then, notwithstanding the occurrence of any Market Disruption Event on or after such eighth Business Day, the Calculation Agent may, in its sole discretion, determine the market value of each Affected Share as of such eighth Business Day using the Calculation Agent's good faith estimate, without any liability on the part of the Calculation Agent, of the market value for such Share(s) on such eighth Business Day and taking into account all market circumstances considered by the Calculation Agent to be relevant, acting reasonably. In such circumstances, the Calculation Agent may, in its discretion using the Asset Allocation Calculation, make any adjustments to the Portfolio to account for the occurrence of a Leveraging Event, De-Leveraging Event or Protection Event, based on such market values. Alternatively, if a Market Disruption Event continues in effect for a period of 8 consecutive Business Days, the Calculation Agent may designate that event as an Extraordinary Event, with the consequences described under "Description of the Notes — Special Circumstances — Extraordinary Event".

Subject to the occurrence of a Market Disruption Event, payment of the Principal Amount and the Variable Return, if any, is expected to occur on the Maturity Date. If a Market Disruption Event occurs and is resolved by the fifteenth Business Day before the Maturity Date, payment of the Principal Amount and the Variable Return, if any, will occur on the Maturity Date. If a Market Disruption Event occurs and is not resolved by the fifteenth Business Day before the Maturity Date, payment of the Principal Amount will occur on the 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 Maturity Date. If the Market Disruption Event is not resolved by the 175th day after the Maturity Date, the Calculation Agent shall, in its sole discretion, determine the market value of each Affected Share 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 the market value for such Share(s) 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, utilizing such market value.

Substitution Event

If, during the term of the Notes, there is a Substitution Event in respect of any notional Share (an "Impacted Share"), then the Calculation Agent may, in its sole discretion, notionally sell the Impacted Shares at then prevailing market prices determined by the Calculation Agent and use the notional proceeds realized to notionally purchase notional income fund units or shares of another widely-traded Canadian issuer in a similar industry sector as the Company that issued the Impacted Share, selected in the sole discretion of the Calculation Agent (the "Substituted Share"). If so, the Substituted Share shall replace the Impacted Share in the Portfolio as of the date of such selection. Upon any such replacement, the Substituted Share shall be deemed to be the Impacted Share for purposes of determining Variable Return, if any, and the Calculation Agent shall, as soon as practicable after such Substitution Event, make adjustments to any one or more components of the Asset Allocation Calculation, or any other component or variable relevant to the determination of Variable Return. Adjustments will be made in such a way as the Calculation Agent, in its sole discretion, determines appropriate to account, in the calculation of Variable Return, for the performance of the Impacted Share up to the occurrence of such Substitution Event and the subsequent performance of the Substituted Share in replacement thereof thereafter. For greater certainty, the Substituted Share may be any share of a large issuer and may be an issuer that was a continuing entity in respect of a Merger Event. Upon any Substitution Event and the making any such adjustment, the Calculation Agent shall promptly give notice and brief details to the Holders. If, the Calculation Agent determines, in its sole discretion, that no appropriate securities may be purchased after the liquidation from the Equity Account of the Impacted Shares, the Calculation Agent will credit the notional cash proceeds from such liquidation to the Equity Account and will apply the proceeds to purchase additional amounts of the then remaining Shares in the Equity Account in accordance with the Share Trading Formula.

In circumstances where a Substitution Event occurs but there is no market for the Impacted Shares (due, for example, to a suspension of trading or any other Market Disruption Event), the Calculation Agent may, in its sole discretion, depending on the nature of the reasons giving rise to the Substitution Event, elect to continue to hold the Impacted Shares in the Equity Account or to liquidate the Impacted Shares at then prevailing market prices determined by the Calculation Agent once the Impacted Shares become liquid again, and utilize the proceeds to acquire the Substituted Shares at then prevailing market values. In circumstances where a Substitution Event occurs, but there is no market for the Impacted Shares such that the Calculation Agent expects that the Impacted Shares may not be liquidated from the Equity Account for the remainder of the term of the Notes, the Calculation Agent will make commercially reasonable estimates of the market value of the Impacted Shares in order to effect the Asset Allocation Calculation, from time to time, and to calculate the Variable Return, if any.

Merger Event

If, during the term of the Notes, there is a Merger Event, any equity securities ("Merger Shares") notionally received from the resulting entity following the merger (the "Merged Company") in exchange for a Share (the "Replaced Shares") will be added to the Equity Account in the place of the Replaced Shares as of the applicable Merger Date. Any change in the value of the Merger Shares compared to the Replaced Shares will be treated as a change in the market value of the Replaced Shares. If Merger Shares in combination with non-equity securities (as determined by the Calculation Agent) and/or cash consideration are notionally received from the Merged Company following a Merger Event, the Calculation Agent will liquidate such non-equity securities of the Merged Company and apply all of the proceeds from such liquidation and/or any cash consideration to the purchase of Merger Shares (if available) to be included in the Equity Account. If only non-equity securities and/or cash consideration are received from the Merged Company, the Calculation Agent will liquidate the non-equity securities received from the Merged Company and apply all of the proceeds from such liquidation and/or any cash consideration to the purchase of Merger Shares (if available) to be included in the Equity Account. If no Merger Shares are available (because, for example, the Merged Company only issues bonds), a Substitution Event will be deemed to have occurred as of the applicable Merger Date.

Extraordinary Event

If an Extraordinary Event occurs, the Calculation Agent may determine that the Notes will no longer have exposure to the notional Shares, the Loan will be repaid and the Portfolio may consist only of notional Bonds until the Maturity Date. Upon such determination by the Calculation Agent, the Loan will be repaid, and no further Variable Return will be earned on the Notes, even though the Shares may earn a positive return following the occurrence of an Extraordinary Event. 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 Portfolio according to the Asset Allocation Calculation. **If an Extraordinary Event occurs, the possibility of a Holder receiving any Variable Return at the Maturity Date may be significantly reduced.** Following the occurrence of an Extraordinary Event, a Holder would continue to be able to sell a Note 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, neither payment nor calculation of the Variable Return, if any, or payment of the Principal Amount per Note will be accelerated.

Secondary Trading

There is currently no market through which the Notes may be sold. There can be no assurance that a secondary market for the Notes will develop or, if such market does develop, that it will be sustained or liquid. The Notes will not be listed on any stock exchange. 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 Holders. These efforts will consist of posting a daily Bid Price determined by the Selling Agent through FundSERV for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Holder. 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 FundSERV.

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

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

If a Holder sells Notes prior to maturity, the Holder may have to do so at a discount from the original Principal Amount even if the performance of the Shares has been positive and, as a result, the Holder may suffer losses. See "Risk Factors — Liquidity Risk and Secondary Market"

A Holder will not be able to redeem Notes prior to the Maturity Date.

Early Trading Charge

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

If Sold Within	Early Trading Charge
1 year	5.50%
2 years	3.50%
3 years	1.50%
Thereafter	Nil

A Holder should understand that any valuation price for the Notes appearing on its investment account statement, as well as any Bid Price quoted to the Holder to sell Notes prior to the Maturity Date, will be before the application of any applicable Early Trading Charge. A Holder wishing to sell Notes prior to the Maturity Date should consult its investment advisor about whether the Holder will bear the Early Trading Charge and, if so, how much it will be.

The Notes are generally not suitable for an investor who requires liquidity prior to the Maturity Date. A Holder should consult his or her investment advisor as to whether it would be more favourable in the circumstances at any time, to sell Notes (assuming the availability of a secondary market) or to hold the Notes until the Maturity Date. A Holder should also consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Note until the Maturity Date. See "Certain Canadian Federal Income Tax Considerations".

The Selling Agent and/or any of it 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 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(low) by DBRS, AA− by S&P and Aa3 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 the Maturity Date, funds in an amount sufficient to pay the amounts due under the Notes. Payment of the Variable Return, if any, may be delayed in certain circumstances. See "Description of the Notes — Market Disruption Event".

All amounts payable in respect of the Notes 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 Holders 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 the Maturity Date, to require the surrender for cancellation of any certificate evidencing the Notes.

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 a Holder at the Maturity Date, payment of a portion of such payment constituting a Variable Return that would exceed 60% per annum may be deferred to ensure compliance with such laws. In addition, the Bank may withhold a portion of any payment to a Holder that the Bank is legally able or required to withhold. The Bank will pay the portion so deferred to the Holder together with interest at the Bank's equivalent term deposit rate as soon as Canadian law permits.

Form of the Notes

General

Each Note will generally be represented by a global Note representing the entire issuance of Notes. The Bank will issue Notes evidenced by certificates in definitive form to a particular Holder only in limited circumstances. Any certificated Notes in definitive form and any global Note will be issued in registered form, whereby the Bank's obligation will be to the Holder of the security named on the face of the security. Definitive Notes if issued will name Holders or their nominees as the owners of the Notes, and in order to transfer or exchange these definitive Notes or to receive payments other than interest or other interim payments, the Holders or nominees (as the case may be) must physically deliver the Notes to the Bank. A global Note will name a depositary or its nominee as the owner of the Notes, initially to be CDS or its nominee. Each Holder's beneficial ownership of Notes will be shown on the records maintained by the Holder's broker/dealer, bank, trust company or other representative that is a participant in the relevant depositary. Interests of participants will be shown on the records maintained by the relevant depositary. Neither the Bank nor any depositary will be bound to recognize 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.

Global Note

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

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

Ownership of beneficial interests in a global Note will be limited to persons, called participants, that have accounts with the relevant depositary or persons that may hold interests through participants. Upon the issuance of a registered global Note, the depositary will credit, on its book-entry registration and transfer system, the participants' accounts with the respective Principal Amounts of the Notes beneficially owned by the participants. Any dealers participating in the distribution of the Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global Note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depositary, 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 depositary, or its nominee, is the registered owner of a registered global Note, that depositary 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 depositary 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 a Holder. The Bank understands that under existing industry practices, if the Bank requests any action of Holders or if an owner of a beneficial interest in a registered global Note desires to give or take any action that a Holder is entitled to give or take in respect of the Notes, the depositary 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 depositary or its nominee will be made to the depositary 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 depositary 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 depositary. 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 represented by one or more registered global Notes. If the Bank makes that decision, the Bank will issue Notes in definitive form in exchange for all of the registered global Notes representing the Notes.

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

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 Holder at the address of the Holder appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Holder 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 Holder with a bank in Canada. Payment under any definitive Note is conditional upon the Holder first delivering the Note to the Bank which reserves the right, in the case of payment of Variable Return prior to the Maturity Date, to mark on the Note that Variable Return has been paid in full, or, in the case of payment of Variable Return and the Principal Amount under the Note in full, to retain the Note and mark the Note as cancelled.

Dealings in Shares

The Bank may from time to time, in the course of its normal business operations, hold Shares or interests linked to any Share or Company. The Bank and its affiliates may deal in the securities of each Company and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Company or any other person or entity having obligations relating to such Company and may engage in proprietary trading in the Shares or in options, futures or derivatives relating to the Shares (including such trading as the Bank may deem appropriate, in its discretion, to hedge any risk in connection with the Notes) and may act with respect thereto in the same manner as it would if the Notes did not exist, regardless of whether any such action may have an adverse effect on the value of any Shares and thus the Variable Return, if any, payable in respect of the Notes. The Bank and its affiliates may, whether by virtue of the relationships described above or otherwise, from time to time be in possession of information in relation to any Company that may not be publicly available or known to Holders, and the Notes do not create an obligation on the part of the Bank or its affiliates to disclose to Holders such relationship or information (whether or not confidential).

Notification

All notices to Holders regarding the Notes will be valid and effective: (i) if such notices are given (which notice may be given by wire or fax) to the applicable depositary (initially being CDS) and its relevant participants; or (ii) in the case where the Notes are directly registered in the Holders' names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Holders; provided, however, that any required notice of an Extraordinary Event or Market Disruption Event will also be published in the Toronto and national editions of a major daily English language Canadian newspaper with national circulation and in a daily French language newspaper of general circulation in Montreal.

Amendments to the Notes

The terms of the Notes may be amended without the consent of the Holders by the Bank and if, in the reasonable opinion of the Bank, the amendment would not materially and adversely affect the interests of the Holders. In other cases, the terms of the Notes may be amended if the Bank proposes the amendment and if the amendment is approved by a resolution passed by the favourable votes of the Holders holding not less than 66⅔% of the Principal Amount of the Notes represented at a meeting convened for the purpose of considering the resolution. The quorum for a meeting of Holders is at least two Holders represented in person or by proxy holding at least 10% of the Principal Amount of the Notes outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting will be adjourned to another day, not less than 10 days or more than 21 days later, selected by the Bank and notice will be given to the Holders of such adjourned meeting. The Holders present at the adjourned meeting will constitute a quorum. Each Holder is entitled to one vote per Note held by such Holder for the purposes of voting at meetings.

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

Holder's 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 Holders 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.

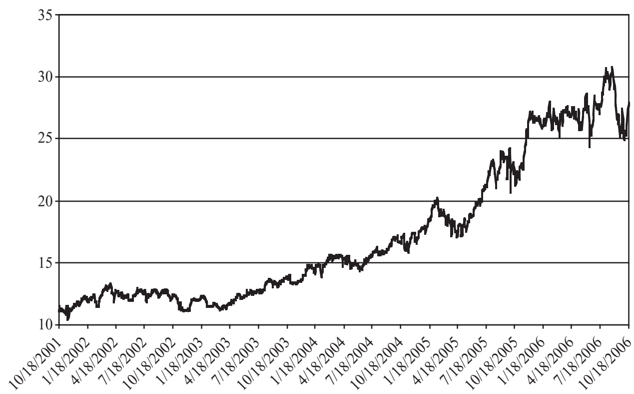
THE SHARES AND THE COMPANIES

The following are brief descriptions of the businesses of the Companies and the trading symbols for the Shares. The charts show the Shares' respective historical daily closing prices. All information in this Information Statement relating to the Shares is obtained from publicly available sources and is presented in this Information Statement in summary form. As such, neither the Bank nor any selling agent selling the Notes assumes any responsibility for the accuracy or completeness of such information. The charts show historical performances of the daily closing prices of the Shares. Historical performance of a Share will not necessarily predict future performance of such Share. All data is as of October 18, 2006. It is important to note that it is very unlikely that Variable Return, if any, on the Notes or performance of the Notes will track the future performance of the Shares.

ARC Energy Trust (AET-U)

ARC Energy Trust is a royalty trust formed to provide investors with indirect ownership in cash generating energy assets, which currently consist of oil and gas assets. ARC Energy's production volumes for 2005 averaged over 56,000 barrels of oil equivalent per day. ARC Energy was established in 1996. Market Capitalization is approximately $5.7 billion and current indicative distribution yield is 8.56%. The Shares trade on the Toronto Stock Exchange (the "TSX") under the symbol AET-U.

ARC Energy Trust (AET-U) 10/18/2001 to 10/18/2006



Bank of Montreal (BMO)

Bank of Montreal is a Canadian chartered bank which provides banking and financial services to consumers, individuals, and corporate clients in Canada and around the world. Market Capitalization is approximately $33.5 billion and current indicative distribution yield is 3.70%. The Shares trade on the TSX under the symbol BMO.

Bank of Montreal (BMO) 10/18/2001 to 10/18/2006

Canadian Imperial Bank of Commerce (CM)

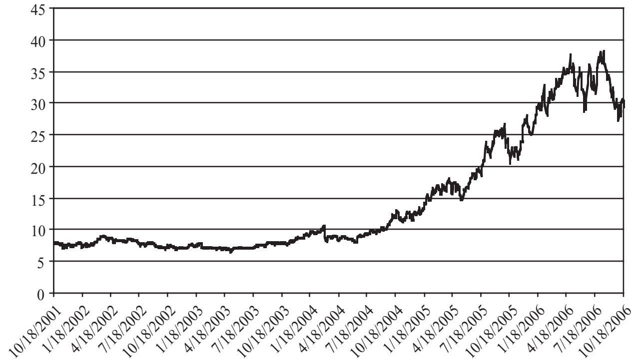
Canadian Imperial Bank of Commerce is a Canadian chartered bank which provides banking and financial services to consumers, individuals, and corporate clients in Canada and around the world. Market Capitalization is approximately $28.4 billion and current indicative distribution yield is 3.31%. The Shares trade on TSX under the symbol CM.

Canadian Imperial Bank of Commerce (CM)
10/18/2001 to 10/18/2006

Canadian Oil Sands Trust (COS-U)

Canadian Oil Sands Trust is an open-ended investment trust that generates income from its working interest in the Syncrude Joint Venture. Syncrude is involved in the mining and upgrading of bitumen from the Athabasca oil sands. Market Capitalization is approximately $13.9 billion and current indicative distribution yield is 4.10%. The Shares trade on the TSX under the symbol COS-U.

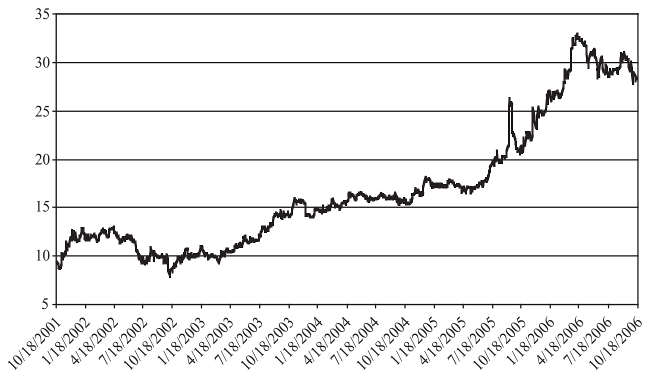
Canadian Oil Sands Trust (COS-U) 10/18/2001 to 10/18/2006



CI Financial Income Fund (CIX-U)

CI Financial Income Fund is an income trust that generates income as a diversified wealth management firm is one of Canada's largest investment fund companies. Market Capitalization is approximately $8.1 billion and current indicative distribution yield is 7.08%. The Shares trade on the TSX under the symbol CIX-U.

CI Financial Income Fund (CIX-U) 10/18/2001 to 10/18/2006



Enbridge Inc. (ENB)

Enbridge Inc. provides energy transportation, distribution, and related services in North America and internationally. The Company operates a crude oil and liquids pipeline system, is involved in international energy projects, and is involved in natural gas transmission and midstream businesses. Enbridge also distributes natural gas and electricity, and provides retail energy products. Market Capitalization is approximately $12.5 billion and current indicative distribution yield is 3.25%. The Shares trade on the TSX under the symbol ENB.

Enbridge Inc. (ENB) 10/18/2001 to 10/18/2006

Great-West Lifeco Inc. (GWO)

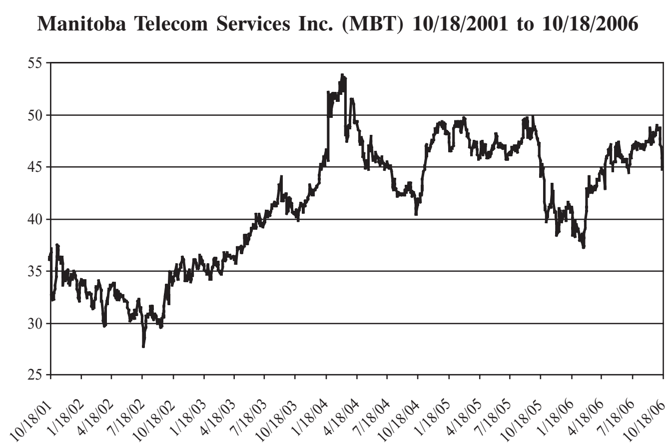
Great-West Lifeco Inc. is a financial services holding company with interests in the life insurance, health insurance, investment and retirement savings, and reinsurance businesses. The Company serves the financial security needs of people in Canada and the United States. Market Capitalization is approximately $27.8 billion and current indicative distribution yield is 3.06%. The Shares trade on the TSX under the symbol GWO.

IGM Financial Inc. (IGM)

IGM Financial Inc. offers a variety of personal financial planning services. The Company provides mutual funds, Guaranteed Investment Certificates, insurance products, and mortgage loans. IGM operates throughout Canada. Market Capitalization is approximately $12.3 billion and current indicative distribution yield is 3.41%. The Shares trade on the TSX under the symbol IGM.

Manitoba Telecom Services Inc. (MBT)

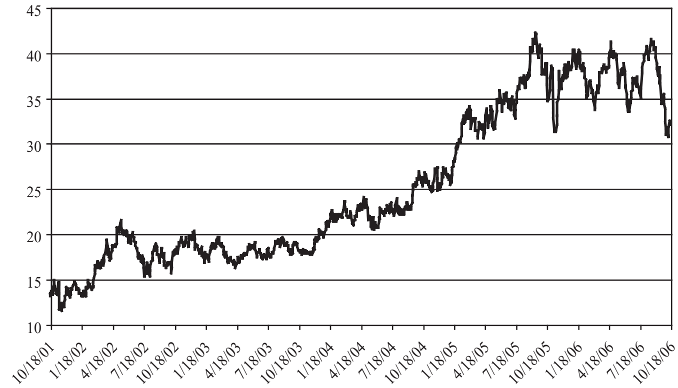
Manitoba Telecom Services Inc. provides full-service telecommunications in Manitoba, Canada. The Company offers local, long distance, wireless, directory, and on-line multimedia services. Market Capitalization is approximately $3.1 billion and current indicative distribution yield is 5.75%. The Shares trade on the TSX under the symbol MBT.



Precision Drilling Trust (PD-U)

Precision Drilling Trust is an integrated oilfield drilling and energy service company providing services to the oil and gas industry. The Company provides oilfield rentals, well services, catering services, and drilling services through its several business units. Market Capitalization is approximately $4.0 billion and current indicative distribution yield is 11.55%. The Shares trade on the TSX under the symbol PD-U.

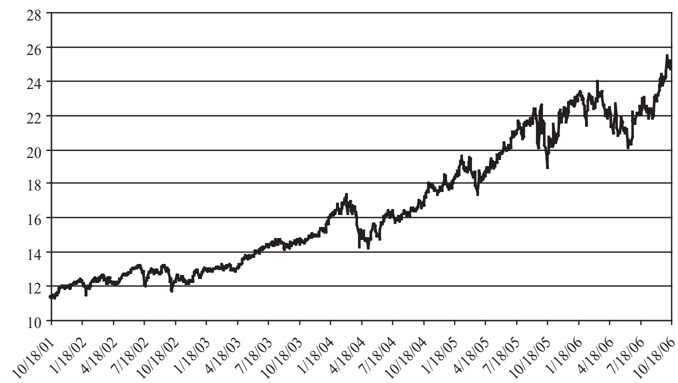
Precision Drilling Income Trust (PD-U) 10/18/2001 to 10/18/2006



RioCan Real Estate Investment Trust (REI-U)

RioCan Real Estate Investment Trust owns and manages a portfolio of income producing properties. The Trust's assets include retail, office, industrial, and recreational properties located in Canada. Market Capitalization is approximately $4.9 billion and current indicative distribution yield is 5.35%. The Shares trade on the TSX under the symbol REI-U.

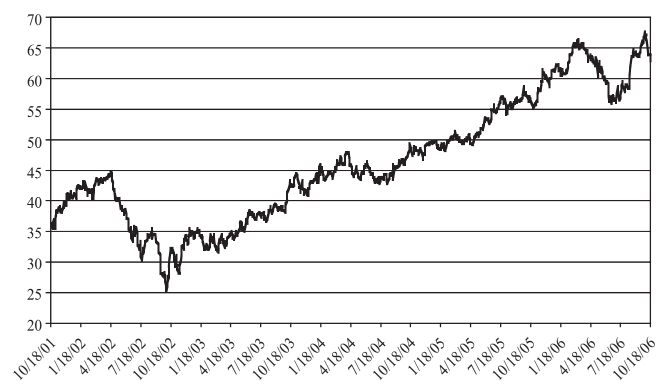
RioCan Real Estate Investment Trust (REI-U)
10/18/2001 to 10/18/2006



Toronto-Dominion Bank (TD)

Toronto-Dominion Bank is a Canadian chartered bank which provides banking and financial services to consumers, individuals, and corporate clients in Canada and around the world. Market Capitalization is approximately $45.7 billion and current indicative distribution yield is 3.03%. The Shares trade on the TSX under the symbol TD.

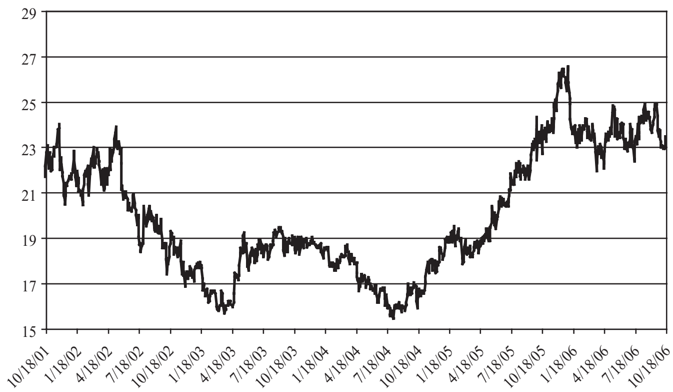
Toronto-Dominion Bank (TD) 10/18/2001 to 10/18/2006



TransAlta Corp (TA)

TransAlta Corp is a non-residential electric generation and marketing company with its growth focused in developing coal and gas-fired generation. The company is currently focused on Australia, Canada, the US, and Mexico. Market Capitalization is approximately $4.7 billion and current indicative distribution yield is 4.26%. The Shares trade on the TSX under the symbol TA.

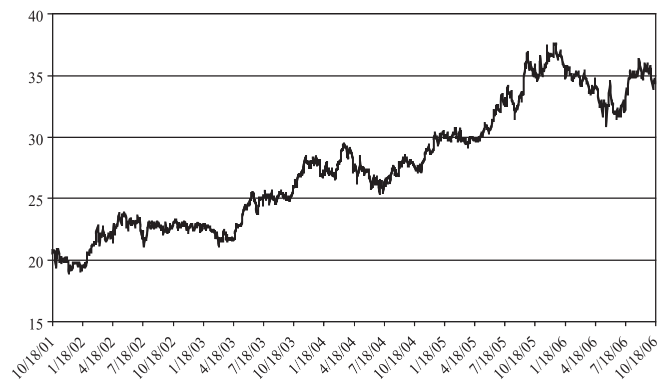
TransAlta Corp. (TA) 10/18/2001 to 10/18/2006



TransCanada Corp. (TRP)

TransCanada Corporation is the parent company of TransCanada PipeLines Limited. The Company is focused on natural gas transmission and power services. TransCanada's network of pipeline transports the majority of Western Canada's natural gas production to markets in Canada and the United States. The Company also has interests in power plants in Canada and the US. Market Capitalization is approximately $16.8 billion and current indicative distribution yield is 3.72%. The Shares trade on the TSX under the symbol TRP.

TransCanada Corp. (TRP) 10/18/2001 to 10/18/2006



Yellow Pages Income Fund (YLO-U)

Yellow Pages Income Fund is an unincorporated, open-ended, limited purpose trust created to acquire and hold an interest in Yellow Pages Group LP. Yellow Pages Group is a Canadian telephone directories publisher and exclusive owner of the Yellow Pages, Pages Jaunes, and Fingers & Design trademarks in Canada. Market Capitalization is approximately $7.4 billion and current indicative distribution yield is 7.18%. The Shares trade on the TSX under the symbol YLO-U.

Yellow Pages Income Fund (YLO-U) 10/17/2003 to 10/18/2006

FUNDSERV

General

Some Holders may purchase Notes through dealers and other firms that facilitate purchase and related settlement through a clearing and settlement service operated by FundSERV Inc. ("FundSERV"). The following FundSERV information is pertinent for such Holders. Holders should consult with their financial advisors as to whether their Notes have been purchased through FundSERV and to obtain further information on FundSERV procedures applicable to those Holders.

Where a Holder's purchase order for Notes is effected by a dealer or other firm through FundSERV, such dealer or other firm may not be able to accommodate a purchase of Notes through certain registered plans for purposes of the Income Tax Act (Canada). Holders should consult their financial advisors as to whether their orders for Notes will be made through FundSERV and any limitations on their ability to purchase Notes through certain registered plans.

FundSERV 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. FundSERV 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, FundSERV is currently used in respect of other financial products that may be sold by financial planners, such as the Notes. FundSERV 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 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 FundSERV ("FundSERV Notes") will also be evidenced by that Global Note, as are all other Notes. See "Description of the Notes — Form of the Notes" above for further details on CDS as a depositary and related matters with respect to the Global Note. Holders holding FundSERV 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 Notes. A Holder should understand that Scotia Capital Inc. will make such recordings as instructed through FundSERV by the Holder's financial advisor.

Purchase Through FundSERV

In order to complete the purchase of FundSERV 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 Notes. If FundSERV Notes are not issued to the Holder for any reason, such funds will be returned forthwith to the Holder. In any case, whether or not the FundSERV Notes are issued, no interest or other compensation will be paid to the Holder on such funds.

Sale Through FundSERV

A Holder wishing to sell FundSERV Notes prior to the Maturity Date is subject to certain procedures and limitations to which a Holder holding Notes through a "full service broker" with direct connections to CDS may not be subject. Any Holder wishing to sell a FundSERV 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. A Holder must sell FundSERV Notes by using the "redemption" procedures of FundSERV; any other sale or redemption is not possible. Accordingly, a Holder will not be able to negotiate a sales price for FundSERV Notes. Instead, the financial advisor for the Holder will need to initiate an irrevocable request to "redeem" the FundSERV Note in accordance with the then established procedures of FundSERV. 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 Note will be effected at a sale price equal to (i) the "net asset value" of a Note as of the close of business on the applicable Business Day as posted to FundSERV by Scotia Capital Inc., minus (ii) any applicable Early Trading Charge (as outlined under "Secondary Trading of Notes"). The "net asset value" of a Note will factor in accrued interest, if any. The Holder should be aware that, although the "redemption" procedures of FundSERV would be utilized, the FundSERV Notes of the Holder 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 Notes to other parties at any price, to hold them in its inventory or to arrange for purchase for cancellation by the Bank.

Holders should also be aware that from time to time such "redemption" mechanism to sell FundSERV Notes may be suspended for any reason without notice, thus effectively preventing Holders from selling their FundSERV Notes. Potential Holders requiring liquidity should carefully consider this possibility before purchasing FundSERV Notes.

Scotia Capital Inc. is the "fund sponsor" for the FundSERV Notes within FundSERV. It is required to post a "net asset value" for the FundSERV Notes on a daily basis, which value may also be used for valuation purposes in any statement sent to Holders. 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 Holders as at the relevant close of business, including clients of Scotia Capital Inc.

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

FEES AND EXPENSES ASSOCIATED WITH THE NOTES

Program Fee

The Notes will be subject to an annual Program Fee. The Program Fee will vary depending upon the relative allocation in the Portfolio between notional Shares and the Bonds. The Program Fee will be 2.15% for the portion of the Portfolio allocated to the Equity Account (including any Shares notionally acquired with the Loan in the case of a Leveraging Event or reinvestment) and 0.50% for the portion of the Portfolio allocated to the Bond Account. The Program Fee will be calculated daily and payable quarterly in arrears to Scotia Capital, as Calculation Agent of the Notes. The 0.50% Program Fee on the portion of the Portfolio allocated to the Bonds is produced by the coupon on the Bonds. The 2.15% Program Fee on the portion of the Portfolio allocated to the Equity Account is generated by selling Shares notionally held in the Equity Account in accordance with the Share Trading Formula. Fees of the Sub-Agent will be paid out of the portion of the Program Fee related to the Equity Account.

The Bank will pay selling agents who sell Notes an annual fee, paid quarterly, of 0.25% of the average daily value of the Equity Account during the first five years of the term of the Notes. This fee will be paid out of the Program Fee. **Program Fees and other expenses associated with the Notes will be deducted from the Equity Account periodically during the term of the Notes and prior to determining the amount of the Variable Return, if any, payable at maturity.**

The Bank will also pay a selling fee to qualified selling group members of $4.25 per Note sold.

Leverage

For providing leverage to the Portfolio, Scotia Capital will receive the interest payable on funds notionally borrowed under the Loan, calculated at the annual interest rate equal to the one-month Bankers' Acceptance Rate plus 0.25% (4.580% as of October 18, 2006), accrued daily and paid monthly. This interest will be paid out of the Equity Account periodically during the term of the Notes and prior to determining the amount of the Variable Return, if any, payable at maturity.

USE OF PROCEEDS

The proceeds received by the Bank from the issuance of the Notes will be deposited with the Bank. The proceeds received from the issuance of the Notes will be deposits of the Bank. The Net Proceeds will not be held by the Bank in trust for the holders 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.

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 a Holder who purchases Notes at the time of their issuance (an "Initial Holder"). This summary is applicable only to an Initial Holder who is an individual (other than a trust) and, for the purposes of the *Income Tax Act* (Canada) (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 Holder unless: (i) the Initial Holder 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 Holder acquired the Notes as an adventure in the nature of trade. Certain Initial Holders 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 Holder'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 Holder that is a corporation, partnership or trust.

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 published in writing by the Canada Revenue Agency (the "CRA") and all specific proposals to amend the Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative or assessing practices, whether by legislative, governmental or judicial 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 Holder. Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Notes, based on their particular circumstances.

Variable Return Prior to Maturity

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 receivable on the obligation. Based in part on the understanding of 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 has occurred and the Portfolio does not consist only of the Bond Account. If an Extraordinary Event occurs or the Portfolio consists only of the Bond Account and the Calculation Agent determines that the Portfolio will only consist of the Bonds, an Initial Holder would generally be required to include in income for each taxation year commencing in the taxation year in which the Extraordinary Event occurred or the Portfolio consists only of the Bond Account, the portion of the Variable Return deemed to accrue as interest to the Initial Holder to the end of the "anniversary day" of the Note in the taxation year determined in accordance with the prescribed debt obligation rules, except to the extent that the amount was otherwise included in income for the taxation year or a preceding taxation year. The Bank will file an information return with the CRA in respect of any such deemed interest required to be included in an Initial Holder's income and will provide the Initial Holder with a copy of such return.

Disposition of Notes

On a disposition of a Note at the Maturity Date, an Initial Holder 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 Holder's income and will provide the Initial Holder with a copy of such return. The Initial Holder 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 Holder's adjusted cost base of the Note and any reasonable costs of disposition.

In certain circumstances, where a Holder assigns or otherwise transfers a debt obligation, 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 Holder'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. Under the terms of the Notes, there should be no amount in respect of 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, while the matter is not free from doubt, an amount received by an Initial Holder 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 Holder's adjusted cost base of the Note and any reasonable costs of disposition. Initial Holders 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 Holder must be included in the income of the Initial Holder. One-half of a capital loss realized by an Initial Holder 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.

PLAN OF DISTRIBUTION

Each Note will be issued for a subscription price of 100% of the Principal Amount thereof ($100 per Note). The subscription price was determined by negotiation between the Bank and the Selling Agent. **The Selling Agent is a wholly owned subsidiary of the Bank. As a result, the Bank is a related issuer of the Selling Agent under applicable securities legislation.**

The closing of this offering is scheduled to occur on or about December 20, 2006. The Bank may, at any time prior to the Issue Date, in its discretion, elect whether or not to proceed in whole or in part with the issue of the Notes. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Upon acceptance of a subscription, the Selling Agent will deliver or cause to be delivered a confirmation of acceptance by prepaid mail or other means of delivery to the subscriber.

The Bank will pay selling expenses of $4.25 per Note to qualified selling group members for selling the Notes. The selling expenses will be paid out of the proceeds of the offering. The Selling Agent may form a sub-agency group including other qualified selling members. The Selling Agent currently contemplates using the Sub-Agent in this capacity. The fees of the Sub-Agent will be paid out of the portion of the Program Fee related to the Equity Account. While the Selling Agent has agreed to use its best efforts to sell the Notes offered hereby, the Selling Agent will not be obligated to purchase any Notes which are not sold. For greater certainty, the Selling Agent may purchase Notes offered hereby as principal.

A global Note for the full amount of the Offering will be issued in registered form to CDS and will be deposited with CDS on the Closing Date. Subject to certain exceptions, certificates evidencing the Notes will not be available to Holders 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 of this series or a series previously issued, and other debt securities which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by the Bank concurrently with the Notes. The Bank further reserves the right to purchase for cancellation at its discretion any amount of Notes in a secondary market, without notice to Holders.

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 Issuer is a Schedule I 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 in all 10 provinces and two territories. With more than 55,000 employees, the Bank and its affiliates serve about 10 million customers in some 50 countries around the world. The Bank offers a diverse range of products and services including personal, commercial, corporate and investment banking.

The Bank has three major business lines: Domestic Banking, International Banking and Scotia Capital. Each of these three business lines is discussed below and additional information on each of the Bank's business lines is available in the 2005 Management's Discussion and Analysis found on page 51 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 over 6.8 million customers through a network of 954 branches and 2,624 ABMs, as well as telephone and internet banking. The Retail Banking division supplies mortgages, loans, credit cards and day-to-day banking products to individuals and small businesses. The Wealth Management division provides retail brokerage, mutual funds and private client services. The Commercial Banking division delivers a full product suite to medium and large businesses. As well, merchant banking services are provided through one of the Issuer's subsidiaries, Roynat Capital Inc.

International Banking

The Bank's International Banking business line operates in more than 40 countries and includes operations in three geographic regions: the Caribbean and Central America, Latin America and Asia Pacific. International Banking includes the Bank's retail and commercial banking operations outside of Canada. Including the Bank's subsidiaries and affiliates, more than 22,000 employees worldwide provide a full range of services to almost three million customers. In the Caribbean and Central America, the Bank operates in 25 countries with 366 branches and offices and a network of 775 ABMs and provides customers with a broad range of personal and commercial banking services. In Mexico, Grupo Financiero Scotiabank Inverlat has 444 branches and offices and a network of 1,046 ABMs. It provides more than 1.3 million personal, commercial and corporate customers with a full range of banking products and services, along with select capital markets capabilities. In Latin America, the

Bank's holdings include Scotiabank Sud Americano in Chile, and affiliates in Peru and Venezuela. In Chile, the Bank operates 57 branches and offices and a network of 115 ABMs and provides personal, commercial and corporate banking services. In the Asia Pacific region, the Bank operates in nine countries with 24 branches and offices. Our business in these countries is primarily focused on commercial banking and trade finance, with some wholesale banking.

Scotia Capital

Scotia Capital provides full service wholesale banking to corporate, government and investor clients across the NAFTA region as well as other selected niche markets globally. Scotia Capital was reorganized into two main businesses, effective November 1, 2005. Global Corporate and Investment Banking provides corporate lending, equity underwriting and mergers & acquisitions advisory services. Global Capital Markets provides products and services such as fixed income; derivatives; foreign exchange; equity sales, trading and research; and, through ScotiaMocatta, precious metals.

RISK FACTORS

Investing in the Notes is subject to certain risks. Before reaching a decision to purchase Notes, 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 the 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 (in its capacity as issuer and Calculation Agent), Scotia Capital Inc. (as Selling Agent), the Sub-Agent or their respective affiliates makes any recommendation as to whether the Notes are a suitable investment for any person.

The Notes have certain investment characteristics that differ from conventional fixed income investments. The Notes will not provide Holders with an income stream or return prior to the Maturity Date and may not provide any return in excess of the Principal Amount on maturity. The Notes do not provide a return in excess of the Principal Amount at the Maturity Date 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 Holders prepared to assume risks with an investment whose return is tied to the performance of the Shares. The Principal Amount is only repaid if the Notes are held to the 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 Holders who need or expect any return or a specific return on investment.

Holders should understand that the risk involved in this type of investment is greater than that normally associated with other types of investments. The Distributions, if any, on and the capital appreciation, if any, of the Shares 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 only at the Maturity Date in most circumstances and only to the extent that the Equity Account performance exceeds all applicable Program Fees over the term of the Notes 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 Principal Amount will ever be payable with respect to the Notes. Moreover, the value of an investment in the Notes may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. Accordingly, an investment in the Notes may result in a lower return when compared to alternative investments.

No Guaranteed Return on Notes

While an Holder is entitled to payment on the Maturity Date which cannot be less than the Principal Amount of the Note, the Notes do not bear a fixed rate of interest and there can be no assurance that the Notes will bear any return. Historical returns on the Shares should not be considered as an indication of the future performance of the Notes. No assurance can be given, and none is intended to be given, that any of the Shares will appreciate in the period during which the Notes are outstanding and that any return will be achieved on the Notes at the Maturity Date.

Pledging

The ability of a Holder to pledge the Notes or otherwise take action with respect to such Holder'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

There is no assurance that the Companies will be able to achieve their strategic objectives and there is no assurance that the Companies will be able to pay Distributions. In certain circumstances, a Company may suspend the payment of Distributions. If so, Holders of Notes will not enjoy the benefits of reinvestment of notional Distributions in the Portfolio. It should be noted that past performance of the Shares is not necessarily indicative of future results. There is no guarantee that reinvested Distributions, if any, will not be offset by decreases in the value of the Shares such that, notwithstanding that Distributions have been reinvested, no Variable Return will be paid.

The Notes are generally not suitable for an investor who requires liquidity prior to the Maturity Date. A Holder should consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note (assuming the availability of a secondary market) or hold the Note until the Maturity Date. A Holder should also consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Note until the Maturity Date.

Dependence on Management

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

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

Variable Return, if any, will be determined on the basis of the performance of the notional Shares held in the Equity Account. The historical performance of the Shares is not necessarily indicative of the future performance of those Shares. The market values of the Shares will be influenced by complex and interrelated political, economic, financial and other factors.

Risks Relating to the Shares

While the trading prices of the Shares will determine their market values, it is impossible to predict whether the market value of any Share will increase or decrease. Trading prices of the Shares will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect the capital and commodity markets generally and the equity trading markets on which the underlying securities are traded, and by various circumstances that can influence the value of a particular Share.

Liquidity Risk and Secondary Trading of Notes

The Notes are designed for Holders with long-term investment horizons who are prepared to hold the Notes to the Maturity Date. The Notes are not designed as a short-term investment.

The Principal Amount and Variable Return, if any, per Note are only payable at maturity. A Holder cannot elect to receive Variable Return prior to the Maturity Date. The Notes will not be listed on any stock exchange. However, the Selling Agent intends to use reasonable efforts to maintain a secondary market for the Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Holders. These efforts will consist of posting a daily Bid Price through FundSERV for the Notes. The Selling Agent may, for any reason, elect not to purchase Notes from any particular Holder. Holders 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 a Holder having purchased Notes in the secondary market will be recouped. The price that the Selling Agent will pay to a Holder for a Note prior to the Maturity Date will be determined by the Selling Agent, acting in its sole discretion, and will be based on, among other things: (i) how much the value of the assets in the Portfolio have risen or fallen since the Closing Date; (ii) the fact that assets in the Portfolio will be reallocated from time to time between the Equity Account and the Bond Account during the term of the Notes; and (iii) a number of other interrelated factors including, without limitation, volatility of the value of the notional assets in the Portfolio, prevailing interest rates and the time remaining to the Maturity Date. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. In particular, Holders should realize that the secondary market price for the Notes: (i) may not rise and fall with changes in the trading prices of the Shares; and (ii) may be substantially affected by changes in current interest rates independent of performance of the notional assets in the 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 Equity Account. If a Holder sells Notes prior to maturity, the Holder may have to do so at a discount from the original Principal Amount even if the performance of the Portfolio has been positive and, as a result, the Holder may suffer losses. A Holder who sells a Note prior to the Maturity Date may have to pay an Early Trading Charge of up to 5.50% of the Principal Amount.

Potential Conflicts of Interest between the Holder 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 Holders 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, and may, as a consequence thereof and as a consequence of a Substitution Event, 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 Holders, without any liability on the Calculation Agent's, the Selling Agent's or the Bank's part, and Holders will not be entitled to any compensation from the Bank, the Calculation Agent or the Selling Agent for any loss suffered as a result of any of the Calculation Agent's calculations and determinations. Since the Calculation Agent's calculations and determinations may affect the market value of the Notes, the Bank may have a conflict of interest if the Calculation Agent needs to make any such calculations and determinations.

Since the Bank and the Calculation Agent may be the same person, the Calculation Agent may have an economic interest adverse to those of Holders, 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 each Company (including Shares) and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Company or any other person or entity having obligations relating to such Companies and may engage in proprietary trading in the Shares or in options, futures or derivatives relating to the Shares (including such trading as the Bank may deem appropriate, in its discretion, to hedge any risk in connection with the Notes) and may act with respect to such business in the same manner as it would if the Notes did not exist, regardless of whether any such action might have an adverse effect on the value of the Shares and, thus, the Variable Return payable in respect of the Notes. The Bank and its affiliates may, whether by virtue of the relationships described above or otherwise, from time to time be in possession of information in relation to any Company that may not be publicly available or known to Holders, and the Notes do not create an obligation on the part of the Bank or its affiliates to disclose to Holders such relationship or such information (whether or not confidential).

The Bank and its affiliates may, at any time and from time to time, hedge its exposure under the Notes. It may do so in a number of ways including, without limitation, by engaging in proprietary trading in the Shares or other securities of the Companies or in options, futures, derivatives or other instruments relating to the Shares and such trading may affect the price of the Shares and, consequently, the Variable Return, if any, payable in connection with the Notes. In addition, the Bank and its affiliates may, where permitted, accept deposits from, make loans to or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Company and may act with respect to such business in the same manner as it would if the Notes did not exist, regardless if any such action may trigger a Leveraging Event, a De-Leveraging Event or a Protection Event or otherwise have an adverse effect on the Shares and thus on the Variable Return, if any, payable in respect of the Notes.

Reallocation of the Portfolio

If, pursuant to the Asset Allocation Calculation, assets are reallocated from the Equity Account to the Bond Account during the term of the Notes, such allocation will reduce the exposure of the Notes to the notional Shares. The amounts to be allocated between the Equity Account and the Bond Account will be determined in accordance with the Asset Allocation Calculation.

Fees and Transaction Costs

In order for the payment at the Maturity Date to exceed the Principal Amount, the return on the notional assets in the Portfolio at the Maturity Date will have to exceed the aggregate fees and expenses paid in respect of the Notes during the term of the Notes.

Leverage

It is possible to have exposure of up to 200% of the Gross Proceeds to the Distributions and capital appreciation of the Shares in the Portfolio. At inception, $4.25 of the Loan will be drawn down and invested in the Equity Account. While such exposure exceeds 100% of the Net Proceeds, the Portfolio will have notionally borrowed money to acquire the additional notional Shares. The use of borrowed money creates an opportunity for increased exposure to the Shares and the potential of an increased return. At the same time, however, borrowing money creates special risks. Although the principal amount of funds notionally borrowed will be fixed, the value of the Shares may change during the time a borrowing is outstanding. Since any decline in value of the Shares will be borne entirely by the Portfolio (and not by those persons providing the borrowed money), a decline in the value of the Shares will result in a greater decrease in the Portfolio Performance than if no money was borrowed. Decreases in Portfolio Performance can lead to an increased allocation to the Bond Account under the Asset Allocation Calculation which will reduce the potential for the Notes to produce a Variable Return at maturity.

Notionally borrowing money will create interest expenses for Holders of the Notes. Scotia Capital will receive the interest payable on funds notionally borrowed under the Loan, calculated at an annual interest rate equal to the one-month Bankers' Acceptance Rate plus 0.25% accrued daily and paid monthly. The interest costs may exceed the return made from the borrowed funds. To the extent that the return on the notional Shares purchased with borrowed funds is greater than the interest the Notes will have to pay on the borrowed money, then the Portfolio Performance will be greater than the return if no funds were borrowed. Conversely, if the return from the notional Shares acquired with borrowed funds is not sufficient to cover the interest costs on the borrowed money, then the Portfolio Performance will be less than if no money was borrowed.

Regulatory Change

Future regulatory changes in applicable jurisdictions could have a material adverse effect on the Companies and the Notes.

Credit Risk

Because the obligation to make payments to Holders is an obligation of the Bank, the likelihood that such Holders 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

If a Protection Event occurs then, for the remaining term of the Notes, the Notes will no longer have any exposure to the notional Shares. Following the occurrence of a Protection Event, any Variable Return on the Notes calculated as of the date of such occurrence will be notionally invested in the Bond Account and the proceeds will be paid to the Holder at the Maturity Date. If a Protection Event occurs, the possibility of a Holder receiving any Variable Return is significantly reduced and a Holder will not receive any interest payments during the remainder of the term of the Notes.

Market Disruption Event

If a Market Disruption Event occurs on any day, the determination of whether a Leveraging Event, De-Leveraging Event or Protection Event has occurred, and any resulting notional sales or purchases of Bonds or Shares or notional drawdowns or repayments of the Loan or notional receipts and reinvestments of Distributions may be delayed. Fluctuations in the market prices of the notional Shares and in the market prices of a notional Bond may occur in the interim.

In the event that a Market Disruption Event occurs and continues for eight consecutive Business Days, the Calculation Agent may, in its discretion, determine the market value of the Affected Share for purposes of the Asset Allocation Calculation or, alternatively, designate the occurrence of such event as an Extraordinary Event. In such circumstances, the Variable Return, if any, may be less than the Variable Return, if any, that would otherwise have been payable had the 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 constitute a Substitution Event, in which case, the Calculation Agent may, in its discretion, substitute the Impacted Share with a different share or income trust unit. This may affect the Variable Return, if any, realized by Holders of Notes. "See "Description of the Notes — Special Circumstances — Substitution Event".

A Market Disruption Event may also result in a delay in payment of the Variable Return, if any. If a Market Disruption Event occurs and is not resolved by the fifteenth Business Day before the Maturity Date, payment of the Principal Amount will occur on the 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 Maturity Date.

Extraordinary Event

If an Extraordinary Event occurs, the Notes may no longer have exposure to the Equity Account and may have exposure only to the Bond Account. Following the occurrence of an Extraordinary Event, the Notes will not participate in any return that may have been realized on the notional Shares following an Extraordinary Event. If an Extraordinary Event occurs, the possibility of a Holder receiving any Variable Return may be significantly reduced. See "Description of the Notes — Special Circumstances — Extraordinary Event."

Adjustments In Special Circumstances

In certain circumstances, the Calculation Agent may replace a notional Share notionally held in the Equity Account with a different notional share or notional income trust unit. If so, the Calculation Agent may, in its discretion, make certain adjustments to the determination of Variable Return, to account equitably for those circumstances. A Substitution Event may adversely affect the Variable Return, if any, realized by Holders of Notes. See "Description of the Notes — Special Circumstances."

No Independent Calculation

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

Risks Relating to the Companies

The Variable Return, if any, payable on the Notes is linked to the performance of the Portfolio which, in turn, is based on the performance of the Shares. Accordingly, certain risk factors applicable to holders who invest directly in Shares are also applicable to an investment in Notes to the extent that such risk factors could adversely affect the Distributions made by, and the performance of, the Company. Reference is made to the continuous disclosure records of the Companies, which may be obtained at www.sedar.com. Holders are urged to review the salient risk factors applicable to each Company prior to making an investment decision with respect to the Notes. The Bank is not affiliated with any of the Companies and has not performed any due diligence investigation or review of them. Neither the Bank, the Selling Agent or their respective affiliates assume any responsibility for the adequacy of the information concerning the Companies contained in this Information Statement or publicly available. Prospective investors should undertake an independent investigation of the Companies as they deem necessary to allow them to make an informed decision with respect to an investment in the Notes.

No Control over Management

Since the Portfolio is notional only, Holders will have no ownership or other interest in the Shares or Bonds comprising the Portfolio other than the right to be paid a return, if any, on the Notes based on the performance of the Portfolio. There will be no control over the management of any entity whose securities are reflected in the Portfolio. The performance of the Notes will depend in part on the ability and success of the management of the Companies, in addition to general economic and market factors.

Diversification and Concentration

Although the Equity Account, as of the Issue Date, will be equally weighted as among the Shares of each Company, changes in market values of the Shares from and after the Issue Date coupled with the Share Trading Formula may result in the Equity Account having a higher weighting or concentration to the Shares of one or more Companies over time, which would reduce the diversification of the Equity Account.

No Ownership of Shares or Bonds

The Notes will not entitle a Holder to any direct or indirect ownership of or entitlement to Shares, Bonds or assets notionally held in the Portfolio. As such, a Holder will not be entitled to the rights and benefits of a shareholder or unitholder or any other securityholder of any Company, including any right to receive Distributions or dividends or to vote at or attend meetings of unitholders or securityholders of any Company.

Owning the Notes is different from owning Shares. The Notes do not represent a direct substitute for an investment in the Companies. Investing in the Notes provides the opportunity to participate in the value of the Portfolio, while receiving at the Maturity Date repayment of the Principal Amount invested in each Note. As such, the Notes serve as a way of participating in the appreciation in the Shares, if any, based on the Portfolio Performance, while assuring the ultimate return of the Principal Amount invested on the Maturity Date.

Share Prices

Holders should recognize that it is impossible to know whether the value of the notional Shares comprising the Equity Account at any time will rise or fall. Trading prices of the Shares may be influenced by complex and inter-related political, economic, financial and other factors that can affect the capital markets generally or the equity trading markets on which Shares are trading.

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 Companies and the Shares. None of these conditions are within the control of the Bank.

The Notes are generally not subject to Canadian securities laws. Accordingly, Holders 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, 2005;

(b) the Bank's Management Proxy Circular attached to the Notice of Meeting dated January 13, 2006 (excluding those portions which, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference);

(c) the Bank's consolidated financial statements as at and for the years ended October 31, 2005 and 2004 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, 2005;

(d) the Bank's comparative consolidated interim financial statements (unaudited) and management's discussion and analysis of financial conditions and results of operations as at and for the nine months ended July 31, 2006;

(e) a material change report of the Bank dated January 20, 2006 announcing certain changes to the Bank's senior executive team; and

(f) a press release of the Bank dated June 13, 2006 concerning its agreement to acquire the parent company of Costa Rica's largest private bank.

Any documents of the type referred to in the preceding paragraph and any unaudited interim financial statements for three, six or nine month financial periods, any information circulars, any material change reports (excluding confidential material change reports), news release containing financial information concerning the Bank for periods following October 31, 2005 and any business acquisition reports for acquisitions completed after October 31, 2005 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 it 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).

"Affected Share" means a Share affected by a Market Disruption Event.

"Allocation Event" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Asset Allocation Calculation" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Bank" means The Bank of Nova Scotia.

"Bankers' Acceptance Rate" means, in respect of calculating interest on the Loan for a particular calculation period, the arithmetic average as determined by the Calculation Agent of the rates for Canadian dollar bankers' acceptances having a comparable face amount and identical maturity date to such bankers' acceptance appearing on Reuters Screen CDOR Page "Canadian Interbank Bid BA Fee Rates" (or such other page as the Calculation Agent shall designate which replaces that page for the purpose of displaying rates quoted for such bankers' acceptances) at approximately 10:00 a.m. (Toronto time) on the first Business Day of the calculation period.

"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 the 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.

"Calculation Agent" means Scotia Capital or its delegate.

"CDS" means The Canadian Depository for Securities Limited.

"Closing Date" means the date on or about December 20, 2006 on which the Notes will be issued.

"Companies" mean, initially, ARC Energy Trust; Bank of Montreal; Canadian Imperial Bank of Commerce; Canadian Oil Sands Trust; CI Financial Income Fund; Enbridge Inc.; Great-West Lifeco Inc.; IGM Financial Inc.; Manitoba Telecom Services Inc.; Precision Drilling Trust; RioCan Real Estate Investment Trust; Toronto-Dominion Bank; TransAlta Corp; TransCanada Corp. and Yellow Pages Income Fund.

"CRA" means Canada Revenue Agency.

"DBRS" means Dominion Bond Rating Service Limited.

"De-Leveraging Event" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Delisting" means, in respect of a Share, that the relevant primary Exchange (as determined by the Calculation Agent) announces that, pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange.

"Distribution" means a distribution, if any, by a Company on Shares paid and received in cash or Shares, unless such distributed Shares are consolidated into the Shares outstanding immediately prior to such distribution or any other similar transaction is effected by the Company so that the net effect to holders of Shares is not the receipt of cash or additional Shares.

"Domicile Change" means, in respect of a Share, the Company that issued such Share ceases to be Canadian, as determined by the Calculation Agent.

"Early Trading Charge" has the meaning ascribed thereto under "Description of the Notes — Early Trading Charge".

"Equity Account" means the book-entry account comprising part of the Portfolio that may notionally hold Shares and cash.

"Equity Account Value" or **"EAV"** has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Exchange" means in respect of a Share on a particular date, the exchange(s) or applicable trading system(s) on which the Share is listed, quoted or traded.

"Exchange Business Day" means, in respect of a Share, any day on which each Exchange and each Related Exchange for that Share are scheduled to be open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Extraordinary Event" means any of the following events that occur between the Issue Date and the Maturity Date where the Calculation Agent acting in its sole and absolute discretion determines to designate such event as an Extraordinary Event: (i) the winding-up, dissolution, liquidation of any Company or other cessation of trading of any Shares; (ii) a material modification of the terms and conditions attached to any Shares (including but not limited to a material modification of the constating documents of the relevant Company) or the occurrence of any event or change having a material adverse effect on any Shares (including, but not limited to, the interruption, breakdown or suspension for a significant period of time of trading of the Shares on any stock exchange, market or quotation system; (iii) any relevant activities of or in relation to a Company or its management are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof; (iv) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of a Company; (v) any change in or in the official interpretation or administration of any laws or regulation relating to taxation that has or is likely to have a material adverse effect on any holder of the Share or in respect of any hedge established in connection with the Offering; (vi) the Bank is unable to effectively acquire, establish, reestablish, substitute, maintain, modify or unwind, any hedge transaction in connection with the Offering or to realize, recover or remit the proceeds of any such hedging transaction; (vii) an increase in the cost of acquiring, establishing, re-establishing, substituting, maintaining, modifying, unwinding or disposing of any hedging transaction entered into connection with the Offering or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; (viii) as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, 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, howsoever described, after such date or as a result of any other event: (1) it would become unlawful for any holder of a Share to hold, purchase or sell any Shares; (2) the cost of investing in any Shares would materially increase, other than ordinary course increases in the market value of Shares; or (3) a holder of a Share would be subject to a material loss as a result of holding any Shares; or (ix) a Market Disruption Event continues in effect for eight or more consecutive Business Days.

"Floor" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Gross Proceeds" means $100 per Note.

"Holder" means a holder of Notes.

"Impacted Share" has the meaning ascribed thereto under "Description of the Notes — Special Circumstances — Adjustments Due to Material Changes".

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

"Issue Date" has the meaning ascribed thereto under "Summary — Issue Date".

"Issue Price" means $100 per Note.

"Leveraging Event" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Loan" has the meaning ascribed thereto on the cover page.

"Market Disruption Event" means, in respect of a Share, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Bank or any person that does not deal at arm's length with the Bank which has or will have a material adverse effect on the ability of equity dealers generally to acquire, establish, re-establish, substitute, maintain, unwind or modify hedges of positions in respect of such Share. A Market Disruption Event may include, without limitation, any of the following events: (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to the Share(s) on the Exchange(s); or (b) in futures or options contracts or futures contracts relating to the relevant Share(s) on any relevant Related Exchange; (ii) the closure ("Early Closure") on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day; and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the close of trading on such Exchange Business Day; (iii) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general: (a) to effect transactions in, or obtain market values for, the Share(s) on the Exchange(s); or (b) to effect transaction in, or obtain market values for, futures or options contracts relating to the Share(s) on any relevant Related Exchange; (iv) the failure on any Exchange Business Day of the relevant Exchange(s) of the relevant Share(s) or any Related Exchange to open for trading during its regular trading session; (v) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which would make it unlawful or impracticable for the Bank or the Calculation Agent to perform its obligations under the Notes or for equity dealers generally to acquire, establish, re-establish, substitute, maintain, unwind or modify hedges of positions in respect of such Share; (vi) the taking of any action by any governmental, administrative legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or a country in which any applicable Exchange or Related Exchange is located; or (vii) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material averse effect on the ability of the Bank or the Calculation Agent to perform its obligations under the Notes or of equity dealers generally to place, maintain or modify hedges of positions with respect to such Share or a material and adverse effect on the Canadian economy or the trading of securities generally on any relevant Exchange or Related Exchange.

"Maturity Date" means December 20, 2012.

"Merged Company" means the merged entity following a Merger Event in respect of a Company.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent in its sole discretion.

"Merger Event" means, in respect of a Share, any: (i) reclassification or change of the Share that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; (ii) consolidation, amalgamation, merger or binding Share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding Share exchange in which such Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding); (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of such Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); (iv) consolidation, amalgamation, merger or binding Share exchange of such Company or its subsidiaries with or into another entity in which such Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by the other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (commonly referred to as a "reverse merger").

"Merger Shares" means equity securities received from a Merged Company in respect of Shares.

"Moody's" means Moody's Investors Service, Inc.

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

"NAV" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"NAV_{FINAL}" has the meaning ascribed thereto under "Summary — Variable Return Calculation".

"Net Proceeds" means $95.75 per Note.

"Notes" means The Bank of Nova Scotia — Dundee AdvantagePlus™ Focused Income & Growth Deposit Notes (Total Return), Series 1 offered by this Information Statement.

"Participants" has the meaning ascribed thereto under "Summary — Book-Entry Only Registration".

"Portfolio" has the meaning ascribed thereto under "Summary".

"Portfolio Performance" has the meaning ascribed thereto under "Summary — Variable Return Calculation".

"Principal Amount" means $100 per Note.

"Program Fee" has the meaning ascribed thereto under "Summary — Fees and Expenses".

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

"Protection Event" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Regulations" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"Regulatory Event" means any change, in or in the interpretation or administrations of, any law or regulation that may potentially adversely affect the Holders of Notes.

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

"Replaced Shares" means notional Shares exchanged in the context of a Merger Event for notional Merger Shares.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange on an Exchange Business Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Exchange Business Day, without regard to after hours or any other trading outside of the regular trading session hours.

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

"Selling Agent" means Scotia Capital Inc.

"Selling Agent Fees" has the meaning ascribed thereto under "Summary — Selling Expenses".

"Share Trading Formula" means the formula to be followed by the Calculation Agent, after the initial notional purchase of Shares for the Equity Account following the Issue Date, with respect to notional purchases and sales of Shares for the Equity Account (including reinvestments of Distributions, if any) whereby such purchases and sales will be made (utilizing then prevailing market values at any point in time during the relevant day as determined by the Calculation Agent) pro rata based on the relative percentage of the market value of the

Equity Account then represented by each Share, based on then prevailing market values at any point in time during the relevant day as determined by the Calculation Agent.

"Sub-Agent" means Dundee Securities Corporation.

"Substituted Share" means a notional security replacing a notional Share in the Portfolio upon the occurrence of a Substitution Event.

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

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

"Value Margin" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Value Spread" has the meaning ascribed thereto under "Summary — Asset Allocation Calculation".

"Variable Return" has the meaning ascribed thereto under "Summary — Variable Return Calculation".

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