



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

Date: January 6, 2009

Re: Notice of Substitution Event – The Bank of Nova Scotia – Callable Global Financial Deposit Notes, Series 1 (the “Notes”)

This notice is to advise holders of Notes that a “Substitution Event”, as defined in the Information Statement dated June 22, 2007 (the “Information Statement”), has occurred in respect of National City Corporation (“National City”), the Shares of which are included in the Basket. As of the market opening on January 2, 2009, the Shares of National City were suspended from trading on the NYSE as The PNC Financial Services Group, Inc. (“PNC”) completed its acquisition of National City, effective December 31, 2008.

In accordance with the terms and conditions of the Notes, Scotia Capital, in its capacity as Calculation Agent for the Notes, has replaced National City in the Basket with PNC. In order to properly reflect the performance of National City in the Basket from the Issue Date to December 31, 2008, the Calculation Agent has deemed the Initial Price of the Shares of PNC, for all purposes associated with the Notes, to be USD 728.50

The PNC Financial Services Group, Inc. is one of the largest diversified financial services organizations in the U.S. providing retail and business banking; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management; asset management and global fund services. PNC trades on the NYSE under the symbol PNC. Investors may obtain additional information concerning PNC at www.pnc.com

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

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

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