



*Scotia Capital,  
Investor Products Group,  
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Toronto, Ontario,  
M5W2X6*

Date: October 1, 2008

Re: The Bank of Nova Scotia Deposit Notes – Linked to the Clarington Diversified Income Fund – Protection Event

This notice is to advise holders of The Bank of Nova Scotia Deposit Notes – Linked to the Clarington Diversified Income Fund (the “Notes”) that the Variable Return of the Notes is no longer linked to the Units notionally held in the Fund Account of the Notes. The Value Spread of the Notes declined to \$1.10 per Note at the close of business on September 29, 2008. As per the terms of the Note, this resulted in a Protection Event whereby the remaining notional assets in the Fund Account were liquidated and notionally invested in the Bond in the Bond Account, following payment of the Loan, any accrued and unpaid interest and any Program Fees. Investors will receive \$0.05 per Note as the final monthly interest payment. Following this payment, investors will not receive any further interest payments on their Notes and will receive their \$100 of principal per Note and a Variable Return of \$1.60, for total proceeds of \$101.60 per Note at the maturity date, November 15, 2013.

Capitalized terms used herein but not defined shall have the meanings given to such terms in the Information Statement dated June 9, 2005.

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.