

The Bank of Nova Scotia Shareholder Dividend and Share Purchase Plan

Offering Circular
Effective August 26, 2008



The description contained in this Offering Circular of the Canadian income tax considerations arising from participation in the Plan is based on the law in effect on August 26, 2008.

Shareholders should consult and rely on their own tax advisers about the tax consequences which will result from their participation in the Plan in their country of residence.



THE BANK OF NOVA SCOTIA SHAREHOLDER DIVIDEND AND SHARE PURCHASE PLAN

This Offering Circular applies to the common shares of The Bank of Nova Scotia, (the “Bank”), issuable under a Shareholder Dividend and Share Purchase Plan (the “Plan”).

The Plan provides a convenient method for holders of common and preferred shares to either invest cash dividends in new common shares of the Bank, or to receive dividends in the form of additional common shares of the Bank (stock dividends). Common shares will be purchased either at the average market price (as defined in the Plan) on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury and in connection with only the dividend reinvestment and stock dividend options of the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury and paid only in connection with dividend reinvestment and stock dividend options of the Plan. The Plan also provides a convenient method for shareholders to invest optional cash payments of up to \$20,000 in each fiscal year of the Bank and interest on fully registered subordinated debentures of the Bank in the purchase of additional common shares at 100% of the average market price (as defined in the Plan). Each such share acquisition under the Plan will be made without payment of brokerage commissions or service charges of any kind. All administrative costs of the Plan will be paid by the Bank.

Participants in the Plan will receive statements of account from Computershare Trust Company of Canada following each dividend payment date for the common shares.

Subject to the settlement delays specified in the Plan, participation in the Plan can be terminated at any time.

Dividends declared by the Board are normally paid either by cheque or by direct deposit to the savings or the chequing account of the shareholder’s choice. Shareholders may continue to receive dividends in this manner, should they so wish. Under the Plan, shareholders are offered the following options:

- **Dividend Reinvestment**
- **Stock Dividend**
- **Interest Reinvestment**
- **Optional Share Purchase**

PRINCIPAL FEATURES OF PLAN OPTIONS

1. Dividend Reinvestment

Shareholders, except those resident in the United States of America or its territories or possessions (collectively, the “United States”), may elect to have their dividends automatically reinvested in common shares of the Bank. Such common shares will, at the Bank’s election, be purchased on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the dividend reinvestment option in the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury and in connection with the dividend reinvestment option of the Plan.

2. Stock Dividend

Shareholders resident in the United States may elect to have their dividends paid in common shares of the Bank. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. The Bank will announce via press release and in dividend announcements the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. This option is not available to shareholders residing outside of the United States.

3. Interest Reinvestment

Those shareholders who are also holders of the Bank’s subordinated debentures, except those resident in the United States, may elect to have interest on fully registered subordinated debentures of the Bank owned by such shareholders reinvested in common shares of the Bank at 100% of the average market price (as defined in the Plan) of common shares.

4. Optional Share Purchase

Shareholders, except those resident in the United States, may make optional cash payments of up to \$20,000 in each fiscal year of the Bank for the purchase of additional common shares of the Bank at a price equal to 100% of the average market price (as defined in the Plan) of common shares, without paying brokerage commissions or other expenses. Optional cash payments may not be less than \$100 per remittance.

Participation in this option is automatic for shareholders who enroll in the dividend reinvestment option.

This option is also available to shareholders who wish to continue receiving dividends in cash on their present shareholdings, but who wish to make optional cash payments from time to time to purchase common shares of the Bank. Dividends on common shares purchased with optional cash payments must either be reinvested in additional common shares of the Bank or be paid in the form of common shares of the Bank in accordance with the provisions of the Plan.

THE PLAN

1. Purpose

The purpose of the Shareholder Dividend and Share Purchase Plan (the “Plan”) of The Bank of Nova Scotia (the “Bank”) is to provide the holders of common and preferred shares of the Bank with a simple and convenient method to do the following, in each case, without payment of any brokerage commission or service charge:

- a) **Dividend Reinvestment** – to invest cash dividends on common and preferred shares in additional common shares of the Bank;
- b) **Stock Dividend** – to receive all their dividends on common and preferred shares in the form of stock dividends in additional common shares of the Bank (U.S. residents only);
- c) **Interest Reinvestment** – to invest interest paid on fully registered subordinated debentures of the Bank in additional common shares of the Bank;
- d) **Optional Share Purchase** – to purchase common shares of the Bank by making optional cash payments.

The Plan also provides a means for the Bank to retain, as capital, funds which would otherwise be paid out in cash, and through optional cash payments for common shares issued from treasury, to acquire further capital funds for general banking purposes.

2. Advantages to Participants

a) **Dividend Reinvestment**

Participants in the Plan may elect to have all cash dividends on their common and preferred shares of the Bank automatically reinvested in additional common shares of the Bank. Common shares will be purchased at the average market price (as defined in the Plan) either on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the dividend reinvestment option of the Plan. The Bank will announce via press release and in dividend announcements whether purchases

of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for shares issued from treasury in connection with the dividend reinvestment option. Full investment of funds is assured under the Plan because the Plan permits fractions of shares, as well as whole shares, to be credited to participants' accounts. When a participant makes a dividend reinvestment election, dividends in respect of whole shares and fractions of shares purchased under the Plan will be held by the Agent for participants' accounts and automatically reinvested under the Plan.

b) Stock Dividend

Participants in the Plan that reside in the United States may elect to have all dividends on their common and preferred shares of the Bank automatically issued as additional common shares of the Bank. For the purpose of determining the number of additional common shares which will be issued by way of stock dividend, the common shares of the Bank will be valued at the average market price (as defined in the Plan) for shares issued from treasury or for shares acquired on the secondary market. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for such common shares issued from treasury in connection with the stock dividend option of the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. When a participant elects to receive stock dividends, all dividends declared on common shares held for a participant's account under the Plan will be automatically paid by the issue of additional common shares to the Agent by way of stock dividends for the account of the participant.

c) Interest Reinvestment

Participants in the Plan may elect to have all interest paid on fully registered subordinated debentures of the Bank owned by participants invested in additional common shares of the Bank. The price of common shares purchased through the reinvestment of interest will be 100% of the Average Market Price. Dividends in respect of whole shares and fractions of shares purchased under the Plan through

reinvestment of interest must either be reinvested in common shares or received as stock dividends in accordance with the Plan.

d) Optional Share Purchase

Holders of common and preferred shares of the Bank may make optional cash payments up to an aggregate of \$20,000 in each fiscal year of the Bank. The price of common shares purchased through the investment of optional cash payments will be 100% of the Average Market Price and no brokerage commission or service charge is payable by participants in connection with purchases of common shares under the Plan.

Dividends on common shares purchased with optional cash payments must either be reinvested in common shares or received as stock dividends in accordance with the Plan.

3. Administration of the Plan

Computershare Trust Company of Canada (the “Agent”) will act as Agent for the participants in the Plan. On behalf of participants, the Bank will pay to the Agent all cash dividends and interest to be reinvested. The Agent will then use these funds and any optional cash payments received from participants to purchase additional common shares of the Bank for participants. Additional common shares will be distributed as stock dividends to residents of the United States who elect to participate in the stock dividend option of the Plan. In all cases, the common shares received by participants are, at the election of the Bank, either newly issued and purchased directly from the Bank, or outstanding common shares purchased on the secondary market. Common shares issued or purchased under the Plan will be registered in the name of the Agent or its nominee. If Computershare Trust Company of Canada ceases to act as Agent under the Plan, another agent will be designated by the Bank.

4. Participation in the Plan: Eligibility and Bank Act Restrictions

Except as described below, all registered holders of the Bank’s common and preferred shares are eligible to participate in the Plan at any time by signing an Authorization Form and returning it to the Agent. A person who is a beneficial but not a record owner of common or

preferred shares (i.e. whose shares are registered in the name of a nominee or in street form) will be required to have such shares transferred into his or her name or into a specific segregated registered account, such as a numbered account, with a bank or trust company, with the concurrence of such bank or trust company, in order to become a participant in the Plan. Once an Authorization Form has been lodged with the Agent, participation in the Plan continues automatically until terminated as hereinafter provided.

Neither the common nor the preferred shares of the Bank are registered under the United States *Securities Act* of 1933, as amended or any state securities laws. Accordingly, shareholders resident in the United States may participate in the stock dividend option under the Plan, but may not participate in the dividend or interest reinvestment options and may not elect to make optional cash payments. The Plan is available to other shareholders resident outside Canada provided that the Plan is not prohibited by the laws of the country in which such shareholders reside.

The Plan is subject to the provisions of the *Bank Act* which specifically prohibit the holding of shares of the Bank by persons beyond a stated amount. While the Bank is not currently aware that the prohibition applies to any shareholder or group of shareholders, it may be required in the future to refuse to accept either initial or continuing participation in the Plan.

The Bank may deny the right to participate in the Plan to shareholders who the Bank has reason to believe have been engaging in market activities, or have been artificially accumulating securities of the Bank, for the purpose of taking undue advantage of the Plan to the detriment of the Bank.

The Authorization Form provides for the election by a shareholder of the various options under the terms of the Plan. A shareholder may:

- a) direct the Bank to forward to the Agent all of the cash dividends paid on common and/or preferred shares of the Bank held of record by such participant and direct the Agent, as Agent for such participant, to invest such dividends received by the Agent in additional common shares in accordance with the terms of the Plan;
- b) elect to have all dividends on common and preferred shares of the Bank invested in additional common shares in accordance with the terms of the Plan;

- c) direct the Bank to forward to the Agent all interest on subordinated debentures of the Bank fully registered (as to principal and interest) in the name of such shareholder and direct the Agent, as Agent for the participant, to invest such interest received by the Agent in additional common shares in accordance with the terms of the Plan; and/or
- d) direct the Agent, as Agent for the participant, to invest optional cash payments in additional common shares in accordance with the terms of the Plan.

Authorization Forms will be provided by the Bank from time to time to the holders of common and preferred shares and may be obtained at any time upon written request to Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, attention: Stock Transfer Services Department.

Shareholders, other than residents of the United States, become participants in the Plan on the first dividend record date for the common or preferred shares in respect of which participation is being elected following receipt by the Agent of the completed Authorization Form. Under applicable U.S. law, residents of the United States who wish to participate in the stock dividend option of the Plan must have their Authorization Forms in the hands of the Agent in advance of the Bank's *dividend declaration date* which usually falls approximately one month prior to the record date for payment of dividends.

5. *Optional Cash Payments*

A holder of common or preferred shares who has elected to participate in the Plan, other than a holder who is a resident of the United States, may make optional cash payments to be applied toward the purchase of additional common shares of the Bank, which optional cash payments may not be less than \$100 per remittance and may not exceed an aggregate of \$20,000 in any fiscal year of the Bank, which ends on the last day of October of each year. There is no obligation for a participant to make optional cash payments or to make all such payments in the same amount.

Shareholders who are not participants in the Plan may make optional cash payments to be applied toward the purchase of common shares of the Bank and thereafter such shareholder shall become a participant in the Plan

automatically with all future dividends on the shares so acquired being reinvested in additional common shares of the Bank.

6. Purchases of Additional Common Shares

Purchases of additional common shares through the application of cash dividends paid on common shares pursuant to the Plan will be made automatically on each dividend payment date for common shares which are traditionally on the third last business day of January, April, July and October of each year (hereinafter referred to as a “Common Dividend Date”). Purchases of additional common shares through the application of cash dividends paid on preferred shares will be made automatically on each dividend payment dates for each series of such preferred shares (hereinafter referred to as a “Preferred Dividend Date”).

Purchases of common shares to be made by the application of interest paid on subordinated debentures of the Bank and the application of optional cash payments will be made:

- a) in any month in which a Common Dividend Date occurs, on such Common Dividend Date provided that the interest payment date (hereinafter referred to as an “Interest Date”) on which the interest is paid or the date on which the optional cash payment has been received, as the case may be, falls at least one business day prior to such Common Dividend Date; and
- b) in any month in which a Common Dividend Date does not occur, on the last business day of such month, provided that the Interest Date on which the interest is paid or the date on which the optional cash payment has been received, as the case may be, falls at least one business day prior to the last business day of such month (such last business day being hereinafter referred to as an “Optional Purchase Date”). Optional cash payments or interest received after the first business day prior to a Common Dividend Date or an Optional Purchase Date, as the case may be, will be held by the Agent and applied to the purchase of additional common shares on the Common Dividend Date or Optional Purchase Date, as the

case may be, in the next following month. No interest will be paid on the amount of optional cash payments or interest so held by the Agent. To ensure the prompt purchase of additional common shares in the case of optional cash payments, a participant should ensure his transmittal of such a payment will reach the Agent at least one business day prior to a Common Dividend Date or Optional Purchase Date, as the case may be. All optional cash payments shall be made to the Agent.

In all cases, the common shares to which participants become entitled under the Plan shall be, at the election of the Bank, either newly issued from treasury or outstanding common shares purchased on the secondary market.

7. Price of Additional Common Shares Issued Under The Plan

The price at which the Agent will purchase newly issued common shares from treasury for purposes of the Plan will be equal to the Average Market Price for common shares. There may also be a discount of up to 5% to the Average Market Price for common shares issued from treasury and paid in connection with the dividend reinvestment and stock dividend options of the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the Average Market Price for common shares issued from treasury only in connection with the dividend reinvestment and the stock dividend options of the Plan. The price at which the Agent will purchase common shares on the secondary market will be equal to 100% of the Average Market Price in all cases.

For the purposes hereof, when referring to the distribution of newly issued common shares from treasury under the Plan, the Average Market Price will be the weighted average market price for all trades of the common shares of the Bank on the Toronto Stock Exchange (the "TSX"), based on the daily trading volume and prices published in the "Daily Record" of the TSX for the five trading days on which at least a board lot of common shares of the Bank was traded ending on the business day immediately preceding the relevant Common Dividend Date, Preferred Dividend Date or Optional Purchase Date,

as the case may be. When referring to the distribution of common shares purchased on the secondary market under the Plan, the Average Market Price will be the average price paid by the Agent for all the Banks' common shares purchased to satisfy dividend payments, interest payments, reinvestments or optional cash payments, as applicable.

a) Dividend Reinvestment

On each Common Dividend Date and each Preferred Dividend Date the Agent will pay the Bank the total amount of cash dividends to be reinvested on behalf of participants in the dividend reinvestment option of the Plan on such Common or Preferred Dividend Dates. The Bank will advise the Agent of the purchase price of the additional common shares to be purchased and the number of common shares to be delivered on such Common Dividend Date or Preferred Dividend Date, as the case may be.

b) Stock Dividend

The Bank and the Agent will jointly determine with respect to each dividend record date for the common or preferred shares the number of common or preferred shares on which dividends will be paid by the delivery of common shares, the amount of the cash dividend per share which participants in the stock dividend option of the Plan would otherwise receive, net of Canadian non-resident withholding tax when applicable, and the number of common shares which will be delivered to participants as stock dividends on such dividend payment date.

**c) Interest Reinvestment and
Optional Cash Payments**

The Agent will deliver to the Bank the amount of optional cash payments received by it and debenture interest which are to be invested on each Common Dividend Date or Optional Purchase Date, as the case may be, and the Bank will advise the Agent of the purchase price for the additional common shares to be so purchased and the number of common shares to be delivered on such Common Dividend Date or Optional Purchase Date.

Each participant's account will be credited with that number of common shares issued to or purchased for the participant, including fractions computed to three decimal places, which is equal to the amount to be invested for such participant, or which is equal to the aggregate of cash dividends which would otherwise be payable on all common shares held by such participant, divided by the purchase

price. The rounding of any fractional interest shall be determined by the Agent using such methods as it deems appropriate in the circumstances.

8. Certificates for Common Shares

Certificates for common shares issued or purchased under the Plan will not initially be issued to participants but will be registered in the name of the Agent or its nominee. The number of common shares issued or purchased under the Plan for each participant will be credited in a Plan account established for that participant and shown on such participant's statement of account. Upon written request of the participant, the Agent will issue share certificates registered in the participant's name for any number of whole common shares held for such participant's account under the Plan. Normally, such certificates will be issued to a participant within seven days following receipt by the Agent of such participant's written request. Any remaining whole shares or fraction of a share will continue to be credited to such participant's account under the Plan and the participant will remain enrolled in the Plan.

Accounts under the Plan will be maintained in the names in which certificates of the participants were registered at the time they entered the Plan. As a result, certificates for whole shares will be similarly registered when issued.

Shares held by the Agent under the Plan may not be pledged, sold or otherwise disposed of by a participant. A participant who wishes to pledge, sell or otherwise dispose of such shares must request that certificates for such shares be issued.

A certificate will not be issued for a fraction of a share.

9. Termination of Participation

Participation in the Plan may be terminated at any time by giving written notice to the Agent. No specific form of termination is required. Except as stated below, when participation in the Plan is terminated, the participant will receive a certificate for the number of whole common shares held for such participant's account and a cash payment will be made for any fraction of a common share credited to such participant's account and for any uninvested optional cash

payments. If a notice of termination is received by the Agent:

- a) in the case of residents of the United States, on or after the declaration date for the payment of a dividend; or
- b) in the case of all other participants, on or after the record date for the payment of a dividend;

but before the payment date for such dividend, the participant's account will not be closed until after the Common Dividend Date or Preferred Dividend Date in respect of such dividend.

A terminating participant may direct the Agent to sell all the whole and fractional common shares credited to such participant's account under the Plan. In this event, the Agent will sell such shares through a stock broker designated by the Agent as soon as reasonably practicable following receipt by the Agent of a notice of termination. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be paid to the terminating participant by the Agent together with a cash payment for any fraction of a share held in such participant's account. Common shares that are sold may be commingled with common shares of other terminating participants, in which case, the proceeds to each terminating participant will be based on the average sale prices of all shares so commingled.

Participation in the Plan will be terminated automatically upon receipt by the Agent of a written notice of the death of a participant. In such case, certificates for the whole common shares of the Bank will be issued in the name of the deceased participant and/or in the name of the estate of the deceased participant, as appropriate, and the Agent will send such certificates and a cash payment for any uninvested optional cash payments and for any fraction of a common share to the representative of the deceased participant.

For the purpose of providing cash payments in respect of a fraction of a share under the foregoing provisions of this Section 9, the Agent will purchase for cash any such fraction. The amount of the payment for a fraction of a share in the Plan will be based on the last price paid by the Agent for new common shares purchased out of optional cash payments.

If a participant disposes of all of the common and preferred shares registered in the name of such participant, the Agent will write to such participant within 60 days after the transfer of said shares has been recorded in a securities register of the Bank (the “First Notice”) requesting advice as to what disposition should be made of shares held by the Agent for such participant’s account under the Plan. Subject to the following paragraph, the Agent will continue to reinvest dividends on such shares, or interest on debentures, under the Plan, or the dividends will continue to be paid on such shares by the issue of additional common shares to the Agent for the account of the participant, in accordance with the participant’s election under the Plan.

If no response to the First Notice in the form of an election by the Plan participant has been received within 60 days from the date upon which the Agent sends such notice and the participant holds in the Plan less than 50 whole common shares, then a further notice (the “Second Notice”) shall be sent to such participant. The Second Notice will again request advice as to what disposition should be made of such shares and will further specify that if no instructions are given within a further 60 days from the date upon which the Agent sends the Second Notice, the Agent will dispose of such shares by selling such shares in the market. If the Agent sells such shares pursuant to the Second Notice, the Agent will send a cheque by registered mail to the last known address of the Plan participant in the amount of the proceeds of such sale less brokerage commissions. In the event that such cheque is returned to the Agent or remains uncashed, the proceeds will, subject to applicable law, be held in trust for the benefit of such participant for a period of 6 years, following which such proceeds will revert to the Bank. Any interest earned on such funds during any such period will be payable to the Bank. During such 6 year period or any portion thereof, the Bank reserves the right to deduct from such proceeds periodic administrative fees charged by the Agent for the maintenance of the trust account in the name of the participant.

10. Costs

There are no brokerage commissions payable with respect to common shares issued or purchased under the Plan. All costs of administration of the Plan, including the fees and expenses of the Agent, will be paid by the Bank. There is no charge to a participant upon termination of participation in the Plan, but if a participant upon giving notice of termination requests the sale of whole and fractional common shares held for the participant's account, such participant will pay all applicable brokerage commissions and transfer taxes, if any, on the sale of common shares effected by the Agent for such participant.

11. Reports to Participants

The Agent will maintain an account for each participant in the Plan. A statement of account will be mailed to each participant as promptly as practicable after each Common Dividend Date. These statements will constitute a participant's continuing record of the date and valuation of the acquisition of additional common shares of the Bank, and should be retained for income tax purposes.

12. Rights Offering

If the Bank makes available to holders of its common shares rights to subscribe for additional common shares or other securities, rights certificates will be issued by the Bank to each participant for the number of whole shares held for a participant's account under the Plan on the record date for such rights issue plus the number of shares, if any, held of record by such participant. No such right will be made available in respect of a fraction of a share in a participant's account on such record date.

13. Stock Dividends and Stock Splits

Any common shares of the Bank distributed as a result of a stock dividend (other than a stock dividend paid to participants in the Plan) or a stock split of shares held by the Agent for the account of a participant under the Plan will be retained by the Agent and credited proportionately to the accounts of all participants in the Plan. Certificates for any common shares resulting from a stock dividend (except as aforesaid) or a stock split on common shares held of record by a participant will be mailed directly to such participant in the same manner as to shareholders not participating in the Plan.

14. Voting

Whole common shares held for a participant's account under the Plan on the record date for a vote of common shareholders will be voted in the same manner as the participant's common shares of record are voted either by proxy or by the participant in person. Participants who are not or cease to be common shareholders of record will receive the same information as common shareholders of record so that shares held under the Plan may be voted in accordance with their instructions. Common shares for which instructions are not received will not be voted.

15. Responsibilities of the Bank and the Agent

Neither the Bank nor the Agent shall be liable for any act done in good faith or for any good-faith omission to act nor shall the Bank or the Agent have any duties, responsibilities or liabilities except such as are expressly set forth in the Plan.

16. Agent's Right to Deal in Securities of the Bank

The Agent or its affiliates may, from time to time, for its own account or on behalf of accounts it may manage, deal in common and preferred shares or in other securities of the Bank and shall not be liable to account to the Bank or to any participant in respect of such dealings.

17. Agent's Right to Comply with Laws

The Agent is authorized to comply with applicable laws, orders or regulations of any competent government authority now or hereafter in force which purport to impose on the Agent a duty to take or refrain from taking any action under the Plan and to permit any properly authorized party to have access to and to examine and make copies of any records relating to the participation of any participant in the Plan.

18. Agent's Right to Resign

The Agent may resign as agent hereunder at any time on 90 days' prior written notice to the Bank. The Bank may remove the Agent as agent hereunder at any time on 90 days' prior written notice to the Agent. In the event of such resignation or removal, the Bank shall forthwith choose and appoint a successor agent and the Agent shall as soon as possible deliver to the successor agent all records in its possession relating to the Plan. Any corporation into which the Agent may be merged, consolidated or amalgamated or any corporation resulting from any merger, consolidation or amalgamation to which the Agent is a party shall be successor or agent hereunder.

19. Rules

The Bank and the Agent may make rules and regulations not inconsistent with the terms of the Plan for the better administration of the Plan.

20. Risk of Market Price Fluctuations

A participant's investment in common shares acquired under the Plan is no different from an investment in common shares directly held. Accordingly, neither the Bank nor the Agent can assure a profit or protect participants against a loss on shares acquired under the Plan and each participant shall bear the risk of loss and realize the benefits of any gain from market price changes with respect to common shares acquired under the Plan.

21. Amendment, Suspension & Termination

The Bank reserves the right to amend, suspend or terminate the Plan at any time but no such action shall have any retroactive effect that would prejudice the interests of participants. Any amendments to the Plan must be pre-cleared by the TSX. All participants will be sent written notice of any such amendment, suspension or termination. If the Plan is terminated by the Bank, certificates for whole common shares held for each participant's account under the Plan and cash payments for any fraction of a share and for any uninvested optional cash payments will be remitted as soon as possible to each participant. In the event of suspension of the Plan by the Bank, no investment will be made by the Agent on any Dividend Date, Interest Date or Optional Purchase Date following the effective date of such suspension. The Bank or the Agent, as the case may be, will remit to the participants the amount of any optional cash payments which are not invested as of the effective date of such suspension and dividends on common shares which are subject to the Plan and which are paid after the effective date of such suspension.

22. Notices

All notices required to be given to participants under the Plan shall be mailed to participants at their address shown on the securities register of the Bank. All notices to the Agent shall be addressed to: Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, attention: Stock Transfer Services Department.

23. Effective Date

The provisions of the Plan, as amended, as described in this Offering Circular take effect from August 26, 2008.

TAX CONSIDERATIONS

The Canadian federal income tax considerations arising from participation in the Plan are generally summarized below. This commentary is based upon the law in effect on August 26, 2008.

Shareholders should consult and rely on their tax advisers about the tax consequences which will result from their participation in the Plan, taking into account tax consequences in their country of residence.

Participants Resident in Canada

This portion of the summary is applicable only to participants who, for purposes of the *Income Tax Act* (Canada) (the “Act”) and at all relevant times, are resident or deemed to be resident in Canada, hold their common or preferred shares as capital property, deal at arm’s length with the Bank and are not subject to “mark-to-market” rules relating to securities held by certain “financial institutions” as defined in the Act for purposes of those rules and to whom the “functional currency” reporting rules in the Act do not apply.

a) Dividend Reinvestment

For purposes of the Act, participants will be considered to have received a taxable dividend on each dividend payment date equal to the full amount of the cash dividend paid on that date. Participants must include in their annual taxable income the taxable amount of dividends and will be subject to tax under the Act in the same manner as they would have been had they received the dividends directly.

For purposes of determining loss or gain on the disposition or deemed disposition of common shares, the cost of the new common shares acquired under the dividend reinvestment option, for all purposes of the Act, will be the amount paid for them. The Act requires the cost of any common shares acquired after 1971 to be averaged.

b) Interest Reinvestment

For Canadian tax purposes, interest reinvested under the Plan will be subject to income tax just as if it were received in cash. For purposes of determining loss or gain on the disposition or deemed disposition of common shares, the cost of the new common shares acquired under the interest reinvestment option, for all purposes of the Act, will be the

amount paid for them. The Act requires the cost of any common shares acquired since 1971 to be averaged.

c) Optional Share Purchase

The cost of common shares purchased under the optional cash payment provisions of the Plan will be the amount the participant pays for such shares. The Act requires the cost of all common shares acquired after 1971 to be averaged.

On termination of participation in the Plan, cash proceeds received from the sale of fractional shares may result in a capital gain or loss.

Participants Resident Outside Canada

This portion of the summary is applicable only to participants who, for purposes of the Act and at all relevant times, are neither resident nor deemed to be resident in Canada, do not use or hold and are not deemed to use or hold their common or preferred shares in carrying on business in Canada, deal at arm's length with the Bank, hold their common or preferred shares as capital property, are not subject to "mark-to-market" rules relating to securities held by certain "financial institutions" as defined for the purposes of those rules and whose common or preferred shares are not "designated insurance property" or "taxable Canadian property", each as defined in the Act.

Dividend payments reinvested under the dividend reinvestment option and stock dividends received under the stock dividend option will be reduced by the amount of Canadian withholding tax. The amount of interest reinvested under the interest reinvestment option will also be reduced by the amount of any Canadian withholding tax. If new common shares are acquired at a discount under the stock dividend option, the non-resident will be deemed to receive a dividend to the extent of such discount which will be subject to Canadian withholding tax as discussed above. Except in certain circumstances, no Canadian withholding tax will apply to interest payments. The general rate of non-resident withholding tax is 25% unless the participant is a resident in a country which has a tax treaty with Canada in which case the rate of tax is generally 15% in the case of dividends and 10% in the case of interest.



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