

Prospectus Supplement

To the Short Form Base Shelf Prospectus Dated April 16, 2008 as amended by Amendment No. 1 dated December 3, 2008

This prospectus supplement, together with the short form base shelf prospectus dated April 16, 2008, as amended by Amendment No. 1 dated December 3, 2008, to which it relates, as further amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying prospectus and amendment thereto, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws and, subject to certain exceptions, may not be offered, sold, or delivered, directly or indirectly, in the United States of America, its territories or possessions, or for the account or benefit of U.S. persons.

Information has been incorporated by reference in this prospectus supplement and the accompanying prospectus and amendment thereto from documents filed with the securities commissions or similar authorities in Canada. See "Documents Incorporated by Reference". Copies of the documents incorporated herein or therein 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 and are also available electronically at www.sedar.com.

New Issue

December 9, 2008



14,450,867 Common Shares 10,000,000 Non-cumulative 5-Year Rate Reset Preferred Shares Series 24

This prospectus supplement qualifies the distribution of a total of 14,450,867 common shares (the "Acquisition Common Shares") of The Bank of Nova Scotia (the "Bank") and 10,000,000 Non-cumulative 6.25% 5-Year Rate Reset Preferred Shares Series 24 (the "Preferred Shares Series 24") of the Bank to Sun Life Financial Inc. and one or more of its affiliates (collectively, "Sun Life") as partial consideration for the acquisition by the Bank from Sun Life of 104,609,895 trust units of CI Financial Income Fund (the "Fund Units"). See "The Acquisition".

The Bank will not receive any cash proceeds from the distribution of the Acquisition Common Shares or the Preferred Shares Series 24 to Sun Life.

The holders of Preferred Shares Series 24 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors of the Bank (the "Board of Directors"), for the initial period commencing on the Closing Date (as defined herein) and ending on and including January 25, 2014 (the "Initial Fixed Rate Period"), payable quarterly on the third last business day of January, April, July and October in each year (other than January 28, 2009), at a rate equal to \$0.3906 per share. The initial dividend, if declared, will be payable April 28, 2009 and will be \$0.5865 per share, based on the anticipated closing date of December 12, 2008 (the "Closing Date"). Reference is made to "Details of the Securities Being Distributed".

For each five-year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period"), the holders of Preferred Shares Series 24 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the third last business day of January, April, July and October in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Bank on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 3.84%. Reference is made to "Details of the Securities Being Distributed".

Option to Convert Into Preferred Shares Series 25

The holders of Preferred Shares Series 24 will have the right, at their option, to convert their shares into Non-cumulative Floating Rate Preferred Shares Series 25 of the Bank (the “Preferred Shares Series 25”), subject to certain conditions, on January 26, 2014 and on January 26 every five years thereafter. The holders of Preferred Shares Series 25 will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the third last business day of January, April, July and October in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “Quarterly Floating Rate Period”), in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 3.84% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. Reference is made to “Details of the Securities Being Distributed”.

Subject to the provisions of the *Bank Act* (Canada) (the “Bank Act”) and to the prior consent of the Superintendent of Financial Institutions Canada (the “Superintendent”) and to the provisions described below under “Details of the Securities Being Distributed – Certain Provisions of the Preferred Shares Series 24 as a Series - Restrictions on Dividends and Retirement of Shares”, on January 26, 2014 and on January 26 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 24, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption. Reference is made to “Details of the Securities Being Distributed”.

The Preferred Shares Series 24 and the Preferred Shares Series 25 do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 24 or Preferred Shares Series 25. Reference is made to “Risk Factors”.

The common shares of the Bank are listed on the Toronto Stock Exchange (the “TSX”) and the New York Stock Exchange under the symbol “BNS”.

The Bank has applied to list the Acquisition Common Shares, the Preferred Shares Series 24 and the Preferred Shares Series 25 on the TSX. Listing will be subject to the Bank fulfilling all of the requirements of the TSX.

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. The Bank 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, B3J 3B7 and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1.

No underwriter was involved in the preparation of this prospectus supplement or the accompanying prospectus or performed any review of the contents of this prospectus supplement or the accompanying prospectus.

It is expected that the closing of the distribution of the Acquisition Common Shares and Preferred Shares Series 24 to Sun Life will take place on December 12, 2008.

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About this Prospectus Supplement

This document consists of two parts, the first part is this prospectus supplement, which describes the specific terms of this distribution. The second part, the accompanying prospectus and amendment thereto (collectively, the "prospectus"), gives more general information, some of which may not apply to this distribution. If information in this prospectus supplement is inconsistent with the accompanying prospectus, investors should rely on the information in this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into each of them include important information about the Bank and the common shares and the preferred shares of the Bank being distributed.

Forward-looking Statements

The Bank's public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control, could cause actual results to differ materially from the estimates and intentions expressed in such forward looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to the Bank's credit ratings; operational and reputational risks; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion on pages 62-76 inclusive, of the Bank's 2008 Annual Report and those pages are incorporated herein by reference.

The preceding list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Documents Incorporated by Reference

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of the Bank dated April 16, 2008, as amended by Amendment No. 1 dated December 3, 2008, solely for the purpose of the distribution of the Acquisition Common Shares and the Preferred Shares Series 24 under this prospectus supplement. Other documents are also incorporated or deemed to be incorporated by reference into the accompanying prospectus and reference should be made to the prospectus for full particulars. The following documents have been filed with the securities regulatory authorities in each province and territory of Canada and are specifically incorporated by reference into, and form an integral part of, this prospectus supplement:

- (a) the Bank's Annual Information Form dated December 8, 2008;
- (b) the Bank's Management Proxy Circular attached to the Notice of Meeting dated January 14, 2008;
- (c) the Bank's consolidated financial statements for the years ended October 31, 2008 and 2007, together with the auditors' report thereon;
- (d) the Bank's Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in the Bank's Annual Report for the year ended October 31, 2008; and
- (e) the material change report of the Bank dated December 5, 2008 in respect of the amendment to the purchase agreement with Sun Life.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus or contemplated in this prospectus supplement or the accompanying prospectus will be deemed to be modified or superseded for the purposes of this prospectus supplement 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 or superseded a prior statement or include any other 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 an 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 will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

Currency and Accounting Information

Unless otherwise indicated, all dollar amounts appearing in this prospectus supplement are stated in Canadian dollars.

Unless otherwise indicated, all amounts appearing under "Earnings Coverage" are derived from the consolidated financial statements of the Bank, which are presented in accordance with Canadian generally accepted accounting principles.

The Acquisition

On October 5, 2008, the Bank entered into a purchase agreement (as amended, the "Purchase Agreement") with Sun Life Financial Inc. ("SLFI") and Sun Life Financial (CI Holdings) Inc. ("Holdings") pursuant to which the Bank agreed to purchase the 104,609,895 Fund Units for a purchase price of \$2,301,417,690 in cash. On December 3, 2008, the Bank, SLFI, Holdings and Sun Life Assurance Company of Canada ("SLA", and together with SLFI and Holdings, the "Sun Life Parties") agreed to amend the terms of the Purchase Agreement to permit the Bank to satisfy the purchase price payable for the Fund Units by way of (i) the issuance to Sun Life of the Acquisition Common Shares and the Preferred Shares Series 24, and (ii) the payment to Sun Life of an aggregate of \$1,551,417,690 in cash. Based upon publicly available information, the Fund Units represent approximately 37% of the outstanding voting securities of CI Financial Income Fund.

The Purchase Agreement includes representations and warranties of the Sun Life Parties in favour of the Bank, and representations and warranties of the Bank in favour of the Sun Life Parties, all of which are customary for a transaction of this nature. The Purchase Agreement also includes customary covenants of the Sun Life Parties and the Bank. The Purchase Agreement may be terminated by either the Bank or the Sun Life Parties if the acquisition of the Fund Units has not been completed on or before February 28, 2009, or in the event of a material breach by either the Bank or the Sun Life Parties of any of their respective representations, warranties or covenants under the Purchase Agreement and such breach has not been waived within 15 days following notice of the breach by the non-breaching party. The Purchase Agreement may also be terminated by either the Bank or the Sun Life Parties in the event of certain actions taken by applicable Canadian securities regulatory authorities in connection with the transaction.

The obligations of the parties to the Purchase Agreement to complete the sale and purchase of the Fund Units are subject to customary closing conditions, including the receipt of all necessary regulatory approvals.

Details of the Securities Being Distributed

Description of Common Shares

The authorized common share capital of the Bank consists of an unlimited number of common shares, without nominal or par value. Holders of the Bank's common shares are entitled to vote at all meetings of the shareholders of the Bank except meetings at which only the holders of preferred shares of the Bank are entitled to vote. Common shareholders are entitled to receive dividends, as and when declared by the Board of Directors on the common shares. After the payment to the holders of the preferred shares of the amount or amounts to which they may be entitled, the holders of the Bank's common shares shall be entitled to receive the remaining property of the Bank upon liquidation, dissolution or winding-up thereof.

Description of Preferred Shares as a Class

The Preferred Shares Series 24 and Preferred Shares Series 25 will each be issued as a series of preferred shares of the Bank. Reference is made to the description of the preferred shares of the Bank as a class under the heading "Description of Preferred Shares" in the accompanying prospectus.

The authorized preferred share capital of the Bank consists of an unlimited number of preferred shares without nominal or par value.

Certain Provisions of the Preferred Shares Series 24 as a Series

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 24 as a series.

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 24.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.84%.

"Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, other than Scotia Capital Inc., selected by the Bank, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period commencing on the Closing Date and ending on and including January 25, 2014.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing January 26, 2014 and ending on and including January 25, 2019 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including January 25 in the fifth year thereafter.

Issue Price

The Preferred Share Series 24 will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Preferred Shares Series 24 will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act on the third last business day of January, April, July and October in each year (other than January 28, 2009), at a rate equal to \$0.3906 per share. The initial dividend will be payable April 28, 2009 and will be \$0.5865 per share, based on the anticipated closing date of December 12, 2008.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, holders of the Preferred Shares Series 24 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the third last business day of January, April, July and October in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Bank on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 24. The Bank will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Preferred Shares Series 24.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 24 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 24 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemption

The Preferred Shares Series 24 will not be redeemable prior to January 26, 2014. Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on January 26, 2014 and on January 26 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 24, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 24 are at any time to be redeemed, the shares to be redeemed will be redeemed *pro rata*, disregarding fractions. See “Bank Act Restrictions and Restrictions on Payment of Dividends” in the accompanying prospectus.

Conversion of Preferred Shares Series 24 into Preferred Shares Series 25

Holders of Preferred Shares Series 24 will have the right, at their option, on January 26, 2014 and on January 26 every five years thereafter (a “Series 24 Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 24 registered in their name into Preferred Shares Series 25 on the basis of one Preferred Share Series 25 for each Preferred Share Series 24. The conversion of Preferred Shares Series 24 may be effected upon notice given not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 24 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 24 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 24 of the above-mentioned conversion right. On the 30th day prior to each Series 24 Conversion Date, the Bank will give notice in writing to the then registered holders of the Preferred Shares Series 24 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Preferred Shares Series 24 will not be entitled to convert their shares into Preferred Shares Series 25 if the Bank determines that there would remain outstanding on a Series 24 Conversion Date less than 1,000,000 Preferred Shares Series 25, after having taken into account all Preferred Shares Series 24 tendered for conversion into Preferred Shares Series 25 and all Preferred Shares Series 25 tendered for conversion into Preferred Shares Series 24. The Bank will give notice in writing thereof to all registered holders of Preferred Shares Series 24 at least seven days prior to the applicable Series 24 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 24 Conversion Date less than 1,000,000 Preferred Shares Series 24, after having taken into account all Preferred Shares Series 24 tendered for conversion into Preferred Shares Series 25 and all Preferred Shares Series 25 tendered for conversion into Preferred Shares Series 24, then, all, but not part, of the remaining outstanding Preferred Shares Series 24 will automatically be converted into Preferred Shares Series 25 on the basis of one Preferred Share Series 25 for each Preferred Share Series 24 on the applicable Series 24 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 24 at least seven days prior to the Series 24 Conversion Date.

Upon the exercise by the holder of this right to convert Preferred Shares Series 24 into Preferred Shares Series 25 (and upon an automatic conversion), the Bank reserves the right not to issue Preferred Shares Series 25 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to comply with the registration, prospectus, filing or other similar requirements under the applicable securities laws of such jurisdiction. See also “Bank Act Restrictions and Restrictions on Payment of Dividends” in the accompanying prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 24 of the redemption of all the Preferred Shares Series 24, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 24 of an Annual Fixed Dividend Rate or of the conversion right of holders of Preferred Shares Series 24 and the right of any holder of Preferred Shares Series 24 to convert such Preferred Shares Series 24 will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions of the Bank Act, the prior consent of the Superintendent, and the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Preferred Share Series 24 in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 24 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 24 given as specified below:

- (a) pay any dividends on the Bank’s common shares or any other shares ranking junior to the Preferred Shares Series 24 (other than stock dividends payable in shares ranking junior to the Preferred Shares Series 24);
- (b) redeem, purchase or otherwise retire any common shares of the Bank or any other shares ranking junior to the Preferred Shares Series 24 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 24);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 24; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 24;

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative preferred shares of the Bank then issued and outstanding and on all other cumulative shares ranking on a parity with the preferred shares of the Bank and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative preferred shares of the Bank (including the Preferred Shares Series 24) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the preferred shares of the Bank.

Issue of Additional Series of Preferred Shares

The Bank may issue other series of preferred shares ranking on a parity with the Preferred Shares Series 24 without the authorization of the holders of the Preferred Shares Series 24.

Amendments to Preferred Shares Series 24

The Bank will not, without the approval of the holders of the Preferred Shares Series 24 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 24. In addition to the aforementioned approval, the Bank will not without, but may from time to time with, the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 24 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 24 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Preferred Shares Series 24 at which a majority of the outstanding Preferred Shares Series 24 is represented or, if no such quorum is present at such meeting, at any adjourned meeting at which shareholders then present or represented by proxy would form the necessary quorum.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 24 will be entitled to receive \$25.00 per share together with all dividends declared and unpaid to the date of payment before any amount will be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 24. The holders of the Preferred Shares Series 24 will not be entitled to share in any further distribution of the assets of the Bank.

Voting Rights

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 24 as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 24 in respect of any quarter. In that event, the holders of Preferred Shares Series 24 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 24 held. The voting rights of the holders of the Preferred Shares Series 24 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 24 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 24 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Preferred Shares Series 24 voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Preferred Shares Series 24 will be “taxable preferred shares” as defined in the *Income Tax Act* (Canada) (the “Tax Act”) for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Preferred Shares Series 24. The terms of the Preferred Shares Series 24 will require the Bank to make the necessary

election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 24.

Business Days

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

Certain Provisions of the Preferred Shares Series 25 as a Series

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 25 as a series.

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 25.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.84% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Quarterly Commencement Date**” means the 26th day of each of January, April, July and October in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on January 26, 2014 and ending on and including April 25, 2014, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Issue Price

The Preferred Shares Series 25 will have an issue price of \$25.00 per share.

Dividends

The holders of the Preferred Shares Series 25 will be entitled to receive floating rate non-cumulative preferential cash dividends as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the third last business day of January, April, July and October in each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Bank on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 25. The Bank will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Preferred Shares Series 25.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 25 on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of

the Preferred Shares Series 25 to receive such dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

Redemption

Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days notice, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 25, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on January 26, 2019 and on January 26 every five years thereafter, or (ii) \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date after January 26, 2014.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 25 are at any time to be redeemed, the shares to be redeemed will be redeemed *pro rata*, disregarding fractions. See “Bank Act Restrictions and Restrictions on Payment of Dividends” in the accompanying prospectus.

Conversion of Preferred Shares Series 25 into Preferred Shares Series 24

Holders of Preferred Shares Series 25 will have the right, at their option, on January 26, 2019 and on January 26 every five years thereafter (a “Series 25 Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 25 registered in their name into Preferred Shares Series 24 on the basis of one Preferred Share Series 24 for each Preferred Share Series 25. The conversion of Preferred Shares Series 25 may be effected upon notice given not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 25 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 25 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 25 of the above-mentioned conversion right. On the 30th day prior to each Series 25 Conversion Date, the Bank will give notice in writing to the then registered holders of Preferred Shares Series 25 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Preferred Shares Series 25 will not be entitled to convert their shares into Preferred Shares Series 24 if the Bank determines that there would remain outstanding on a Series 25 Conversion Date less than 1,000,000 Preferred Shares Series 24, after having taken into account all Preferred Shares Series 25 tendered for conversion into Preferred Shares Series 24 and all Preferred Shares Series 24 tendered for conversion into Preferred Shares Series 25. The Bank will give notice in writing thereof to all registered holders of the Preferred Shares Series 25 at least seven days prior to the applicable Series 25 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 25 Conversion Date less than 1,000,000 Preferred Shares Series 25, after having taken into account all Preferred Shares Series 25 tendered for conversion into Preferred Shares Series 24 and all Preferred Shares Series 24 tendered for conversion into Preferred Shares Series 25, then, all, but not part, of the remaining outstanding Preferred Shares Series 25 will automatically be converted into Preferred Shares Series 24 on the basis of one Preferred Share Series 24 for each Preferred Share Series 25 on the applicable Series 25 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 25 at least seven days prior to the Series 25 Conversion Date.

Upon the exercise by the holder of this right to convert Preferred Shares Series 25 into Preferred Shares Series 24 (and upon an automatic conversion), the Bank reserves the right not to issue Preferred Shares Series 24 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to comply with the registration, prospectus, filing or other similar requirements under the applicable securities laws of such jurisdiction. See also “Bank Act Restrictions and Restrictions on Payment of Dividends” in the accompanying prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 25 of the redemption on a Series 25 Conversion Date of all the Preferred Shares Series 25, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 25 of an Annual Fixed Dividend Rate or of the

conversion right of holders of Preferred Shares Series 25 and the right of any holder of Preferred Shares Series 25 to convert such Preferred Shares Series 25 will cease and terminate in that event.

Purchase for Cancellation

Subject to the provisions of the Bank Act, the prior consent of the Superintendent and the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any of the Preferred Shares Series 25 in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 25 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 25 given as specified below:

- (a) pay any dividends on the Bank’s common shares or any other shares ranking junior to the Preferred Shares Series 25 (other than stock dividends payable in shares of the Bank ranking junior to the Preferred Shares Series 25);
- (b) redeem, purchase or otherwise retire any common shares of the Bank or any other shares ranking junior to the Preferred Shares Series 25 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 25);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 25 then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 25;

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative preferred shares of the Bank then issued and outstanding and on all other cumulative shares ranking on a parity with the preferred shares of the Bank and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative preferred shares of the Bank (including the Preferred Shares Series 25) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the preferred shares of the Bank.

Issue of Additional Series of Preferred Shares

The Bank may issue other series of preferred shares ranking on a parity with the Preferred Shares Series 25 without the authorization of the holders of the Preferred Shares Series 25.

Amendments to Preferred Shares Series 25

The Bank will not, without the approval of the holders of the Preferred Shares Series 25 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 25. In addition to the aforementioned approval, the Bank will not without, but may from time to time with, the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 25 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 25 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Preferred Shares Series 25 at which a majority of the outstanding Preferred Shares Series 25 is represented or, if no such quorum is present at such meeting, at any adjourned meeting at which shareholders then present or represented by proxy would form the necessary quorum.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 25 will be entitled to receive \$25.00 per share together with all dividends declared and unpaid to the date of payment before any amount will be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 25. The holders of the Preferred Shares Series 25 will not be entitled to share in any further distribution of the assets of the Bank.

Voting Rights

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 25 as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 25 in respect of any quarter. In that event, the holders of Preferred Shares Series 25 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 25 held. The voting rights of the holders of the Preferred Shares Series 25 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 25 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 25 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Preferred Shares Series 25 voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

Tax Election

The Preferred Shares Series 25 will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Preferred Shares Series 25. The terms of the Preferred Shares Series 25 will require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 25.

Business Days

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

Consolidated Capitalization of the Bank

The following table sets forth the consolidated capitalization of the Bank as at October 31, 2008, before and after giving effect to the distribution of the Acquisition Common Shares and the Preferred Shares Series 24 contemplated by this prospectus supplement. This table should be read in conjunction with the Bank’s consolidated annual financial statements and the Bank’s Management’s Discussion and Analysis for the year ended October 31, 2008.

	As at October 31, 2008	As Adjusted as at October 31, 2008
	(in millions of Canadian dollars)	(in millions of Canadian dollars)
Subordinated Debt	\$ 4,352	\$ 4,352
Capital Instrument Liabilities	500	500
Shareholders' Equity		
Preferred Shares.....	2,860	3,110
Common Shares and Contributed Surplus	3,829	4,329
Retained Earnings.....	18,549	18,549
Accumulated Other Comprehensive Income (Loss)	(3,596)	(3,596)
Total Shareholders' Equity	21,642	22,392
Total Capitalization	\$ 26,494	\$ 27,244

Earnings Coverage

The Bank's dividend requirements on its outstanding preferred shares, after giving effect to the issue of the Preferred Shares Series 24 to be distributed under this prospectus supplement, adjusted to a before-tax equivalent using a statutory income tax rate of 32.64% for the 12 months ended October 31, 2008, amounted to \$234 million for the 12 months ended October 31, 2008. The Bank's interest requirements for subordinated debentures, capital instrument liabilities, those instruments that were reclassified as deposits from capital instrument liabilities in accordance with the pronouncements issued by the Canadian Institute of Chartered Accountants amounted to \$560 million for the 12 months ended October 31, 2008. The Bank's earnings before interest and income tax for the 12 months ended October 31, 2008 were \$4,227 million, which was 5.32 times the Bank's aggregate dividend and interest requirements for that period after giving effect to the issue of the Preferred Shares Series 24 to be distributed under this prospectus supplement. All amounts appearing under this heading, "Earnings Coverage", for the 12 months ended October 31, 2008 are derived from financial information which is audited.

Canadian Federal Income Tax Considerations

In the opinion of McCarthy Tétrault LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Preferred Shares Series 24 and Preferred Shares Series 25 who, within the meaning of the Tax Act, is resident at all relevant times in Canada or deemed to be a resident of Canada, deals at arm's length with the Bank, is not affiliated with the Bank, holds the Preferred Shares Series 24 or Preferred Shares Series 25 as capital property and is not exempt from tax under Part I of the Tax Act.

Generally, the Preferred Shares Series 24 and the Preferred Shares Series 25 will be capital property to a purchaser provided the purchaser does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure in the nature of a trade. Certain purchasers who might not otherwise be considered to hold Preferred Shares Series 24 or Preferred Shares Series 25 as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities", as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a purchaser who is a "financial institution" for the purposes of the "mark to market rules", to a purchaser an interest in which would be a "tax shelter investment" or to a purchaser who has elected to determine its Canadian tax results in a "functional currency" (which does not include Canadian currency), each as defined in the Tax Act. Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser that is a "specified financial institution", as defined in the Tax Act, that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate dividends in respect of more than 10% of the Preferred Shares Series 24 or the Preferred Shares Series 25, as the case may be, outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Preferred Shares Series 24

or Preferred Shares Series 25 are listed on a designated stock exchange (which includes the TSX) in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are paid or received on such shares.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance prior to the date hereof (the “Proposals”) and counsel’s understanding of the current administrative practices and assessing policies published in writing by the Canada Revenue Agency (the “CRA”). This summary does not otherwise take into account any changes in law or in administrative practices or assessing policies, whether by legislative, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may be different from those discussed herein. No assurance can be given that the Proposals will be enacted as proposed or at all.

Dividends

Dividends (including deemed dividends) received on the Preferred Shares Series 24 or the Preferred Shares Series 25 by an individual (other than certain trusts) will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated by the Bank as “eligible dividends” in accordance with the Tax Act.

Dividends (including deemed dividends) on the Preferred Shares Series 24 and the Preferred Shares Series 25 received by a corporation will be included in computing income and will generally be deductible in computing the taxable income of the corporation.

The Preferred Shares Series 24 and the Preferred Shares Series 25 will be “taxable preferred shares” as defined in the Tax Act. The terms of the Preferred Shares Series 24 and the Preferred Shares Series 25 require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 24 and the Preferred Shares Series 25.

A private corporation, as defined in the Tax Act, or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33½% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 24 and the Preferred Shares Series 25 to the extent such dividends are deductible in computing its taxable income.

Dispositions

A holder who disposes of or is deemed to dispose of the Preferred Shares Series 24 or the Preferred Shares Series 25 (either on redemption of the shares or other acquisition by the Bank but not including a conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder thereof. The amount of any deemed dividend arising on the redemption or acquisition by the Bank of Preferred Shares Series 24 or the Preferred Shares Series 25 will generally not be included in computing the proceeds of disposition of a holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Redemption” below. If the shareholder is a corporation, any such capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and under circumstances prescribed by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, one-half of any such capital gain will be included in computing the holder’s income as a taxable capital gain and one-half of any such capital loss may be deducted from the holder’s taxable capital gains in accordance with the rules contained in the Tax Act. Taxable capital gains of a Canadian controlled private corporation (as defined in the Tax Act) may be subject to an additional refundable tax at a rate of 6⅔%.

Redemption

If the Bank redeems for cash or otherwise acquires the Preferred Shares Series 24 or the Preferred Shares Series 25, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, including any redemption premium, in excess of the paid-up capital of such shares at such time as computed for purposes of the Tax Act. See “Dividends” above. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Dispositions” above. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Preferred Share Series 24 into a Preferred Share Series 25 and a Preferred Share Series 25 into a Preferred Share Series 24 will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of a Preferred Share Series 25 or Preferred Share Series 24, as the case may be, received on the conversion will be deemed to be equal to the holder’s adjusted cost base of the Preferred Share Series 24 or Preferred Share Series 25, as the case may be, immediately before the conversion.

Alternative Minimum Tax

A capital gain realized, or a dividend received or deemed to be received, by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Prior Sales

The following table sets out all issuances of common shares of the Bank (and securities convertible into or exercisable for common shares of the Bank) during the 12 months preceding the date of this prospectus supplement.

Date of Issuance	Description of Transaction / Securities Issued	Number of Securities Issued	Issue Price per Common Share
December 11, 2007	Grant of Stock Options	2,214,200	\$52.57*
December 20, 2007	Common shares issued in relation to the acquisition of a subsidiary	50,827	\$50.08
November 1, 2007 to January 31, 2008	Dividend & Share Purchase Plan	41,822	\$49.17
March 7, 2008	Grant of Stock Options	2,270	\$45.93*
February 1, 2008 to April 30, 2008	Dividend & Share Purchase Plan	39,552	\$47.52
May 1, 2008 to July 31, 2008	Dividend & Share Purchase Plan	834,764	\$48.86
August 1, 2008 to October 31, 2008	Dividend & Share Purchase Plan	1,659,995	\$37.79
November 1, 2007 to October 31, 2008	Exercise of Stock Options	6,384,516	\$19.12*

Date of Issuance	Description of Transaction / Securities Issued	Number of Securities Issued	Issue Price per Common Share
November 1, 2007 to October 31, 2008	Exercise of Stock Options under Directors' Stock Option Plan	20,000	\$23.48*
November 1, 2008 to December 8, 2008	Exercise of Stock Options	21,099	\$18.14*
November 1, 2008 to December 8, 2008	Dividend & Share Purchase Plan	21,099	\$31.94

* Weighted average exercise price

The following table sets out all issuances of preferred shares of the Bank during the 12 months preceding the date of this prospectus supplement.

Date Issued	Series No.	Issue Price per preferred share	Number of preferred shares issued
January 31, 2008	Series 17	\$25.00	9,200,000
March 25, 2008 and March 27, 2008	Series 18	\$25.00	13,800,000
June 10, 2008	Series 20	\$25.00	14,000,000
September 9, 2008	Series 22	\$25.00	12,000,000

Trading Price and Volume of the Bank's Securities

The following table sets out the price range and trading volume of the Bank's securities on the TSX (as reported by Bloomberg) for the periods indicated.

	Common Shares	Preferred Shares								
		Series 12	Series 13	Series 14	Series 15	Series 16	Series 17 ⁽¹⁾	Series 18 ⁽²⁾	Series 20 ⁽³⁾	Series 22 ⁽⁴⁾
December 2007										
-High Price (\$)	53.50	25.57	22.98	21.83	21.99	25.24	-	-	-	-
-Low Price (\$)	45.50	24.51	21.76	20.96	21.00	24.50	-	-	-	-
-Volume ('000)	38,646	133	295	768	1,051	422	-	-	-	-
January 2008										
-High Price (\$)	50.35	25.00	23.28	21.65	21.71	25.00	25.06	-	-	-
-Low Price (\$)	43.10	24.09	22.00	20.75	20.05	23.01	24.98	-	-	-
-Volume ('000)	69,068	121	153	199	425	422	551	-	-	-
February 2008										
-High Price (\$)	49.65	25.14	23.65	22.24	22.25	24.99	25.70	-	-	-
-Low Price (\$)	47.20	24.56	22.90	21.30	21.14	24.07	25.07	-	-	-
-Volume ('000)	48,666	174	113	469	411	220	1,248	-	-	-

	Common Shares	Preferred Shares									
		Series 12	Series 13	Series 14	Series 15	Series 16	Series 17 ⁽¹⁾	Series 18 ⁽²⁾	Series 20 ⁽³⁾	Series 22 ⁽⁴⁾	
March 2008											
-High Price (\$)	48.25	25.17	23.52	21.88	21.85	24.94	25.58	25.15	–	–	
-Low Price (\$)	42.00	24.25	21.77	20.55	20.28	23.23	24.52	24.90	–	–	
-Volume ('000)	81,115	116	123	249	287	144	545	1,142	–	–	
April 2008											
-High Price (\$)	50.00	24.50	22.48	20.94	21.00	24.24	25.15	25.30	–	–	
-Low Price (\$)	44.45	23.55	21.41	20.22	20.00	23.20	24.63	24.95	–	–	
-Volume ('000)	64,580	375	319	177	257	235	244	748	–	–	
May 2008											
-High Price (\$)	50.00	24.67	22.29	21.17	21.14	24.24	25.50	25.60	–	–	
-Low Price (\$)	46.89	23.52	21.54	20.33	20.15	23.36	25.00	25.25	–	–	
-Volume ('000)	57,514	131	1,051	392	787	283	273	709	–	–	
June 2008											
-High Price (\$)	52.51	24.67	22.42	20.99	21.10	24.34	25.34	25.61	25.19	–	
-Low Price (\$)	46.18	22.75	20.76	19.06	19.00	22.00	24.40	25.30	24.95	–	
-Volume ('000)	68,052	111	1,236	347	441	341	409	515	1,446	–	
July 2008											
-High Price (\$)	50.72	22.98	21.20	19.15	19.06	23.01	24.75	25.49	25.48	–	
-Low Price (\$)	41.95	20.85	19.27	17.75	17.57	20.76	22.90	24.81	24.70	–	
-Volume ('000)	78,760	620	812	977	973	216	156	183	471	–	
August 2008											
-High Price (\$)	51.55	23.49	21.47	19.59	19.70	23.34	25.15	25.74	25.72	–	
-Low Price (\$)	46.22	23.39	20.12	18.30	18.31	22.14	24.02	25.16	24.99	–	
-Volume ('000)	39,590	156	242	488	418	174	195	293	432	–	
September 2008											
-High Price (\$)	50.69	23.55	22.20	20.00	19.95	23.50	25.10	25.50	25.20	25.12	
-Low Price (\$)	43.25	23.01	21.31	19.27	19.33	22.77	24.69	25.10	24.41	24.86	
-Volume ('000)	99,404	160	151	332	628	290	144	219	519	1,629	
October 2008											
-High Price (\$)	48.86	23.02	21.75	19.89	19.89	23.14	24.87	25.25	24.95	24.99	
-Low Price (\$)	35.25	19.61	18.75	16.60	16.88	19.63	20.00	23.80	22.51	22.50	
-Volume ('000)	106,718	269	337	908	978	208	220	381	262	371	
November 2008											
-High Price (\$)	40.68	21.45	19.40	17.81	17.72	21.85	22.90	24.10	24.25	24.00	
-Low Price (\$)	28.83	15.49	14.00	13.53	13.77	15.05	16.75	20.50	19.75	20.20	
-Volume ('000)	73,267	260	343	391	340	307	257	426	154	179	
December 2008 (up to and including December 8)											
-High Price (\$)	36.38	18.50	17.25	15.99	15.75	18.49	19.50	22.50	22.25	21.50	
-Low Price (\$)	31.50	17.50	15.80	14.75	14.90	17.16	18.01	21.35	20.00	19.50	
-Volume ('000)	24,335	129	163	172	184	310	124	94	78	91	

- (1) The Preferred Shares Series 17 were issued on January 31, 2008.
(2) The Preferred Shares Series 18 were issued on March 25, 2008.
(3) The Preferred Shares Series 20 were issued on June 10, 2008.
(4) The Preferred Shares Series 22 were issued on September 9, 2008.

Transfer Agent and Registrar

Computershare Trust Company of Canada, at its principal offices in the cities of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, is the transfer agent and registrar for the common shares of the Bank and will be the transfer agent and registrar for the Preferred Shares Series 24 and the Preferred Shares Series 25.

Risk Factors

An investment in the common shares of the Bank and the Preferred Shares Series 24 is subject to certain risks.

The Bank has covenanted that, if a distribution is not paid when due on any outstanding Scotiabank Trust Securities (also known as “Scotia BaTS”) issued by BNS Capital Trust or Scotiabank Capital Trust, the Bank will not pay dividends on its “Dividend Restricted Shares”, which would include the Preferred Shares Series 24 and the Preferred Shares Series 25, until the twelfth month following the failure to pay the required distribution in full, unless the required distribution is paid to the holders of Scotia BaTS.

The value of the common shares of the Bank, the Preferred Shares Series 24 and the Preferred Shares Series 25 respectively, will be affected by the general creditworthiness of the Bank. The section entitled “Management’s Discussion and Analysis” contained in the Bank’s Annual Report for the year ended October 31, 2008 is incorporated by reference in this prospectus supplement. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank’s business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Preferred Shares Series 24 or the Preferred Shares Series 25, if any, may affect the market value of the Preferred Shares Series 24 and the Preferred Shares Series 25, respectively. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transfer or obtain funding and thereby affect the Bank’s liquidity, business, financial condition or results of operations.

The Preferred Shares Series 24 and the Preferred Shares Series 25 are non-cumulative and dividends are payable at the discretion of the Board of Directors. Reference is made to “Earnings Coverage”, which is relevant to an assessment of the risk that the Bank will be unable to pay dividends on the common shares of the Bank, the Preferred Shares Series 24 or the Preferred Shares Series 25.

The common shares of the Bank rank below preferred shares of the Bank, including the Preferred Shares Series 24 and if issued, the Preferred Shares Series 25. If the Bank becomes insolvent or is wound-up, holders of the common shares of the Bank are entitled to share in the distribution of the Bank’s assets only after payment to the holders of the preferred shares are made. The Preferred Shares Series 24 rank, and the Preferred Shares Series 25 will, if issued, rank equally with other preferred shares of the Bank in the event of an insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up, the Bank’s assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on Preferred Shares Series 24 or the Preferred Shares Series 25.

Prevailing yields on similar securities will affect the market value of Preferred Shares Series 24 and the Preferred Shares Series 25. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 24 and the Preferred Shares Series 25 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Preferred Shares Series 24 and the Preferred Shares Series 25 in an analogous manner.

The redemption or purchase by the Bank of the Preferred Shares Series 24 and the Preferred Shares Series 25 is subject to the consent of the Superintendent and other restrictions contained in the Bank Act. See “Bank Act Restrictions and Restrictions on Payment of Dividends” in the accompanying prospectus.

Neither Preferred Shares Series 24 nor the Preferred Shares Series 25 have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 24 or Preferred Shares Series 25, as applicable. The ability of a holder to liquidate its holdings of Preferred Shares Series 24 or Preferred Shares Series 25, as applicable, may be limited.

The dividend rate in respect of the Preferred Shares Series 24 will reset on January 26, 2014 and on January 26 every five years thereafter. The dividend rate in respect of the Preferred Shares Series 25 will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

An investment in the Preferred Shares Series 24 may become an investment in Preferred Shares Series 25 without the consent of the holder in the event of an automatic conversion in the circumstances described under “Conversion of Preferred Shares Series 24 into Preferred Shares Series 25” above. Upon the automatic conversion of the Preferred Shares Series 24 into Preferred Shares Series 25, the dividend rate on the Preferred Shares Series 25 will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time.

Stock market volatility may affect the market price of the common shares of the Bank, the Preferred Shares Series 24 and the Preferred Shares Series 25 for reasons unrelated to the Bank’s performance.

There can be no assurance that an active trading market will develop for the Preferred Shares Series 24 after the distribution or for the Preferred Shares Series 25 following the issuance of any of those shares, or if developed, that such a market will be sustained at the issue price of the Preferred Shares Series 24 or the issue price of the Preferred Shares Series 25.

Legal Matters

Legal matters in connection with the distribution of the Acquisition Common Shares and the Preferred Shares Series 24 will be passed upon by McCarthy Tétrault LLP. The partners, associates and counsel of McCarthy Tétrault LLP beneficially own, directly or indirectly, less than 1% of the issued and outstanding securities of the Bank or of any associate or affiliate of the Bank.

Appendix A

AUDITORS' CONSENT

We have read the Prospectus Supplement dated December 9, 2008 to the Short Form Base Shelf Prospectus dated April 16, 2008 as amended by Amendment No.1 dated December 3, 2008 (the "prospectus") of The Bank of Nova Scotia (the "Bank") relating to the qualification of the distribution of 14,450,867 Common Shares and 10,000,000 Non-cumulative 5-Year Rate Reset Preferred Shares Series 24 of the Bank to Sun Life Financial Inc. and one or more of its affiliates in exchange for trust units of CI Financial Income Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above mentioned prospectus, of our auditors' report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2008 and 2007 and the consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended October 31, 2008. Our report is dated December 2, 2008.

(signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
December 9, 2008