

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 (collectively, the “prospectus”) to which it relates, as further amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying prospectus, 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 (the “U.S. Securities Act”) 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. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement and the accompanying prospectus 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

January 22, 2009



\$250,000,000

(10,000,000 Shares)

Non-cumulative 5-Year Rate Reset Preferred Shares Series 28

The holders of Non-cumulative 5-Year Rate Reset Preferred Shares Series 28 (the “Preferred Shares Series 28”) of The Bank of Nova Scotia (the “Bank”) 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 April 25, 2014 (the “Initial Fixed Rate Period”), payable quarterly on the third last business day of January, April, July and October in each year, at an annual rate equal to \$1.56250 per share. The initial dividend, if declared, will be payable April 28, 2009 and will be \$0.37671 per share, based on the anticipated closing date of January 30, 2009 (the “Closing Date”). Reference is made to “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of Preferred Shares Series 28 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 4.46%. Reference is made to “Details of the Offering”.

Option to Convert Into Preferred Shares Series 29

The holders of Preferred Shares Series 28 will have the right, at their option, to convert their shares into Non-cumulative Floating Rate Preferred Shares Series 29 of the Bank (the “Preferred Shares Series 29”), subject to certain conditions, on April 26, 2014 and on April 26 every five years thereafter. The holders of Preferred Shares Series 29 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 4.46% (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 Offering”.

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 Offering – Certain Provisions of the Preferred Shares Series 28 as a Series - Restrictions on Dividends and Retirement of Shares”, on April 26, 2014 and on April 26 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 28, 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 Offering”.

The Preferred Shares Series 28 and the Preferred Shares Series 29 do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 28 or Preferred Shares Series 29. Reference is made to “Risk Factors”.

The Bank has applied to list the Preferred Shares Series 28 and the Preferred Shares Series 29 on the Toronto Stock Exchange (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.

Price: \$25.00 per share to yield initially 6.25% per annum

Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., Desjardins Securities Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Blackmont Capital Inc., Dundee Securities Corporation, Laurentian Bank Securities Inc., Brookfield Financial Corp. and Manulife Securities Incorporated (collectively, the “Underwriters”), as principals, conditionally offer the Preferred Shares Series 28, subject to prior sale if, as and when issued by the Bank and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Bank by McCarthy Tétrault LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

Scotia Capital Inc., one of the Underwriters, is an indirect wholly-owned subsidiary of the Bank. The Bank also has an approximate 35.5% equity interest in CI Financial Corp., of which Blackmont Capital Inc., one of the Underwriters, is an indirect wholly-owned subsidiary. The Bank also has an approximate 19.4% equity interest in, and the right, in certain circumstances, to nominate directors to the board of directors of, Dundee Wealth Inc., of which Dundee Securities Corporation, one of the Underwriters, is an indirect wholly-owned subsidiary. Therefore, the Bank is a related issuer of Scotia Capital Inc., Blackmont Capital Inc. and Dundee Securities Corporation under applicable securities legislation. Reference is made to “Plan of Distribution”.

	<u>Price to the Public</u>	<u>Underwriting Fees⁽¹⁾</u>	<u>Net Proceeds to the Bank⁽²⁾</u>
Per Share.....	\$25.00	\$0.75	\$24.25
Total.....	\$250,000,000	\$7,500,000	\$242,500,000

(1) The underwriting fee is \$0.25 for each share sold to certain institutions and \$0.75 per share for all other shares sold. The total represents the underwriting fee assuming no shares are sold to such institutions.

(2) Before deducting expenses of this offering, estimated at \$400,000.

(3) The Bank has granted to the Underwriters an underwriters’ option (the “Option”) to purchase up to an additional 1,000,000 Preferred Shares Series 28 at the offering price hereunder, exercisable at any time up to 48 hours prior to 9:00 a.m. (Toronto time) on the Closing Date, anticipated to be January 30, 2009. If the Option is exercised in full, the total “Price to Public”, “Underwriting Fee” and “Net Proceeds to the Bank”, before deducting expenses of the offering, would be \$275,000,000, \$8,250,000 and \$266,750,000, respectively (assuming no Preferred Shares Series 28 are sold to those institutions referred to in (1) above). This prospectus supplement qualifies the grant of the Option and the distribution of the Preferred Shares Series 28 issuable upon exercise of the Option. Reference is made to “Plan of Distribution”.

A purchaser who acquires Preferred Shares Series 28 forming part of the Underwriters' over-allocation position acquires those securities under this prospectus supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Option or secondary market purchases.

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Acquisition Price</u>
Underwriters' option	1,000,000	Up to 48 hours prior to 9:00 a.m. (Toronto time) on the Closing Date	\$25.00

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 28. Reference is made to "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on January 30, 2009 or such later date as may be agreed upon, but in any event not later than February 27, 2009. A "book-entry only" certificate representing the Preferred Shares Series 28 distributed hereunder will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, and will be deposited with CDS on closing of this offering. No physical certificates representing the Preferred Shares Series 28 will be issued to purchasers, except in limited circumstances, and registration will be made in the depository service of CDS. A purchaser of Preferred Shares Series 28 will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares Series 28 are purchased. Reference is made to "Book-entry Only Securities".

Table of Contents

	Page
Prospectus Supplement	
About this Prospectus Supplement	S-5
Forward-looking Statements	S-5
Documents Incorporated by Reference	S-6
Eligibility for Investment	S-6
Currency and Accounting Information	S-6
Recent Events	S-7
Details of the Offering	S-7
Consolidated Capitalization of the Bank	S-15
Earnings Coverage	S-15
Book-entry Only Securities	S-16
Ratings	S-16
Plan of Distribution	S-16
Canadian Federal Income Tax Considerations	S-17
Use of Proceeds	S-19
Prior Sales	S-19
Trading Price and Volume of the Bank's Securities	S-20
Transfer Agent and Registrar	S-21
Risk Factors	S-21
Legal Matters	S-23
Certificate of the Underwriters	S-24
Appendix A – Auditors' Consent	
Prospectus	
Forward-looking Statements	3
Documents Incorporated by Reference	4
Currency and Accounting Information	5
Business of the Bank	5
Share Capital and Subordinated Indebtedness of the Bank	5
Description of the Debt Securities	5
Description of Preferred Shares	6
Book-entry Only Securities	7
Bank Act Restrictions and Restrictions on Payment of Dividends	8
Earnings Coverage	9
Plan of Distribution	9
Risk Factors	10
Use of Proceeds	10
Interests of Experts	10
Purchasers' Statutory Rights	10
Certificate of the Bank	11
Appendix A – Auditors' Consent	
Amendment No.1 dated December 3, 2008 to Prospectus	
Description of Common Shares	A-1

About this Prospectus Supplement

This document consists of two parts, the first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. 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, the preferred shares of the Bank being offered and other information investors should know before investing in the Preferred Shares Series 28 and Preferred Shares Series 29.

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 risk that the Bank's risk management models may not take into account all relevant factors; 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 to 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 Preferred Shares Series 28 offered hereunder. 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 as contained in the Bank's Annual Report for the year ended October 31, 2008; and
- (e) the material change reports of the Bank dated December 5, 2008 and December 12, 2008, respectively, relating to the acquisition by the Bank of approximately 37% of the outstanding voting securities of CI Financial Income Fund for approximately \$2.3 billion.

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.

Eligibility for Investment

In the opinion of McCarthy Tétrault LLP, counsel for the Bank, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the Preferred Shares Series 28, if issued on the date of this prospectus supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and, for trusts governed by tax-free savings accounts, provided that the Preferred Shares Series 28 are listed on a designated stock exchange under the Tax Act (such as the TSX) or, alternatively, if proposed amendments to regulations under the Tax Act are passed.

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.

Recent Events

On December 12, 2008, the Bank and Sun Life Financial Inc. (“Sun Life”) completed the acquisition by the Bank of 104,609,895 trust units (the “CI Units”) of CI Financial Income Fund from Sun Life for approximately \$2.3 billion. The Bank satisfied the purchase price for the CI Units by way of (i) the issuance to an affiliate of Sun Life of 14,450,867 common shares of the Bank at a price of \$34.60 per share and 10,000,000 Non-cumulative 6.25% 5-Year Rate Reset Preferred Shares Series 24 of the Bank (“Preferred Shares Series 24”) at a price of \$25.00 per share, and (ii) the payment to Sun Life and an affiliate of Sun Life of an aggregate of \$1,551,417,690 in cash. Based upon publicly available information, the CI Units represented approximately 37% of the outstanding voting securities of CI Financial Income Fund on December 12, 2008.

On January 2, 2009, CI Financial Income Fund publicly announced that, effective January 1, 2009, it had completed its conversion from an income trust to a corporate structure pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario). Under the plan of arrangement, all of the units of CI Financial Income Fund were exchanged for common shares of CI Financial Corp. on a one-for-one basis. Based upon publicly available information, as a result of this conversion and after giving effect to a public offering of 15 million units of CI Financial Income Fund completed on December 30, 2008, the Bank owns approximately 35.5% of the outstanding common shares of CI Financial Corp.

Details of the Offering

Description of Preferred Shares as a Class

The Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 as a Series

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 28 as a series.

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 28.

“**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 4.46%.

“**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 April 25, 2014.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period commencing April 26, 2014 and ending on and including April 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 April 25 in the fifth year thereafter.

Dividends

During the Initial Fixed Rate Period, the holders of the Preferred Shares Series 28 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, at an annual rate equal to \$1.56250 per share. The initial dividend, if declared, will be payable April 28, 2009 and will be \$0.37671 per share, based on the anticipated Closing Date of January 30, 2009.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Preferred Shares Series 28 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 28. 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 28.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 28 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 28 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemption

The Preferred Shares Series 28 will not be redeemable prior to April 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 April 26, 2014 and on April 26 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 28, 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 28 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 28 into Preferred Shares Series 29

Holders of Preferred Shares Series 28 will have the right, at their option, on April 26, 2014 and on April 26 every five years thereafter (a “Series 28 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 28 registered in their name into Preferred Shares Series 29 on the basis of one Preferred Share Series 29 for each Preferred Share Series 28. The conversion of Preferred Shares Series 28 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 28 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 28 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 28 of the above-mentioned conversion right. On the 30th day prior to each Series 28 Conversion Date, the Bank will give notice in writing to the then registered holders of the Preferred Shares Series 28 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Preferred Shares Series 28 will not be entitled to convert their shares into Preferred Shares Series 29 if the Bank determines that there would remain outstanding on a Series 28 Conversion Date less than 1,000,000 Preferred Shares Series 29, after having taken into account all Preferred Shares Series 28 tendered for conversion into Preferred Shares Series 29 and all Preferred Shares Series 29 tendered for conversion into Preferred Shares Series 28. The Bank will give notice in writing thereof to all registered holders of Preferred Shares Series 28 at least seven days prior to the applicable Series 28 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 28 Conversion Date less than 1,000,000 Preferred Shares Series 28, after having taken into account all Preferred Shares Series 28 tendered for conversion into Preferred Shares Series 29 and all Preferred Shares Series 29 tendered for conversion into Preferred Shares Series 28, then, all, but not part, of the remaining outstanding Preferred Shares Series 28 will automatically be converted into Preferred Shares Series 29 on the basis of one Preferred Share Series 29 for each Preferred Share Series 28 on the applicable Series 28 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 28 at least seven days prior to the Series 28 Conversion Date.

Upon the exercise by the holder of this right to convert Preferred Shares Series 28 into Preferred Shares Series 29 (and upon an automatic conversion), the Bank reserves the right not to issue Preferred Shares Series 29 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 28 of the redemption of all the Preferred Shares Series 28, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 28 of an Annual Fixed Dividend Rate or of the conversion right of holders of Preferred Shares Series 28 and the right of any holder of Preferred Shares Series 28 to convert such Preferred Shares Series 28 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 28 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 28 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 28 given as specified below:

- (a) pay any dividends on the Common Shares of the Bank or any other shares ranking junior to the Preferred Shares Series 28 (other than stock dividends payable in shares ranking junior to the Preferred Shares Series 28);
- (b) redeem, purchase or otherwise retire any Common Shares of the Bank or any other shares ranking junior to the Preferred Shares Series 28 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 28);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 28; 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 28;

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 28) 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 28 without the authorization of the holders of the Preferred Shares Series 28.

Amendments to Preferred Shares Series 28

The Bank will not, without the approval of the holders of the Preferred Shares Series 28 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 28. 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 28 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 28 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 28 at which a majority of the outstanding Preferred Shares Series 28 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 28 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 28. The holders of the Preferred Shares Series 28 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 28 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 28 in respect of any quarter. In that event, the holders of Preferred Shares Series 28 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 28 held. The voting rights of the holders of the Preferred Shares Series 28 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 28 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 28 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 28 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 28 will be “taxable preferred shares” as defined in the Income Tax Act (Canada) (the “Tax Act”). The terms of the Preferred Shares Series 28 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 28.

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 29 as a Series

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 29 as a series.

Definition of Terms

The following definitions are relevant to the Preferred Shares Series 29.

“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 4.46% (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 April 26, 2014 and ending on and including July 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 29 will have an issue price of \$25.00 per share.

Dividends

The holders of the Preferred Shares Series 29 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 29. 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 29.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 29 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 29 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 29, 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 April 26, 2019 and on April 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 April 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 29 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 29 into Preferred Shares Series 28

Holders of Preferred Shares Series 29 will have the right, at their option, on April 26, 2019 and on April 26 every five years thereafter (a “Series 29 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 29 registered in their name into Preferred Shares Series 28 on the basis of one Preferred Share Series 28 for each Preferred Share Series 29. The conversion of Preferred Shares Series 29 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 29 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 29 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 29 of the above-mentioned conversion right. On the 30th day prior to each Series 29 Conversion Date, the Bank will give notice in writing to the then registered holders of Preferred Shares Series 29 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

Holders of Preferred Shares Series 29 will not be entitled to convert their shares into Preferred Shares Series 28 if the Bank determines that there would remain outstanding on a Series 29 Conversion Date less than 1,000,000 Preferred Shares Series 28, after having taken into account all Preferred Shares Series 29 tendered for conversion into Preferred Shares Series 28 and all Preferred Shares Series 28 tendered for conversion into Preferred Shares Series 29. The Bank will give notice in writing thereof to all registered holders of the Preferred Shares Series 29 at least seven days prior to the applicable Series 29 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 29 Conversion Date less than 1,000,000 Preferred Shares Series 29, after having taken into account all Preferred Shares Series 29 tendered for conversion into Preferred Shares Series 28 and all Preferred Shares Series 28 tendered for conversion into Preferred Shares Series 29, then, all, but not part, of the remaining outstanding Preferred Shares Series 29 will automatically be converted into Preferred Shares Series 28 on the basis of one Preferred Share Series 28 for each Preferred Share Series 29 on the applicable Series 29 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 29 at least seven days prior to the Series 29 Conversion Date.

Upon the exercise by the holder of this right to convert Preferred Shares Series 29 into Preferred Shares Series 28 (and upon an automatic conversion), the Bank reserves the right not to issue Preferred Shares Series 28 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 29 of the redemption on a Series 29 Conversion Date of all the Preferred Shares Series 29, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 29 of an Annual Fixed Dividend Rate or of the

conversion right of holders of Preferred Shares Series 29 and the right of any holder of Preferred Shares Series 29 to convert such Preferred Shares Series 29 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 29 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 29 are outstanding, the Bank will not, without the approval of the holders of outstanding Preferred Shares Series 29 given as specified below:

- (a) pay any dividends on the Common Shares of the Bank or any other shares ranking junior to the Preferred Shares Series 29 (other than stock dividends payable in shares of the Bank ranking junior to the Preferred Shares Series 29);
- (b) redeem, purchase or otherwise retire any Common Shares of the Bank or any other shares ranking junior to the Preferred Shares Series 29 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 29);
- (c) redeem, purchase or otherwise retire less than all the Preferred Shares Series 29 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 29;

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 29) 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 29 without the authorization of the holders of the Preferred Shares Series 29.

Amendments to Preferred Shares Series 29

The Bank will not, without the approval of the holders of the Preferred Shares Series 29 given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 29. 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 29 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 29 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 29 at which a majority of the outstanding Preferred Shares Series 29 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 29 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 29. The holders of the Preferred Shares Series 29 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 29 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 29 in respect of any quarter. In that event, the holders of Preferred Shares Series 29 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 29 held. The voting rights of the holders of the Preferred Shares Series 29 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 29 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 29 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 29 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 29 will be “taxable preferred shares” as defined in the Tax Act. The terms of the Preferred Shares Series 29 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 29.

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 (i) the sale by the Bank of the Preferred Shares Series 28 contemplated by this prospectus supplement (but excluding the proceeds of the sale of the Preferred Shares Series 28 pursuant to the Option), (ii) the issuance by the Bank of 10,000,000 Preferred Shares Series 24 and 14,450,867 common shares of the Bank in connection with the Bank's acquisition of the CI Units described under "Recent Events", (iii) the issuance by the Bank on January 21, 2009 of 13,000,000 Preferred Shares Series 26, and (iv) the issuance by the Bank on January 22, 2009 of \$1,000,000,000 aggregate principal amount of 6.65% subordinated debentures due 2021. This table should be read in conjunction with the Bank's consolidated annual financial statements and the Bank's Management's Discussion and Analysis as at and for the year ended October 31, 2008.

	As at October 31, 2008	As Adjusted as at October 31, 2008⁽¹⁾
	(in millions of Canadian dollars)	(in millions of Canadian dollars)
Subordinated Debt	\$ 4,352	\$ 5,352
Capital Instrument Liabilities	500	500
Shareholders' Equity		
Preferred Shares	2,860	3,685
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	22,967
Total Capitalization	\$ 26,494	\$ 28,819

- (1) Adjusted to give effect to (i) the sale by the Bank of the Preferred Shares Series 28 contemplated by this prospectus supplement (but excluding the proceeds of the sale of the Preferred Shares Series 28 pursuant to the Option), and (ii) the issuance by the Bank of 10,000,000 Preferred Shares Series 24 and 14,450,867 common shares of the Bank in connection with the Bank's acquisition of the CI Units described under "Recent Events", (iii) the issuance by the Bank of 13,000,000 Preferred Shares Series 26 on January 21, 2009, and (iv) the issuance by the Bank of \$1,000,000,000 aggregate principal amount of 6.65% subordinated debentures due 2021 on January 22, 2009.

Earnings Coverage

The Bank's dividend requirements on its outstanding preferred shares, after giving effect to the issue of the Preferred Shares Series 28 to be distributed under this prospectus supplement (assuming the complete exercise of the Option to purchase up to an additional 1,000,000 Preferred Shares Series 28), the issue of 10,000,000 Preferred Shares Series 24 on December 12, 2008 and the issue of 13,000,000 Preferred Shares Series 26 on January 21, 2009, and 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 \$290 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 and adjusted for a full year's interest expense for the Bank's 3.015% subordinated callable notes due 2037, the Bank's 5.30% subordinated debentures due 2018, the Bank's 4.99% subordinated debentures due 2018, the Bank's 3.37% subordinated callable notes due 2038, the Bank's 6.00% subordinated debentures due 2018 and the Bank's 6.65% subordinated debentures due 2021 amounted to \$555 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 5.01 times the Bank's aggregate dividend and interest requirements for that period after giving effect to the issue of the Preferred Shares Series 28 to be distributed under this prospectus supplement, the issue of 10,000,000 Preferred Shares Series 24 on December 12, 2008 and the issue of 13,000,000 Preferred Shares Series 26 on January 21, 2009, and adjusted for a full year's interest expense for the Bank's 3.015% subordinated callable notes due 2037, the Bank's 5.30% subordinated debentures due 2018, the Bank's 4.99% subordinated debentures due 2018, the Bank's 3.37% subordinated callable notes due 2038, the Bank's 6.00% subordinated debentures due 2018 and the Bank's 6.65% subordinated

debentures due 2021. All amounts appearing under this heading, “Earnings Coverage”, for the 12 months ended October 31, 2008 are derived from financial information which is audited.

Book-entry Only Securities

Except in limited circumstances, the Preferred Shares Series 28 and the Preferred Shares Series 29 will be issued in “book-entry only” form and must be purchased, transferred, redeemed, converted or exchanged through participants in the depository service of CDS Clearing and Depository Services Inc. Reference is made to “Book-entry Only Securities” in the accompanying prospectus.

Ratings

The Preferred Shares Series 28 are provisionally rated “Pfd-1” by DBRS Limited (“DBRS”). “Pfd-1” is in the highest category available from DBRS for preferred shares. Each rating category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

The Preferred Shares Series 28 have a preliminary rating “P-1 (Low)” by Standard & Poor’s Ratings Services (“S&P”), a division of The McGraw-Hill Companies (Canada) Corporation, using the S&P Canadian scale for preferred shares and have a preliminary rating of “A” using S&P’s global scale for preferred shares. The “P-1” rating is in the highest of the five categories used by S&P on its Canadian preferred share scale. A reference to “high” or “low” reflects the relative strength within the rating category. The “A” rating is in the highest of the three categories used by S&P on its global scale.

The Preferred Shares Series 28 are provisionally rated Aa3 by Moody’s Investors Service, Inc. (“Moody’s”), a subsidiary of Moody’s Corporation. Securities rated “Aa” are judged to be of high quality and are subject to very low credit risk. The modifier “3” indicates that the obligation ranks at the lower end of the “Aa” rating category.

Prospective purchasers of Preferred Shares Series 28 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional/preliminary ratings. The foregoing ratings should not be construed as recommendations to buy, sell or hold Preferred Shares Series 28. Ratings may be revised or withdrawn at any time by the respective rating organizations.

Plan of Distribution

Pursuant to an agreement (the “Underwriting Agreement”) dated January 22, 2009 between the Bank and the Underwriters, the Bank has agreed to sell and the Underwriters have agreed to purchase on January 30, 2009, or on such other date not later than February 27, 2009 as may be agreed upon, subject to the terms and conditions contained therein, all but not less than all of the 10,000,000 Preferred Shares Series 28 at a price of \$25.00 per share payable in cash to the Bank against delivery of the Preferred Shares Series 28. The Underwriting Agreement provides that the Underwriters will be paid an underwriting fee per share equal to \$0.25 with respect to Preferred Shares Series 28 sold to certain institutions and \$0.75 with respect to all other Preferred Shares Series 28. Assuming no Preferred Shares Series 28 are sold to such institutions, the underwriting fee would be \$7,500,000.

The Bank has granted the Underwriters the Option exercisable up to 48 hours prior to 9:00 a.m. (Toronto time) on the Closing Date, to purchase up to an additional 1,000,000 Preferred Shares Series 28 at the offering price (the “Option Shares”). This prospectus supplement qualifies the grant of the Option and the distribution of the Option Shares issuable upon exercise of the Option. The Underwriters will be paid an underwriting fee equal to \$0.25 per Option Share sold to certain institutions and \$0.75 with respect to all other Option Shares.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Preferred Shares Series 28 if any of the Preferred Shares Series 28 are purchased under the Underwriting Agreement.

The Bank has applied to list the Preferred Shares Series 28 and the Preferred Shares Series 29 on the Toronto Stock Exchange (the “TSX”). Listing will be subject to the Bank fulfilling all of the requirements of the TSX.

Neither the Preferred Shares Series 28 nor the Preferred Shares Series 29 have been or will be registered under the *Securities Act of 1933* of the United States of America, as amended (the “1933 Act”) or any state securities laws and

may not be offered or sold, directly or indirectly, within the United States, its territories or possessions, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers (Québec), the Underwriters may not, throughout the period of distribution under this prospectus supplement, bid for or purchase the Preferred Shares Series 28. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada (IIROC) relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution. In connection with this offering and subject to the foregoing and to applicable law, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 28 at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Scotia Capital Inc., one of the Underwriters, is an indirect wholly-owned subsidiary of the Bank. The Bank has an approximate 35.5% equity interest in CI Financial Corp., of which Blackmont Capital Inc., one of the Underwriters, is an indirect wholly-owned subsidiary. The Bank also has an approximate 19.4% equity interest in, and the right, in certain circumstances, to nominate directors to the board of directors of, Dundee Wealth Inc., of which Dundee Securities Corporation, one of the Underwriters, is an indirect wholly-owned subsidiary. As a result, the Bank is a related issuer of Scotia Capital Inc., Blackmont Capital Inc. and Dundee Securities Corporation under applicable securities legislation. The decision to distribute the Preferred Shares Series 28 and the determination of the terms of this offering were made through negotiations between the Bank on the one hand and the Underwriters on the other hand. RBC Dominion Securities Inc., an Underwriter, in respect of which the Bank is not a related or connected issuer, has participated in the structuring and pricing of this offering and in the due diligence activities performed by the Underwriters for this offering. None of Scotia Capital Inc., Blackmont Capital Inc. or Dundee Securities Corporation will receive any benefit from the Bank in connection with this offering other than a portion of the underwriting fee payable by the Bank.

Canadian Federal Income Tax Considerations

In the opinion of McCarthy Tétrault LLP and Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Preferred Shares Series 28 and Preferred Shares Series 29 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 28 or Preferred Shares Series 29 as capital property and is not exempt from tax under Part I of the Tax Act.

Generally, the Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 or Preferred Shares Series 29 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 28 or the Preferred Shares Series 29, 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 28 or Preferred Shares Series 29 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 28 or the Preferred Shares Series 29 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 28 and the Preferred Shares Series 29 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 28 and the Preferred Shares Series 29 will be “taxable preferred shares” as defined in the Tax Act. The terms of the Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 and the Preferred Shares Series 29.

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 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 or the Preferred Shares Series 29 (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 28 or the Preferred Shares Series 29 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. Any such capital gain realized by an individual may give rise to a liability for alternative minimum tax. 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 6 $\frac{2}{3}$ %.

Redemption

If the Bank redeems for cash or otherwise acquires the Preferred Shares Series 28 or the Preferred Shares Series 29, 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 28 into a Preferred Share Series 29 and a Preferred Share Series 29 into a Preferred Share Series 28 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 29 or Preferred Share Series 28, 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 28 or Preferred Share Series 29, 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.

Use of Proceeds

The net proceeds to the Bank from the sale of the Preferred Shares Series 28, after deducting the estimated expenses of the issue and the underwriting fee (assuming no Preferred Shares Series 28 are sold to institutions and assuming no exercise of the Option) will amount to \$242,100,000. Such net proceeds will be added to the Bank’s funds and will be used for general business purposes.

Prior Sales

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
December 12, 2008	Series 24	\$25.00	10,000,000
January 21, 2009	Series 26	\$25.00	13,000,000

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⁾	Series 24 ⁽⁵⁾	Series 26 ⁽⁶⁾	
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	-	-	-	-	-	-
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	22.39	20.12	18.30	18.31	22.14	24.02	25.16	24.99	-	-	-	-
-Volume ('000)	49,093	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	-	-	-

	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⁾	Series 24 ⁽⁵⁾	Series 26 ⁽⁶⁾
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	15.02	16.75	20.50	19.75	20.20	-	-
-Volume ('000)	73,267	260	343	391	340	307	257	426	154	179	-	-
December 2008												
-High Price (\$)	36.38	19.80	17.75	17.24	17.40	19.90	20.80	22.60	22.75	22.00	-	-
-Low Price (\$)	28.61	16.41	15.39	14.35	13.80	16.05	18.01	21.25	19.75	19.50	-	-
-Volume ('000)	84,337	597	610	788	708	733	495	333	347	391	-	-
January 2009 (to January 21, 2009)												
-High Price (\$)	34.00	20.61	19.53	18.40	17.85	20.98	22.00	23.90	22.75	23.24	-	25.35
-Low Price (\$)	27.86	19.43	17.53	17.10	16.57	19.76	20.35	22.50	21.50	21.25	-	24.90
-Volume ('000)	53,731	83	85	147	143	128	107	138	105	120	-	769

(1) The Preferred Shares Series 17 were issued on January 31, 2008.

(2) The Preferred Shares Series 18 were issued on March 25, 2008 and March 27, 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.

(5) The Preferred Shares Series 24 were issued on December 12, 2008.

(6) The Preferred Shares Series 26 were issued on January 21, 2009.

Transfer Agent and Registrar

Computershare Trust Company of Canada, at its principal offices in the cities of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, will be the transfer agent and registrar for the Preferred Shares Series 28 and the Preferred Shares Series 29.

Risk Factors

An investment in Preferred Shares Series 28 of the Bank 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 28 and the Preferred Shares Series 29, 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 Preferred Shares Series 28 and the Preferred Shares Series 29, 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 28 or the Preferred Shares Series 29, if any, may affect the market value of the Preferred Shares Series 28 and the Preferred Shares Series 29, respectively. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

The value of the Preferred Share Series 28 and the Preferred Shares Series 29 may be affected by market value fluctuations resulting from factors which influence the Bank's operations, including regulatory developments, competition and global market activity.

The Preferred Shares Series 28 and the Preferred Shares Series 29 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 Preferred Shares Series 28 or the Preferred Shares Series 29.

The Preferred Shares Series 28 rank, and the Preferred Shares Series 29 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 28 or the Preferred Shares Series 29.

Prevailing yields on similar securities will affect the market value of Preferred Shares Series 28 and the Preferred Shares Series 29. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 and the Preferred Shares Series 29 in an analogous manner.

The redemption or purchase by the Bank of the Preferred Shares Series 28 and the Preferred Shares Series 29 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 28 nor the Preferred Shares Series 29 have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 28 or Preferred Shares Series 29, as applicable. The ability of a holder to liquidate its holdings of Preferred Shares Series 28 or Preferred Shares Series 29, as applicable, may be limited.

The dividend rate in respect of the Preferred Shares Series 28 will reset on April 26, 2014 and on April 26 every five years thereafter. The dividend rate in respect of the Preferred Shares Series 29 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 28 may become an investment in Preferred Shares Series 29 without the consent of the holder in the event of an automatic conversion in the circumstances described under "Conversion of Preferred Shares Series 28 into Preferred Shares Series 29" above. Upon the automatic conversion of the Preferred Shares Series 28 into Preferred Shares Series 29, the dividend rate on the Preferred Shares Series 29 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 Preferred Shares Series 28 and Preferred Shares Series 29 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 28 after the offering or for the Preferred Shares Series 29 following the issuance of any of those shares, or if developed, that such a market will be sustained at the offering price of the Preferred Shares Series 28 or the issue price of the Preferred Shares Series 29.

Legal Matters

Legal matters in connection with the issue and sale of the Preferred Shares Series 28 will be passed upon, on behalf of the Bank, by McCarthy Tétrault LLP and, on behalf of the Underwriters, by Osler, Hoskin & Harcourt LLP. The partners, associates and counsel of each of McCarthy Tétrault LLP and Osler, Hoskin & Harcourt 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.

Certificate of the Underwriters

Dated: January 22, 2009

To the best of our knowledge, information and belief, the short form base shelf prospectus dated April 16, 2008, as amended by Amendment No. 1 dated December 3, 2008 (collectively, the “prospectus”) together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the Bank Act (Canada) and the regulations thereunder and the securities legislation of each of the provinces and territories of Canada.

SCOTIA CAPITAL INC.

By: (Signed) Mary Robertson

RBC DOMINION SECURITIES INC.

By: (Signed) Rajiv Bahl

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

TD SECURITIES INC.

By: (Signed) Bradley J. Hardie

By: (Signed) Shannan M. Levere

By: (Signed) Jonathan Broer

DESJARDINS SECURITIES INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) Thomas L. Jarmai

By: (Signed) Darin E. Deschamps

HSBC SECURITIES (CANADA) INC.

By: (Signed) Catherine J. Code

BLACKMONT CAPITAL INC.

DUNDEE SECURITIES CORPORATION

By: (Signed) Charles A.V. Pennock

By: (Signed) Vilma Jones

LAURENTIAN BANK SECURITIES INC.

By: (Signed) Pierre Godbout

BROOKFIELD FINANCIAL CORP.

MANULIFE SECURITIES INCORPORATED

By: (Signed) Mark Murski

By: (Signed) David MacLeod

Appendix A

AUDITORS' CONSENT

We have read the Prospectus Supplement dated January 22, 2009 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 issuance and sale of 10,000,000 Non-cumulative 5-Year Rate Reset Preferred Shares Series 28 of the Bank. 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
January 22, 2009