



**THE BANK OF NOVA SCOTIA**  
**SHAREHOLDER DIVIDEND AND SHARE PURCHASE PLAN**

**To: Participants in the Shareholder Dividend and Share Purchase Plan**

This notice is to advise you of a change in the Bank's Shareholder Dividend and Share Purchase Plan (the "Plan") in which you are a participant.

On August 26, 2008, the Bank announced that participants in the Plan will receive a two per cent discount from the Average Market Price (as defined in the Plan) on the purchase of additional common shares with reinvested dividends. The discount will not apply to the purchase of common shares with the optional cash payment or interest reinvestment options of the Plan. The first dividends for which this discount will be effective are the dividends on the Bank's common and preferred shares declared by the Board of Directors on August 26, 2008 for the quarter ending October 31, 2008. These dividends will be payable on October 29, 2008 to holders of record at the close of business on October 7, 2008. Prior to this announcement, common shares issued under the Plan have been issued with no discount to the Average Market Price (as defined in the Plan).

The two per cent discount for common shares issuable under the dividend reinvestment and stock dividend components of the Plan will continue until further notice. The Bank reserves the right, in its sole discretion, to amend or cancel the discount at any time and to determine whether, for purposes of the Plan, common shares will be purchased on the secondary market (in which case the discount will not apply) or issued from treasury.

Participants may make optional cash payments of up to Cdn\$20,000 in each fiscal year of the Bank to purchase additional common shares at the Average Market Price (as defined in the Plan). Participants who are holders of the Bank's subordinated indebtedness may elect to have interest payments on subordinated debentures reinvested in additional common shares at the Average Market Price (as defined in the Plan). The dividend reinvestment, optional cash payment and interest reinvestment options of the Plan are not available to residents of the United States.

In order to participate in the Plan in time for the October 29, 2008 dividend payments, authorization forms for registered holders must be received by Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario M5J 2Y1 before the close of business on October 7, 2008. Beneficial or non-registered holders must contact their financial institution or broker for instructions on how to participate in advance of the above date.

Registered participants in the Plan who would prefer to receive a cash dividend rather than reinvest their dividends may terminate their participation in the Plan by giving written notice to Computershare Trust Company of Canada at the above address, to be received by no later than October 6, 2008 to receive the October 29, 2008 dividend payment in cash. Non-registered participants in the Plan should contact their financial institution or broker in advance of October 6, 2008 for instructions on how to terminate participation so that October 29, 2008 dividend payment is not reinvested on or after October 29, 2008.

If you wish to continue your participation in the Plan, you do not need to take any action.

Participants are advised to read the updated Plan information and authorization form available on the Shareholder Information page at [www.scotiabank.com](http://www.scotiabank.com) under the Investor Relations section of the web site.

**August 26, 2008**