

April 23, 2009

**SCOTIABANK PENSION PLAN FOR FORMER EMPLOYEES OF
NATIONAL TRUST COMPANY (THE "PLAN") – REGISTRATION NO. 0315952**

NOTICE OF PROPOSAL TO WIND UP THE PLAN EFFECTIVE APRIL 30, 2009

TO: Members, former members and other persons entitled to payments from the Plan

FROM: National Trust Company ("National Trust")

Background

As you may recall, we wrote to you on October 30, 2006 to tell you about discussions which were taking place regarding a proposal to share surplus assets between National Trust and members and former members of the Plan (the "Proposal"). The letter enclosed an information package (the "Information Package") which set out details of the Proposal and asked eligible members and former members to approve the Proposal by completing and returning an authorization form to Koskie Minsky LLP.

A significant majority (over 78%) of the eligible members and former members approved the Proposal. A Court order approving the Proposal was obtained on July 11, 2008. National Trust and The National Trust Pension Surplus Member Group Committee (the "Member Committee") are now in the process of implementing the steps described in the green document included in the Information Package entitled "Detailed Description of the Surplus Sharing Proposal". One of the steps described in the green document is the full wind-up (i.e. termination) of the Plan (the "Wind-Up"). This step is required in order to permit the distribution of the entire surplus as contemplated by the Proposal.

Legal Requirements

This Notice is required to be given by law and serves as formal notice that National Trust intends to wind up the Plan effective April 30, 2009. The Notice is being provided to the Ontario Superintendent of Financial Services (the "Superintendent") and given to affected members, former members and other persons entitled to a payment from the Plan pursuant to the following legislative provisions:

- Alberta: *Employment Pension Plans Act*, s. 15(1)(h), *Employment Pension Plans Regulation*, s. 21;
- British Columbia: *Pension Benefits Standards Act*, s. 50;
- Manitoba: *Pension Benefits Act*, s. 26(4);
- New Brunswick: *Pension Benefits Act*, ss. 60(2), (3), (4), *Pension Benefits Regulation*, s. 49(1);
- Newfoundland and Labrador: *Pension Benefits Act*, s. 60(1);
- Nova Scotia: *Pension Benefits Act*, ss. 73(2), (3), (5), *Pension Benefits Regulation*, s. 35(1);
- Ontario: *Pension Benefits Act*, ss. 68(2), (4), (5), *Pension Benefits Regulation*, s. 28(1);
- Quebec: *Supplemental Pension Plans Act*, s. 204; and
- Saskatchewan: *The Pension Benefits Act, 1992*, s. 13(1)(h), *The Pension Benefits Regulations, 1993*, s. 20.

Wind-Up Report, Notice of Payment Options

The first step in the wind-up process is to provide this Notice in accordance with the legislative requirements outlined above. The second step is for National Trust to file a report prepared by the Plan actuary (known as a "wind-up report") with the Superintendent and obtain the Superintendent's approval of the report. Members, former members and other persons entitled to a benefit under the Plan will be provided with an individual statement setting out their benefit entitlements and payment options (if applicable) under the Plan. When you receive it, please ensure that you follow the instructions (if any) enclosed with your statement.

For those individuals who are currently receiving monthly pension payments from the Plan, annuities will be purchased from a licensed Canadian insurance company to secure the pensions being paid. Please be assured that with that annuity your pension payments will continue to be made to you in the same amounts, with the same frequency, and in the same form as your payments prior to the termination of the Plan. You will be notified once the annuity is purchased.

Pension participation following the Wind-Up

Following the Wind-Up, active Plan members (including members absent from work due to long-term disability who were employed by The Bank of Nova Scotia at the time they became disabled) will begin participating in the Scotiabank Pension Plan and will earn future service benefits under the Scotiabank Pension Plan in accordance with its terms (as they may be amended from time to time).

Disabled members (those Plan members who are absent from work due to long-term disability who were employed by National Trust at the time they became disabled) will begin participating in the Pension Plan for Employees of Scotia Capital Inc. (the "Scotia Capital Plan") and will earn future service benefits under the Scotia Capital Plan in accordance with its terms (as they may be amended from time to time).

Each active member's and disabled member's period of membership in the Plan will be taken into account for vesting and eligibility purposes under the Scotiabank Pension Plan and the Scotia Capital Plan, as applicable. Also note that any active member or disabled member accruing contributory service whose employment has terminated or will be terminating involuntarily prior to April 30, 2009 is entitled to make contributions to and earn benefits under the Plan during their period of notice of termination of employment as required under Part XV of the *Employment Standards Act, 2000* (Ontario) or similar legislation in another province.

The wind-up report will be available for viewing

You do not need to take any action in respect of this Notice – it is for information purposes only. However, if you would like to review the wind-up report, it will be available for viewing and comment at the office of the Superintendent. The Superintendent's address is:

Superintendent of Financial Services
5160 Yonge Street
P.O. Box 85, 4th floor
Toronto, Ontario, M2N 6L9

To find out when the wind-up report will be available at the Superintendent's office or to make alternative arrangements to examine or receive a copy of the report, you can call the Pension Services Call Centre for Former National Trust Employees at the toll-free number shown at the end of this Notice. Please note that we do not expect that the report will be available before the end of this summer.

Timing

The payment of pension benefits following the Wind-Up (other than the payment of monthly pensions) cannot proceed without regulatory approval. In addition, the payment of surplus from the Plan, as contemplated under the Proposal, requires additional regulatory review and approval. **This approval process may take some time, due to the number of steps that must be taken to implement the Proposal.** National Trust and/or your Member Committee will keep you apprised of developments as they occur.

If you have questions ...

If you have any questions about this Notice or the Plan Wind-Up, or if you would like another copy of the October 30, 2006 Information Package, you may contact the Pension Services Call Centre for Former National Trust Employees by calling toll-free 1-888-895-9933.

If you have questions about the surplus sharing Proposal, you can call the counsel for the Member Committee, Koskie Minsky LLP, by calling toll-free 1-800-451-3225.