

INFORMATION STATEMENT DATED DECEMBER 15, 2005

This Information Statement has been prepared solely for assisting prospective purchasers in making an investment decision with respect to the securities described therein. This Information Statement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered under this Information Statement have not, and will not be registered under the United States Securities Act of 1933, as amended or any state securities law and may not be offered or sold in the United States or to U.S. persons.



Business Development Bank of Canada
Banque de développement du Canada

Principal Protected Target 7% Notes, Series 1, due February 18, 2014

The Business Development Bank of Canada (the "Bank") is hereby offering Principal Protected Target 7% Notes, Series 1, due February 18, 2014 (each a "Note" and, collectively, the "Notes"). The Notes will mature on February 18, 2014 (the "Maturity Date" or "Maturity") and are not redeemable prior to Maturity. The Notes are offered at a price of \$100 per Note (the "Principal Amount"). The Notes will pay a Variable Coupon (as defined below), if any, every year on the relevant Payment Date (as defined below) until the sum of the Variable Coupons paid has reached or exceeded 20% of the Principal Amount. Thereafter, the Notes will pay a Fixed Coupon of 7% per annum of the Principal Amount every year on the relevant Payment Date.

The determination of the Variable Coupons will be based on the Adjusted Performance (as defined below) of shares comprising an equally weighted basket of shares (the "Basket" and each share in the Basket, a "Share" or "Share_(i)") of 20 major global companies (each a "Reference Company"). The Variable Coupon, if any, is equal to the arithmetic average of the Adjusted Performance of each Share during progressively longer Variable Coupon Calculation Periods (each Variable Coupon Calculation Period beginning on the Settlement Date, as defined below, and ending on the relevant Valuation Date (as defined below)). The Adjusted Performance of a Share is equal to the lower of (i) the percentage variation in the Closing Price of a Share during a Variable Coupon Calculation Period and (ii) the Cap Percentage (13%).

At Maturity, in addition to the payment of the last Coupon, if any, each Holder will receive in respect of each Note held by such Holder, an amount equal to the Principal Amount.

See "Risk Factors" for a discussion of factors that should be considered by prospective investors in evaluating an investment in the Notes.

In this Information Statement, "\$" refers to Canadian dollars unless otherwise expressly specified.

PRICE: \$100 per Note
Minimum Subscription: \$2,000 (20 Notes)

The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in Right of Canada.

National Bank Financial Inc. (the "Agent") and the Bank have entered into an agency agreement (the "Agency Agreement") pursuant to which the Agent has agreed to offer the Notes for sale on a best efforts basis, if, as and when issued by the Bank, in accordance with the terms and conditions contained in the Agency Agreement.

The settlement of this offering is scheduled to occur on or about February 17, 2006 (the "Settlement Date"). 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.

A global certificate for the full amount of the issue will be issued in registered form to The Canadian Depository for Securities Limited or its nominee ("CDS") and will be deposited with CDS on the Settlement Date. Subject to limited exceptions, certificates evidencing the Notes will not be available to Holders and registration of interests in the Notes will be made only through CDS's book-entry system. See "Description of the Notes – Book-Entry System".

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SUMMARY OF THE OFFERING

The following is a summary of more detailed information appearing elsewhere in this Information Statement. Capitalized terms not defined in this summary are defined elsewhere in this Information Statement.

Issuer:	Business Development Bank of Canada.
Notes Offered:	Principal Protected Target 7% Notes, Series 1, due February 18, 2014.
Minimum Issue Size:	\$10,000,000. Such minimum issue size may however be waived by the Bank at its entire discretion.
Issue Price:	100% of the Principal Amount.
Settlement Date (Original Issuance Date):	On or about February 17, 2006.
Maturity Date:	February 18, 2014.
Principal Amount:	\$100 per Note.
Minimum Subscription:	\$2,000 (20 Notes)
Agent:	National Bank Financial Inc.
Payment at Maturity:	At Maturity in addition to the payment of the last Coupon, if any, each Holder will receive, in respect of each Note held by such Holder, an amount equal to the Principal Amount.
Coupons:	The Notes will pay a Variable Coupon, if any, every year on the relevant Payment Date until the sum of the Variable Coupons paid has reached or exceeded 20% of the Principal Amount. Thereafter, the Notes will pay a Fixed Coupon of 7% per annum of the Principal Amount every year on the relevant Payment Date.
Variable Coupons:	The determination of the Variable Coupons, if any, will be based on the Adjusted Performance (as defined below) of shares comprising an equally weighted basket of shares (the "Basket" and each share in the Basket, a "Share" or "Share _(i) ") of 20 major global companies (each a "Reference Company"). The Variable Coupons, if any, are equal to the arithmetic average of the Adjusted Performance of each Share during progressively longer Variable Coupon Calculation Periods (each Variable Coupon Calculation Period beginning on the Settlement Date, as defined below, and ending on the relevant Valuation Date). The Adjusted Performance of a Share is equal to the lower of (i) the percentage variation in the Closing Price of a Share during a Variable Coupon Calculation Period and (ii) the Cap Percentage (13%).

The Variable Coupons, if any, will be determined by the Calculation Agent on the relevant Valuation Date and will be the greater of:

a) 0

or

b) the amount corresponding to the arithmetic average over the 20 Shares of the lower of:

(1) the Closing Price of Share(i) on the Valuation Date(n) divided by the Closing Price of Share(i) on the Settlement Date minus one, or

(2) 13% (the "Cap Percentage")

multiplied by the Principal Amount.

The Variable Coupon payable on a Payment Date may be less than the actual performance of the Basket, and may even be nil as a result of the negative performance of any Share or Shares included in the Basket. There is no limit to or floor on the extent to which the Adjusted Performance of a Share may be negative.

**Variable Coupon
Calculation Periods:**

The period beginning on the Settlement Date and ending on the relevant Valuation Date.

Valuation Dates:

For the purposes of determining the Variable Coupons, if any, the Valuation Dates are scheduled as follows:

Valuation Date 1:	February 20, 2007
Valuation Date 2:	February 19, 2008
Valuation Date 3:	February 17, 2009
Valuation Date 4:	February 17, 2010
Valuation Date 5:	February 17, 2011
Valuation Date 6:	February 17, 2012
Valuation Date 7:	February 19, 2013
Valuation Date 8:	February 10, 2014

Payment Dates:

The Payment Dates of the Coupons, if any, are scheduled as follows:

Payment Date 1:	February 27, 2007
Payment Date 2:	February 26, 2008
Payment Date 3:	February 24, 2009
Payment Date 4:	February 24, 2010
Payment Date 5:	February 25, 2011
Payment Date 6:	February 27, 2012
Payment Date 7:	February 26, 2013
Payment Date 8:	February 18, 2014

Basket:

The Basket constitutes an arbitrary international basket of shares that does not correspond to any third party-sponsored index. On the Settlement Date, the Basket will consist of the Shares of the following Reference Companies:

REFERENCE COMPANY	BLOOMBERG CODE	COUNTRY	EXCHANGE
MICHELIN (CGDE)-B	ML FP	FRANCE	EURONEXT PARIS
NINTENDO CO LTD	7974 JP	JAPAN	OSAKA
ALLIANZ AG-REG	ALV GR	GERMANY	XETRA
THE DOW CHEMICAL COMPANY	DOW US	UNITED STATES	NY
NIPPON TELEGRAPH & TELEPHONE	9432 JP	JAPAN	TOKYO
KIRIN BREWERY CO LTD	2503 JP	JAPAN	TOKYO
NOKIA OYJ	NOK1V FH	FINLAND	HELSINKI
TOYOTA MOTOR CORP	7203 JP	JAPAN	TOKYO
VINCI S.A.	DG FP	FRANCE	EURONEXT PARIS
BARCLAYS PLC	BARC LN	BRITAIN	LONDON
ROYAL BANK OF SCOTLAND GROUP	RBS LN	BRITAIN	LONDON
CITIGROUP INC.	C US	UNITED STATES	NY
THE MCGRAW-HILL COMPANIES, INC.	MHP US	UNITED STATES	NY
CONOCOPHILLIPS	COP US	UNITED STATES	NY
CADBURY SCHWEPPE PLC	CBRY LN	BRITAIN	LONDON
ELI LILLY & CO	LLY US	UNITED STATES	NY
NEXEN INC	NXY CN	CANADA	TORONTO
TELUS CORP	T CN	CANADA	TORONTO
BARRICK GOLD CORP	ABX CN	CANADA	TORONTO
TORONTO-DOMINION BANK	TD CN	CANADA	TORONTO

To obtain the publicly available information regarding each of the Reference Companies, including a description of their business and historical price information, investors should consult their professional advisors. Neither the Bank, the Agent or any of their affiliates make any representation as to the performance of the Shares or otherwise endorse the Reference Companies. See "Description of the Notes – Public Information Regarding the Reference Companies".

**Share Substitution/
Adjustments:**

Upon the occurrence of a Merger Event, Nationalisation, Insolvency or Delisting Event (where a liquid over-the-counter market exists) (as defined hereafter) with respect to any Reference Company (the "Replaced Reference Company"), the Calculation Agent shall add the shares of a new Reference Company (the "New Reference Company") to the Basket as a replacement for the Shares of the Replaced Reference Company. The New Reference Company must be selected by the Calculation Agent, in its discretion, from any one of the following indexes: S & P 500 Index, Dow Jones EuroStoxx 50 Index, FTSE 100 Index, Nikkei 225 Index, SMI Index or S&P/TSX 60 Index. The Calculation Agent will undertake all reasonable efforts to select a New Reference Company from the same economic sector and with a comparable market capitalization as the Replaced Reference Company. The Calculation Agent will ensure that the number of Reference Companies will at all times be 20.

The Calculation Agent will fix, in its discretion and for purposes of the determination of the Variable Coupons, if any, the appropriate adjustment to be made to the Closing Price of the Shares of the New Reference Company on the Settlement Date, and any other corresponding adjustments arising from the substitution of the New Reference Company for the Replaced Reference Company, all such adjustments to be made in order to preserve as nearly as practicable the economic equivalent of the obligations of the Bank on the Notes prior to the occurrence of the substitution in question. As an example, if at the time of substitution the Closing Price of the Share of the Replaced Reference Company has declined by 60% from the Closing Price of such Share on the Settlement Date, such that its Closing Price is equal to 40% of its Closing Price on the Settlement Date, then, generally, for purposes of the determination of the Variable Coupons, if any, the Closing Price of the Share of the New Reference Company on the Settlement Date will be adjusted to be equal to the Closing Price of such Share on the date on which the substitution took effect divided by 40%. See "Risk Factors - Volatility of Prices of Shares" and - "Share Substitution/Adjustments".

In other circumstances, such on a subdivision, consolidation, stock distribution or dividend, extraordinary dividend, repurchases of Shares or any other event having, in the opinion of the Calculation Agent, a diluting or consolidating effect on the theoretical value of a Share, the Calculation Agent, in its sole and absolute discretion, will (i) calculate the appropriate adjustment, if any, to be made to the Closing Price of such Share on the Settlement Date or relevant Valuation Date as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or consolidating effect and (ii) determine the effective date of that adjustment. See "Description of the Notes – Share Substitution / Adjustments".

Calculation Agent: Société Générale.

Rank: The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in Right of Canada. See "Description of the Notes - Rank".

Credit Rating: The obligations of the Bank with a term to maturity in excess of one year in Canadian currency are, as of the date hereof, rated AAA by DBRS, S&P and Aaa by Moody's. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Risk Factors: Prospective investors should carefully consider all of the information set forth in this Information Statement and, in particular, should evaluate the specific risk factors set forth under "Risk Factors" in which is set out a discussion of certain risks involved in an investment in the Notes. Among other risk factors, investors should consider the suitability of the Notes in light of the investment objectives and the other information set out in this Information Statement. Investors should be aware that the return on the Notes may be lower than the return on a standard debt instrument of comparable maturity and that they may realize no return on their Notes. The maximum Variable Coupon on any payment date cannot exceed 13% of the

Principal Amount. There will be little or no correlation between the Variable Coupon and the actual performance of the Basket. The return on the Notes, if any, is subject to fluctuations in the prices of Shares comprising the Basket. The Notes do not entitle a Holder to an interest in or any rights to the Shares. Hedging transactions entered into by the Bank and its affiliates could affect the price of the Shares or the Variable Coupon, if any. There can be no assurances that changes in legislation will not adversely affect the Holders.

Book-Entry System:

The Notes will be evidenced by a single nominative global certificate held by CDS, or on its behalf, as registered holder of the Notes. Registration of the interests in and transfers of the Notes will be made only through the depository system of CDS. Subject to limited exceptions, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and no Holder will be shown on the records maintained by CDS except through an agent who is a CDS Participant. See "Description of the Notes – Book-Entry System".

Certain Canadian Tax Consequences:

A Holder will be required to include as interest in computing its income in a taxation year, the Fixed Coupon or the Variable Coupon received or receivable by the Holder, if any, in the year including the year in which the Maturity occurs (depending on the method followed by the Holder in computing income) to the extent that such interest was not otherwise included in computing the Holder's income for a preceding year.

Generally, a Holder who disposes of a Note prior to the Valuation Date on which the sum of the Variable Coupons paid or payable has reached or exceeded 20% of the Principal Amount, may consider, subject to his particular circumstances, that the amount received on such disposition gives rise to a capital gain (or a capital loss) to the extent that payment received at such time, less reasonable costs of disposition and the amount, if any, required to be included in the Holder's income in the year of such a disposition as interest, exceeds (or is less than) such Holder's adjusted cost base. However, such Holders who dispose of a Note prior to such Valuation Date, particularly those who dispose of a Note within a short period of time prior to such Valuation Date, should consult their own tax advisors with respect to their particular circumstances. See "Certain Canadian Income Tax Considerations".

On a disposition or deemed disposition of Notes at a time which is after the Valuation Date on which the sum of the Variable Coupons paid or payable has reached or exceeded 20% of the Principal Amount, a Holder will be required to include as interest in computing its income the amount of the Fixed Coupon that accrued on the Notes to the date of disposition, to the extent that such amount have not otherwise been included in the Holder's income for the year or a preceding taxation year. Such Holder may also realize a capital gain (or a capital loss) to the extent that a payment received at such time, less reasonable cost of disposition and the amount required to be included in the Holder's income in the year of such disposition as interest, exceeds (or is less than) the Holder's adjusted cost base of the Note.

Eligibility for Investment:

The Notes will, at the Settlement Date, be qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans, other than a deferred profit sharing plan under which the Bank or a person or partnership with which the Bank does not deal at arm's length within the meaning of the Income Tax Act is an employer, and may be held in such plan or fund subject to the terms of the plan or fund. See "Eligibility for Investment".

Secondary Market for the Notes:

The Notes are new securities for which there is currently no established trading market. The Bank does not intend to apply for listing of the Notes on any exchange.

Starting one year after the Settlement Date until the Maturity Date, the Agent intends to maintain, under normal market conditions, a weekly secondary market for the Notes, in which the maximum bid-offer spread will be 1.00% of the Principal Amount of the Notes (excluding commissions). **However, the Agent is not under any obligation to facilitate such a secondary market for the Notes and such secondary market, when commenced, may be suspended or discontinued at any time without notice. See "Risk Factors – Secondary Market for the Notes / Possible Illiquidity of Secondary Market".**

A Holder who sells Notes in the secondary market will receive sales proceeds equal to the bid price for the Notes, as determined by the Agent, minus the applicable early sales charge determined according to the following schedule:

Sale Period	Early Sales Charge Per Note
February 20, 2007 – February 19, 2008	\$2.00
February 20, 2008 and thereafter	Nil

Holders choosing to sell their Notes prior to the Maturity Date will receive a market price which is not necessarily equal to 100% of the Principal Amount. See "Risk Factors – Secondary Market for the Notes / Possible Illiquidity of Secondary Market".

DEFINITIONS

In this information statement, unless the context otherwise requires:

"Adjusted Performance" means, in respect of a Share or a Share⁽ⁱ⁾, the lower of (i) the percentage variation in the Closing Price of a Share during a Variable Coupon Calculation Period and (ii) the Cap Percentage (13%).

"Agency Agreement" means the agreement between the Bank, the Agent and Société Générale, as Calculation Agent relating to the offering of Notes.

"Agent" means National Bank Financial Inc.

"Bank" means the Business Development Bank of Canada.

"Basket" means a basket of equally weighted shares of the Reference Companies which, on the Settlement Date, will be those listed in the table under "Description of the Notes – Basket".

"Book-Entry System" means the record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS.

"Business Day" means a day, other than a Saturday or a Sunday or a day on which commercial banks in Montreal, Canada, Toronto, Canada, New York, United States of America and Paris, France are required or authorized by law to remain closed or a day on which the Bank's head office in Montreal is not open for business.

"Calculation Agent" means Société Générale, a French banking Corporation.

"Cap Percentage" means on any Valuation Date, 13%.

"CDS" means The Canadian Depository for Securities Limited or its nominee.

"CDS Participant" means a broker, dealer, bank or other financial institution or other person for whom CDS effects book-entry transfers and pledges of Notes under the Book-Entry System.

"Closing Price" means, in relation to a Share, the price for such Share on the relevant Exchange as of the close of trading on such Exchange (without regard to any later or extended trading sessions), provided that if such price of the Share is not so quoted on that day (other than by reason of a Market Disruption Event), then the Closing Price shall be equal to an estimate of the Closing Price of the Share on such date as determined by the Calculation Agent, in its sole discretion, by reference to such factors and source(s) as it shall determine to be appropriate.

"Coupon" means a Variable Coupon or a Fixed Coupon, as applicable.

"CRA" means the Canada Revenue Agency.

"DPSPs" means deferred profit sharing plans.

"Exchange" means in relation to a Share, the exchange identified as such in the table under "Description of the Notes - Basket", or any successor to such exchange or, if such exchange ceases to

list or otherwise include the Share, any other principal exchange on which the Shares of the Reference Company are listed or traded for the time being selected by the Calculation Agent.

"Exchange Business Day" means a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on both the Exchange and Related Exchange with respect to a Share of a Reference Company, other than a day on which trading on any such Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time.

"Fixed Coupon" means, the amount of 7% of the Principal Amount payable every year on the Payment Dates that follows the Payment Date on which the sum of the Variable Coupons paid has reached or exceeded 20% of the Principal Amount.

"Holder" means a beneficial or registered owner of a Note.

"Income Tax Act" has the meaning ascribed thereto under "Certain Canadian Income Tax Considerations".

"Mark-to-Market Rules" has the meaning ascribed thereto under "Certain Canadian Income Tax Considerations".

"Market Disruption Event" has the meaning ascribed thereto under "Description of the Notes — Market Disruption Event".

"Maturity Date" or **"Maturity"** means February 18, 2014.

"New Reference Company" has the meaning set forth under "Description of the Notes — Share Substitution/Adjustments".

"Note" means the Principal Protected Target 7% Notes, Series 1, due February 18, 2014.

"Payment Date" means, for the purposes of the payment of the Coupons, if any, each of the following dates:

Payment Date 1:	February 27, 2007
Payment Date 2:	February 26, 2008
Payment Date 3:	February 24, 2009
Payment Date 4:	February 24, 2010
Payment Date 5:	February 25, 2011
Payment Date 6:	February 27, 2012
Payment Date 7:	February 26, 2013
Payment Date 8:	February 18, 2014

"Principal Amount" means \$100 per Note.

"Reference Company" means one of the 20 major global companies comprising the Basket from time to time.

"Related Exchange" means any exchange on which options contracts or futures contracts relating to a Share are traded.

"Replaced Reference Company" has the meaning set forth under "Description of the Notes — Share Substitution/Adjustments".

"**RESPs**" means registered education savings plans.

"**RRIFs**" means registered retirement income funds.

"**RRSPs**" means registered retirement savings plans.

"**Settlement Date**" means on or about February 17, 2006, or such other date as may be agreed by the Bank and the Agent, on which the Notes will be issued.

"**Share**" or "**Share_(i)**" means a common share in the share capital of the applicable Reference Company.

"**Tax Proposals**" has the meaning ascribed thereto under "Certain Canadian Income Tax Considerations".

"**Valuation Date**" means, for the purposes of determining the Variable Coupons, if any, each of the following dates:

Valuation Date 1: February 20, 2007
Valuation Date 2: February 19, 2008
Valuation Date 3: February 17, 2009
Valuation Date 4: February 17, 2010
Valuation Date 5: February 17, 2011
Valuation Date 6: February 17, 2012
Valuation Date 7: February 19, 2013
Valuation Date 8: February 10, 2014

"**Variable Coupon**" means the amount, if any, determined by the Calculation Agent on the relevant Valuation Date which will be the greater of:

a) 0

or

b) the amount corresponding to the arithmetic average over the 20 Shares of the lower of:

(1) the Closing Price of Share(i) on the Valuation Date(n) divided by the Closing Price of Share(i) on the Settlement Date minus one, or

(2) 13% (the "Cap Percentage")

multiplied by the Principal Amount.

"**Variable Coupon Calculation Period**" means the period beginning on the Settlement Date and ending on the relevant Valuation Date.

"**\$**" means Canadian dollar, unless otherwise specified.

In any case where any date specified herein for any payment under the Notes or other action required to be taken in connection therewith shall not be a Business Day, then such payment date will be, or such other required action will be taken on, the immediately succeeding Business Day (except in the

case of the occurrence on a Valuation Date of a Market Disruption Event, which shall be as described herein).

BUSINESS DEVELOPMENT BANK OF CANADA

The Bank (formerly the Federal Business Development Bank) was established by the *Federal Business Development Bank Act* and was continued as a body corporate under the name "Business Development Bank of Canada" pursuant to the *Business Development Bank of Canada Act*. The Bank's head office is located at 5, Place Ville-Marie, Suite 400, Montreal, Québec, H3B 5E7. The objectives of the Bank are to promote and assist in the establishment and development of business enterprises in Canada, especially small and medium-sized businesses, by providing a wide range of financial and consulting services complementary to those of commercial financial institutions. To finance these objectives, the Bank issues debt instruments, which constitute direct unconditional obligations of the Bank and as such constitute direct unconditional obligations of Her Majesty in right of Canada. The Bank is for all purposes an agent of the Crown.

DESCRIPTION OF THE NOTES

The following is a description of the material attributes and characteristics of the Notes. Reference is made to the global certificate referred to below for the full text of such attributes and characteristics.

General

This offering consists of Notes, with a principal amount of \$100 per Note, which will be payable on the Settlement Date. The Notes will mature on February 18, 2014.

Evidence of the Notes

A global certificate for the full amount of the issue will be issued in registered form to CDS. Subject to limited exceptions, certificates evidencing the Notes will not be available to Holders under any circumstances and registration of ownership of the Notes will be made only through the Book-Entry System. See "Book-Entry System" below.

Variable Coupons

Until the sum of the Variable Coupons paid has reached or exceeded 20% of the Principal Amount, each Note will pay a Variable Coupon, if any, every year on the relevant Payment Date. The determination of the Variable Coupons, if any, will be based on the Adjusted Performance of shares comprising an equally weighted basket of shares (the "Basket" and each share in the Basket, a "Share" or "Share(i)") of 20 major global companies (each a "Reference Company"). The Variable Coupons, if any, are equal to the arithmetic average of the Adjusted Performance of each Share during progressively longer Variable Coupon Calculation Periods (each Variable Coupon Calculation Period beginning on the Settlement Date, as defined below, and ending on the relevant Valuation Date). The Adjusted Performance of a Share is equal to the lower of (i) the percentage variation in the Closing Price of a Share during a Variable Coupon Calculation Period and (ii) the Cap Percentage (13%).

The Variable Coupons, if any, will be determined by the Calculation Agent on the relevant Valuation Date and will be the greater of:

- a) 0
- or
- b) the amount corresponding to the arithmetic average over the 20 Shares of the lower of:
 - (1) the Closing Price of Share(i) on the Valuation Date (n) divided by the Closing Price of Share(i) on the Settlement Date minus one, or
 - (2) 13% (the "Cap Percentage")

multiplied by the Principal Amount.

Since a Variable Coupon cannot exceed 13% of the Principal Amount, the first Variable Coupon to be paid, if any, will necessarily be below 20% of the Principal Amount, and hence, each Note will therefore pay a Variable Coupon, if any, on each of the first and second Payment Dates.

At Maturity, in addition to the payment of the last Coupon, if any, each Holder will receive in respect of each Note held by such Holder an amount equal to the Principal Amount. The Notes will not pay any other return at Maturity. The Notes do not entitle a Holder to an interest or any rights in any Shares comprising the Basket. As such, Holders will not be entitled to the rights and benefits of a shareholder, including the right to receive dividends.

The Notes are not subject to exchange rate fluctuations between the Canadian dollar and the currency in which the Closing Price of a Share is calculated, since the Variable Coupon is based on the absolute percentage change in the Closing Prices of the Shares in the Basket during a Variable Coupon Calculation Period, regardless of the currency of the Shares.

The Variable Coupons do not take into account the value of any dividends paid with respect to the Shares during the term of the Notes.

The Variable Coupon payable on a Payment Date may be less than the actual performance of the Basket, and may even be nil as a result of the negative performance of any Share or Shares included in the Basket. There is no limit to or floor on the extent to which the Adjusted Performance of a Share may be negative.

Basket

The Basket constitutes an arbitrary international basket of shares that does not correspond to any third party-sponsored index. On the Settlement Date, the Basket will consist of the Shares of the following Reference Companies:

REFERENCE COMPANY	BLOOMBERG CODE	COUNTRY	EXCHANGE
MICHELIN (CGDE)-B	ML FP	FRANCE	EURONEXT PARIS
NINTENDO CO LTD	7974 JP	JAPAN	OSAKA
ALLIANZ AG-REG	ALV GR	GERMANY	XETRA
THE DOW CHEMICAL COMPANY	DOW US	UNITED STATES	NY
NIPPON TELEGRAPH & TELEPHONE	9432 JP	JAPAN	TOKYO
KIRIN BREWERY CO LTD	2503 JP	JAPAN	TOKYO
NOKIA OYJ	NOK1V FH	FINLAND	HELSINKI
TOYOTA MOTOR CORP	7203 JP	JAPAN	TOKYO
VINCI S.A.	DG FP	FRANCE	EURONEXT PARIS
BARCLAYS PLC	BARC LN	BRITAIN	LONDON
ROYAL BANK OF SCOTLAND GROUP	RBS LN	BRITAIN	LONDON
CITIGROUP INC.	C US	UNITED STATES	NY
THE MCGRAW-HILL COMPANIES, INC.	MHP US	UNITED STATES	NY
CONOCOPHILLIPS	COP US	UNITED STATES	NY
CADBURY SCHWEPPE PLC	CBRY LN	BRITAIN	LONDON
ELI LILLY & CO	LLY US	UNITED STATES	NY
NEXEN INC	NXY CN	CANADA	TORONTO
TELUS CORP	T CN	CANADA	TORONTO
BARRICK GOLD CORP	ABX CN	CANADA	TORONTO
TORONTO-DOMINION BANK	TD CN	CANADA	TORONTO

Public Information regarding the Reference Companies

This Information Statement relates only to the Notes and does not relate to the Reference Companies, the Shares or other securities of the Reference Companies. Each of the Reference Companies is listed on the Exchange referred to in the table above and is required by law to periodically file and publicly release specified financial and other information. To obtain publicly available information regarding each of the Reference Companies, including a description of their businesses and historical price information, investors should consult their professional advisors. Neither the Bank, the Agent or any of their affiliates have participated in the preparation of such publicly available information, or made any "due diligence" investigation or other inquiry with respect to the

Reference Companies in connection with the offering of the Notes. Neither the Bank, the Agent or any of their affiliates make any representation that the publicly available documents or any other publicly available information about the Reference Companies are accurate and complete. Furthermore, neither the Bank, the Agent or any of their affiliates knows whether all events occurring before the date of this offering, including events that would affect the accuracy and completeness of the publicly available documents referred to above or the trading price of the Shares, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the Reference Companies could affect the value of the Shares, and therefore, the market value or the return on the Notes.

Neither the Bank, the Agent or any of their affiliates make any representation as to the performance of the Shares or otherwise endorse such Shares. See also "Risk Factors – Conflict of Interest".

Examples

The following are examples of how the Variable Coupons are calculated. The examples set out below are included for purposes of illustration only. The examples show the Variable Coupons and the Fixed Coupons for a hypothetical basket of 20 shares over an 8-year period. Under the first example, the sum of the Variable Coupons paid exceeds 20% of the Principal Amount on the third Payment Date (after payment of the Variable Coupon on such third Payment Date). The Notes pay three Variable Coupons on Payment Dates 1 to 3 and five Fixed Coupons on Payment Dates 4 to 8. Under the second example, the sum of the Variable Coupons paid exceeds 20% of the Principal Amount on the sixth Payment Date (after payment of the Variable Coupon on such sixth Payment Date). The Variable Coupons are nil for the first three years and the Notes pay three positive Variable Coupons on Payment Dates 4 to 6 and two Fixed Coupons on Payment Dates 7 and 8.

The Closing Prices used in these examples are intended for illustration purposes only and are not estimates or forecasts of these prices on the related dates. No assurance can be given that the results shown in these examples would ever be realized.

The sum of the Variable Coupons paid exceeds 20% of the Principal Amount on the third Payment Date:

	Year 0	Year 1		Year 2		Year 3		Year 4	
	Share Price ⁽¹⁾	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Performance
Share 1	\$100.00	\$101.00	1.00%	\$105.04	5.04%	\$110.29	10.29%	\$113.60	-
Share 2	\$100.00	\$102.00	2.00%	\$106.08	6.08%	\$111.38	11.38%	\$114.73	-
Share 3	\$100.00	\$103.00	3.00%	\$107.12	7.12%	\$112.48	12.48%	\$115.85	-
Share 4	\$100.00	\$104.00	4.00%	\$108.16	8.16%	\$113.57	13.00%	\$116.98	-
Share 5	\$100.00	\$105.00	5.00%	\$109.20	9.20%	\$114.66	13.00%	\$118.10	-
Share 6	\$100.00	\$106.00	6.00%	\$110.24	10.24%	\$115.75	13.00%	\$119.22	-
Share 7	\$100.00	\$107.00	7.00%	\$111.28	11.28%	\$116.84	13.00%	\$120.35	-
Share 8	\$100.00	\$108.00	8.00%	\$112.32	12.32%	\$117.94	13.00%	\$121.47	-
Share 9	\$100.00	\$109.00	9.00%	\$113.36	13.00%	\$119.03	13.00%	\$122.60	-
Share 10	\$100.00	\$110.00	10.00%	\$114.40	13.00%	\$120.12	13.00%	\$123.72	-
Share 11	\$100.00	\$111.00	11.00%	\$115.44	13.00%	\$121.21	13.00%	\$124.85	-
Share 12	\$100.00	\$112.00	12.00%	\$116.48	13.00%	\$122.30	13.00%	\$125.97	-
Share 13	\$100.00	\$113.00	13.00%	\$117.52	13.00%	\$123.40	13.00%	\$127.10	-
Share 14	\$100.00	\$114.00	13.00%	\$118.56	13.00%	\$124.49	13.00%	\$128.22	-
Share 15	\$100.00	\$115.00	13.00%	\$119.60	13.00%	\$125.58	13.00%	\$129.35	-
Share 16	\$100.00	\$116.00	13.00%	\$120.64	13.00%	\$126.67	13.00%	\$130.47	-
Share 17	\$100.00	\$117.00	13.00%	\$121.68	13.00%	\$127.76	13.00%	\$131.60	-
Share 18	\$100.00	\$110.00	10.00%	\$114.40	13.00%	\$120.12	13.00%	\$123.72	-
Share 19	\$100.00	\$109.00	9.00%	\$113.36	13.00%	\$119.03	13.00%	\$122.60	-
Share 20	\$100.00	\$108.00	8.00%	\$112.32	12.32%	\$117.94	13.00%	\$121.47	-
Variable Coupons			\$8.50		\$11.24		\$12.76		-
Fixed Coupon			-		-		-		\$7.00
Total Variable Coupons			\$8.50		\$19.74		\$32.50		-

	Year 5		Year 6		Year 7		Year 8	
	Share Price ⁽¹⁾	Performance	Share Price ⁽¹⁾	Performance	Share Price ⁽¹⁾	Performance	Share Price ⁽¹⁾	Performance
Share 1	\$115.87	-	\$114.71	-	\$105.54	-	\$102.37	-
Share 2	\$117.02	-	\$115.85	-	\$106.58	-	\$103.38	-
Share 3	\$118.17	-	\$116.99	-	\$107.63	-	\$104.40	-
Share 4	\$119.31	-	\$118.12	-	\$108.67	-	\$105.41	-
Share 5	\$120.46	-	\$119.26	-	\$109.72	-	\$106.43	-
Share 6	\$121.61	-	\$120.39	-	\$110.76	-	\$107.44	-
Share 7	\$122.76	-	\$121.53	-	\$111.81	-	\$108.45	-
Share 8	\$123.90	-	\$122.66	-	\$112.85	-	\$109.47	-
Share 9	\$125.05	-	\$123.80	-	\$113.90	-	\$110.48	-
Share 10	\$126.20	-	\$124.94	-	\$114.94	-	\$111.49	-
Share 11	\$127.35	-	\$126.07	-	\$115.99	-	\$112.51	-
Share 12	\$128.49	-	\$127.21	-	\$117.03	-	\$113.52	-
Share 13	\$129.64	-	\$128.34	-	\$118.08	-	\$114.53	-
Share 14	\$130.79	-	\$129.48	-	\$119.12	-	\$115.55	-
Share 15	\$131.93	-	\$130.62	-	\$120.17	-	\$116.56	-
Share 16	\$133.08	-	\$131.75	-	\$121.21	-	\$117.57	-
Share 17	\$134.23	-	\$132.89	-	\$122.26	-	\$118.59	-
Share 18	\$126.20	-	\$124.94	-	\$114.94	-	\$111.49	-
Share 19	\$125.05	-	\$123.80	-	\$113.90	-	\$110.48	-
Share 20	\$123.90	-	\$122.66	-	\$112.85	-	\$109.47	-
Variable Coupons		-		-		-		-
Fixed Coupons		\$7.00		\$7.00		\$7.00		\$7.00
Total Variable Coupons		-		-		-		-

⁽¹⁾ Share price in the local currency of the specific Reference Company. Consequently, currency fluctuations will not have any impact on the calculation of the Variable Coupon.

The sum of the Variable Coupons paid exceeds 20% of the Principal Amount on the sixth Payment Date:

	Year 0	Year 1		Year 2		Year 3		Year 4	
	Share Price ⁽¹⁾	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Performance
Share 1	\$100.00	\$99.00	-1.00%	\$97.02	-2.98%	\$105.75	5.75%	\$114.21	13%
Share 2	\$100.00	\$98.00	-2.00%	\$96.04	-3.96%	\$104.68	4.68%	\$113.06	13%
Share 3	\$100.00	\$97.00	-3.00%	\$95.06	-4.94%	\$103.62	3.62%	\$111.90	12%
Share 4	\$100.00	\$96.00	-4.00%	\$94.08	-5.92%	\$102.55	2.55%	\$110.75	11%
Share 5	\$100.00	\$95.00	-5.00%	\$93.10	-6.90%	\$101.48	1.48%	\$109.60	10%
Share 6	\$100.00	\$94.00	-6.00%	\$92.12	-7.88%	\$100.41	0.41%	\$108.44	8%
Share 7	\$100.00	\$93.00	-7.00%	\$91.14	-8.86%	\$99.34	-0.66%	\$107.29	7%
Share 8	\$100.00	\$92.00	-8.00%	\$90.16	-9.84%	\$98.27	-1.73%	\$106.14	6%
Share 9	\$100.00	\$91.00	-9.00%	\$89.18	-10.82%	\$97.21	-2.79%	\$104.98	5%
Share 10	\$100.00	\$90.00	-10.00%	\$88.20	-11.80%	\$96.14	-3.86%	\$103.83	4%
Share 11	\$100.00	\$89.00	-11.00%	\$87.22	-12.78%	\$95.07	0.00%	\$102.68	3%
Share 12	\$100.00	\$88.00	-12.00%	\$86.24	-13.76%	\$94.00	-6.00%	\$101.52	2%
Share 13	\$100.00	\$87.00	-13.00%	\$85.26	-14.74%	\$92.93	-7.07%	\$100.37	0%
Share 14	\$100.00	\$86.00	-14.00%	\$84.28	-15.72%	\$91.87	-8.13%	\$99.21	-1%
Share 15	\$100.00	\$85.00	-15.00%	\$83.30	-16.70%	\$90.80	-9.20%	\$98.06	-2%
Share 16	\$100.00	\$84.00	-16.00%	\$82.32	-17.68%	\$89.73	-10.27%	\$96.91	-3%
Share 17	\$100.00	\$83.00	-17.00%	\$81.34	-18.66%	\$88.66	-11.34%	\$95.75	-4%
Share 18	\$100.00	\$82.00	-18.00%	\$80.36	-19.64%	\$87.59	-12.41%	\$94.60	-5%
Share 19	\$100.00	\$81.00	-19.00%	\$79.38	-20.62%	\$86.52	-13.48%	\$93.45	-7%
Share 20	\$100.00	\$80.00	-20.00%	\$78.40	-21.60%	\$85.46	-14.54%	\$92.29	-8%
Variable Coupons			\$0.00		\$0.00		\$0.00		\$3.19
Fixed Coupons			-		-		-		-
Total Variable Coupons			\$0.00		\$0.00		\$0.00		\$3.19

	Year 5		Year 6		Year 7		Year 8	
	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Adjusted Performance (Cap Percentage 13%)	Share Price ⁽¹⁾	Performance	Share Price ⁽¹⁾	Performance
Share 1	\$122.21	13%	\$124.65	13%	\$127.14	-	\$128.42	-
Share 2	\$120.97	13%	\$123.39	13%	\$125.86	-	\$127.12	-
Share 3	\$119.74	13%	\$122.13	13%	\$124.58	-	\$125.82	-
Share 4	\$118.50	13%	\$120.87	13%	\$123.29	-	\$124.52	-
Share 5	\$117.27	13%	\$119.61	13%	\$122.01	-	\$123.23	-
Share 6	\$116.03	13%	\$118.36	13%	\$120.72	-	\$121.93	-
Share 7	\$114.80	13%	\$117.10	13%	\$119.44	-	\$120.63	-
Share 8	\$113.57	13%	\$115.84	13%	\$118.15	-	\$119.34	-
Share 9	\$112.33	12%	\$114.58	13%	\$116.87	-	\$118.04	-
Share 10	\$111.10	11%	\$113.32	13%	\$115.59	-	\$116.74	-
Share 11	\$109.86	10%	\$112.06	12%	\$114.30	-	\$115.44	-
Share 12	\$108.63	9%	\$110.80	11%	\$113.02	-	\$114.15	-
Share 13	\$107.39	7%	\$109.54	10%	\$111.73	-	\$112.85	-
Share 14	\$106.16	6%	\$108.28	8%	\$110.45	-	\$111.55	-
Share 15	\$104.93	5%	\$107.02	7%	\$109.16	-	\$110.26	-
Share 16	\$103.69	4%	\$105.76	6%	\$107.88	-	\$108.96	-
Share 17	\$102.46	2%	\$104.51	5%	\$106.60	-	\$107.66	-
Share 18	\$101.22	1%	\$103.25	3%	\$105.31	-	\$106.36	-
Share 19	\$99.99	0%	\$101.99	2%	\$104.03	-	\$105.07	-
Share 20	\$98.75	-1%	\$100.73	1%	\$102.74	-	\$103.77	-
Variable Coupons		\$8.53		\$9.70		-		-
Fixed Coupons		-		-		\$7.00		\$7.00
Total Variable Coupons		\$11.71		\$21.41		-		-

⁽¹⁾ Share price in the local currency of the specific Reference Company. Consequently, currency fluctuations will not have any impact on the calculation of the Variable Coupon.

Market Disruption Event

The Calculation Agent shall as soon as practicable give notice to the Agent and to the Holders of the occurrence on a Valuation Date of a Market Disruption Event (as defined below).

If the Calculation Agent determines, in its sole discretion, that on a Valuation Date a Market Disruption Event with respect to a Share has occurred, then, for purposes of fixing the Closing Price to be used for the determination of the Variable Coupons, if any, the Valuation Date shall be postponed, with respect to such Share only, until the next Exchange Business Day on which there is no Market Disruption Event. Notwithstanding the foregoing, if such Valuation Date has not occurred on or before the fifth Exchange Business Day following the originally designated Valuation Date, then the Calculation Agent shall determine the Closing Price in its absolute discretion on that day regardless of whether a Market Disruption Event is continuing on that day.

For greater certainty, the Valuation Date will only be postponed as described above in respect of the Share or Shares to which the Market Disruption Event is applicable and the Valuation Date for Shares not affected in this way will be the originally designated Valuation Date.

For the purposes of this section, "**Market Disruption Event**" means, with respect to a Share, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Bank or any person that does not deal at arm's length with the Bank which has or will have a material adverse effect on the ability of equity dealers generally to place or modify hedges of positions in respect of such Share. A Market Disruption Event may include, without limitation, any of the following events:

- (i) any suspension of or limitation on trading (by reason of movements in price exceeding permitted limits, or otherwise) on the applicable Exchange in respect of a Share, where such suspension or limitation occurs or exists during the one-half hour period prior to the scheduled close of regular trading on such Exchange and where, in the determination of the Calculation Agent, such suspension or limitation is material;
- (ii) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other government authority which would make it unlawful or impracticable for the Bank to perform its obligations under the Notes;
- (iii) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or of any other country or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or the country where an applicable Exchange is located; or
- (iv) the occurrence of any event including, without limitation, any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Bank to perform its obligations under the Notes or a material and adverse effect on the economy of the country where an applicable Exchange is located or the trading of securities generally on such Exchange.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the applicable Exchange, and (2) a suspension of or

limitation on trading on the applicable Exchange will not include any time when such Exchange itself is closed for trading under ordinary circumstances.

Share Substitution / Adjustments

Share Substitution

For the purposes of this section, the following terms have the following meanings:

"Merger Date" means, in respect of a Merger Event, the date upon which all holders of any of the Shares of a Reference Company (other than, in the case of a take-over bid or tender offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares of such Reference Company.

"Merger Event" means any (i) reclassification or change of any of the Shares of a Reference Company that results in a transfer of or an irrevocable commitment to transfer all such outstanding Share to a third party, (ii) consolidation, amalgamation or merger of a Reference Company with or into another entity (other than a consolidation, amalgamation a merger in which the Reference Company is the continuing entity and which does not result in any such reclassification or change of all outstanding Shares of such Reference Company) or (iii) take-over bid or tender offer for the Share of any Reference Company that results in a transfer of or an irrevocable commitment to transfer all such Share of such Reference Company (other than the Shares owned or controlled by the offeror).

"Nationalisation" means that all the Shares of a Reference Company or all the assets or substantially all the assets of a Reference Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"Insolvency" means that, by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Reference Company, (i) all the Share of such Reference Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Share of a Reference Company become legally prohibited from transferring them.

"Delisting Event" means, in respect of a Share, a delisting of such Shares from the applicable Exchange or a suspension where the suspension, in the Calculation Agent's reasonable determination, would be permanent or effective for a period lasting longer than five Exchange Business Days.

Upon the occurrence of a Merger Event, Nationalisation, Insolvency or Delisting Event (where a liquid over-the-counter market exists) with respect to any Reference Company (the "Replaced Reference Company"), the Calculation Agent shall add the shares of a new Reference Company (the "New Reference Company") to the Basket as a replacement for the Shares of the Replaced Reference Company. The New Reference Company must be selected by the Calculation Agent, in its discretion, from any one of the following indexes: S & P 500 Index, Dow Jones EuroStoxx 50 Index, FTSE 100 Index, Nikkei 225 Index, SMI Index or S&P/TSX 60 Index. The Calculation Agent will undertake all reasonable efforts to select a New Reference Company from the same economic sector and with a comparable market capitalization as the Replaced Reference Company. The Calculation Agent will ensure that the number of Reference Companies will at all times be 20.

The Calculation Agent will fix, in its discretion and for purposes of the determination of the Variable Coupons, if any, the appropriate adjustment to be made to the Closing Price of the Share of the New Reference Company on the Settlement Date, and any other corresponding adjustments arising from the substitution of the New Reference Company for the Replaced Reference Company, all such adjustments

to be made in order to preserve as nearly as practicable the economic equivalent of the obligations of the Bank on the Notes prior to the occurrence of the substitution in question. As an example, if at the time of substitution the Closing Price of the Share of the Replaced Reference Company has declined by 60% from the Closing Price of such Share on the Settlement Date, such that its Closing Price is equal to 40% of its Closing Price on the Settlement Date, then, generally, for purposes of the determination of the Variable Coupons, if any, the Closing Price of the Share of the New Reference Company on the Settlement Date will be adjusted to be equal to the Closing Price of such Share on the date on which the substitution took effect divided by 40%. See "Risk Factors - Volatility of Prices of Share" and - "Share Substitution/Adjustments".

Adjustments

For purposes of this section, "**Potential Adjustment Event**" means in relation to any Share any of the following:

- (i) a subdivision, consolidation or reclassification of the Share (otherwise than by virtue of a Merger Event) or a distribution or dividend of any such Share to existing holders;
- (ii) an issue to existing holders of (a) the Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Company equally or proportionately with such payments to holders of such Share or (c) any other type of securities, rights or warrants or other assets of the Reference Company, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a cash call by the Reference Company in respect of Share that are not fully paid;
- (v) a repurchase by the Reference Company of Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise, other than normal course purchases in the market; or
- (vi) any other event having, in the opinion of the Calculation Agent, a diluting or consolidating effect on the theoretical value of the Shares.

Following the announcement by a Reference Company of the terms of any Potential Adjustment Event, the Calculation Agent, in its sole and absolute discretion, will (i) calculate the appropriate adjustment, if any, to be made to the Closing Price of such Share on the Settlement Date or relevant Valuation Date as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or consolidating effect and (ii) determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options on the Share traded on that Related Exchange.

Rank

The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in Right of Canada.

Payment by the Bank on the Notes

The Bank will make available to CDS or its nominee, no later than 10:00 a.m. (Montréal time) on each relevant Payment Date and on the Maturity Date, funds in an amount sufficient to pay each Holder the relevant Variable Coupon, if any, the relevant Fixed Coupon and, at Maturity, the Principal Amount per Note held. Upon receipt in full of such amounts by CDS or the Holders, as the case may be, the Bank will be discharged from any further obligation with regard to such payments.

No Redemption at the Option of the Bank or the Holder

The Notes are not subject to redemption at the option of the Bank or any Holder prior to the Maturity Date.

Book-Entry System

The Notes will be issued in "book-entry only" form and must be subscribed, transferred and repurchased through a participant in the depository service of CDS (a "CDS Participant"). On the Settlement Date, the Bank will cause all Notes in the form of a single global certificate to be delivered to and registered in the name of CDS. Registration of interests in and transfers of the Notes will be made only through the depository service of CDS. Subject to the exceptions mentioned hereinafter, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof, and no Holder will be shown on the records maintained by CDS, except through a CDS Participant. All rights of a Holder must be exercised through, and all payments or other property to which such Holder is entitled will be made or delivered by, CDS or the CDS Participant through which the Holder holds the Notes. Upon subscription of any Notes, the Holder will receive only the customary confirmation that will be sent to such Holder by the Agent or by other registered dealers from whom or through whom such Notes are subscribed.

Definitive certificates in relation to the Notes will be issued to CDS Participants, if the Bank advises the Holders that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to Notes or if CDS ceases to be a recognized clearing agency under applicable Canadian securities legislation and the Holders and the Bank are unable to locate a qualified successor depository system, or if the Bank notifies CDS that it desires or is required to replace the global certificate with Notes in definitive form. Upon the surrender by CDS of the global certificate representing the Notes and instructions from CDS for registration, the Bank will issue definitive certificates to CDS Participants appearing on the records maintained by CDS at the time of or as soon as practicable prior to such delivery, which definitive certificates will thereafter evidence Notes previously evidenced by the global certificate.

The Coupons, if any, and the Principal Amount at Maturity, payable under the global certificate will be paid to the applicable CDS Participants through those Participants' CDS accounts in amounts proportionate to their respective beneficial interests in the Notes as shown on the records of CDS or its nominee. It is expected that payments by CDS Participants to owners of beneficial interests in the global certificate held through such CDS Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank in respect of the Notes represented by the global certificate is limited to making payment of any amount due on the global certificate to CDS or its nominee.

Neither the Bank nor the Agent will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or the payments relating thereto, (b) maintaining,

supervising or reviewing any records relating to the beneficial ownership of the Notes, or (c) any advice or representations made by, or with respect to, CDS and the rules governing CDS, or any action to be taken by CDS or at the direction of the CDS Participants.

Notice to Holders

All notices to the Holders regarding the Notes will be validly given if (i) given through CDS to CDS Participants, or (ii) published once in an important French language Canadian newspaper and in the national edition of an important English language Canadian newspaper. The Bank will give notice as aforesaid to the Holders of any material change relating to the Notes.

Amendments to the Notes

The global certificate may be amended without the consent of the Holders by agreement between the Bank and the Agent if, in the reasonable opinion of the Bank and the Agent, the amendment would not materially and adversely affect the interests of the Holders. In other cases, the global certificate may be amended if the amendment is approved by a resolution passed by a favourable vote of the Holders of not less than 66 2/3% of the Notes represented at a meeting convened for the purposes of considering the resolution, or by written resolution signed by Holders of not less than 66 2/3% of the Notes. Each Holder is entitled to one vote per Note held by such Holder for the purposes of voting at meetings. The Notes do not carry the right to vote in any other circumstances.

CALCULATION AGENT

Société Générale as Calculation Agent will be responsible for the determination and calculation of the Variable Coupon, if any, on each relevant Valuation Date, the estimation of the Closing Price of a Share on a trading day when no Closing Price is quoted (other than by reason of a Market Disruption Event), as well as the determination of the occurrence of a Market Disruption Event, a Potential Adjustment Event and an event giving rise to the substitution of a Reference Company and, in such cases, the calculation of the appropriate adjustments. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding upon the Holders. The Calculation Agent may have economic interests adverse to those of the Holders, including with respect to certain determinations and judgments that the Calculation Agent must make. See "Risk Factors – Conflict of Interest". The Calculation Agent is obligated to carry out its duties and functions in good faith and using its reasonable judgment.

PLAN OF DISTRIBUTION

The Notes are being offered by the Bank through the Agent, which has agreed to use its best efforts to solicit subscriptions of Notes for the period up to the Settlement Date. This offering of Notes is subject to a minimum issue size of \$10,000,000. Such minimum issue size may however be waived by the Bank at its entire discretion. The Agent may form a selling group to offer the Notes. The Bank has agreed to pay the Agent a commission of 2% of the gross amount of the Notes and the members of the selling group 4% of the gross amount of the Notes in connection with the subscription of the Notes. No part of the commission paid by the Bank to the Agent may be reallocated, directly or indirectly, to any subscriber of Notes or to others, except for members of the selling group.

The Notes are new obligations for which there is currently no established trading market. The Bank does not intend to apply for listing of the Notes on any exchange. Starting one year after the Settlement Date until the Maturity Date, the Agent intends to maintain, under normal market conditions, a weekly secondary market, in which the maximum bid-offer spread will be 1.00% of the Principal Amount of the

Notes (excluding commissions). The Agent is not under any obligation to facilitate such a secondary market for the Notes and such secondary market, when commenced, may be suspended or discontinued at any time without notice.

A Holder who sells Notes in the secondary market will receive sales proceeds equal to the bid price for the Notes, as determined by the Agent, minus the applicable early sales charge determined according to the following schedule:

Sale Period	Early Sales Charge Per Note
February 20, 2007 – February 19, 2008	\$2.00
February 20, 2008 and thereafter	Nil

The Bank reserves the right to issue additional notes which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by the Bank concurrently with the offering of the Notes subject to the terms and conditions contained in the Agency Agreement entered into between the Agent and the Bank in respect of the offering of the Notes.

In connection with the issue and sale of the Notes, no person is authorized, other than the Agent, a member of its selling group or duly authorized representatives of the Bank, to give any information or to make any representation relating to this Information Statement, and the Bank does not accept responsibility for any information not contained herein.

USE OF PROCEEDS

The net proceeds of this offering (after payment of the Agent's commission) will be used by the Bank for general banking purposes.

RISK FACTORS

Potential investors should be aware of the risks associated with an investment in the Notes, which include but are not limited to the following:

Suitability of Notes for Investment

An investor should reach a decision to invest in the Notes after carefully considering, in conjunction with his or her advisors, the suitability of the Notes in light of the investment objectives and the other information set out in this Information Statement. For instance, an investment in a Note is not suitable for a person seeking a guaranteed interest yield. The Bank and the Agent make no recommendation as to the suitability of the Notes for investment.

Return May Be Lower than the Return on a Standard Debt Instrument of Comparable Maturity, Investors May Realize No Return on their Notes

The Variable Coupons, if any, on the Notes paid by the Bank may be less than the return that could be earned on other investments and may be nil. Because the Variable Coupons are determined based on the Adjusted Performance of each Share comprising the Basket, the effective return to Maturity on the Notes may be less than that which would be payable on conventional interest bearing instruments with similar maturities, including those of the Bank. In addition, any such return may not fully compensate the investor for any opportunity cost to the investor when inflation and other factors relating to the time value of money are taken into account.

If the Closing Prices of some of the Shares of the Reference Companies decrease during a Variable Coupon Calculation Period from their Closing Prices on the Settlement Date, the Variable Coupon on a Valuation Date may be negative, leading to no payment of a Variable Coupon on the relevant Payment Date.

The negative performance of Shares in the Basket may result in a Variable Coupon of nil. In addition, as long as the sum of the Variable Coupons paid does not reach 20% of the Principal Amount, there will be no payment of any Fixed Coupon. Consequently, should all Variable Coupons turn out to be nil, there would be no return on the Notes.

Because the Variable Coupons does not take into account the value of dividends paid on the Shares in the Basket during the term of the Notes or currency fluctuations, the indirect return on any Share that a Holder receives through the payment to the Holder of a Variable Coupon, if any, may be less than if the Holder actually owned the Shares and directly received the dividends paid on those Shares.

Maximum Variable Coupon is capped

Because the Adjusted Performance of a Share is subject to the Cap Percentage (13%), the maximum Variable Coupon on any Payment Date cannot exceed 13% of the Principal Amount.

No Correlation to the Basket

There will be little or no correlation between the Variable Coupon and the actual performance of the Basket. The performance of any Share for the calculation of the Variable Coupon payable will not take into account any currency fluctuation between the Canadian dollar and the currency in which a Share is denominated. The Variable Coupon payable on a Payment Date may be less than the actual performance of the Basket, and may even be nil as a result of the negative performance of Shares included in the Basket.

Volatility of Prices of Shares

The return on the Notes, if any, is subject to fluctuations in the prices of the Shares comprising the Basket, including the risk of decrease in the prices of the Shares. The Closing Prices of the Shares on each Exchange on each Valuation Date, in relation to such price on the Settlement Date, will be used to determine the amount of the Variable Coupon, if any. Purchasers of Notes should recognize that it is impossible to know whether the Closing Prices of the Shares will rise or fall. A significant drop in the Closing Price of Shares included in the Basket will have a significant impact on the Variable Coupon payable (if any is to be paid). Furthermore, a Holder should recognize that if any Reference Company included in the Basket becomes insolvent or bankrupt, it will significantly reduce the Variable Coupon that will be payable following that event, notwithstanding that such Reference Company is replaced in the Basket by a New Reference Company.

Share Substitution / Adjustments

No assurance can be given that a New Reference Company added to the Basket by the Calculation Agent following a Merger Event, Nationalisation, Insolvency or Delisting Event, will carry on a business similar to the business carried on by the Replaced Reference Company, and that the Shares of such Company will perform on a basis comparable to what would have been the performance of Shares of the Replaced Reference Company had the Merger Event, Nationalisation, Insolvency or Delisting Event not occurred.

If a Merger Event, Nationalisation, Insolvency, Delisting Event or Potential Adjustment Event occurs, the Calculation Agent may, as the case may be, substitute Shares and/or make such adjustments as described under "Description of the Notes - Share Substitution / Adjustments". No assurance can be given that the Adjusted Performance of the Shares of the New Reference Company will ever be fixed at the Cap Percentage or that the result of such adjustments would correspond to the decisions that an investor holding the Shares directly would have made in equivalent circumstances. See "Description of the Notes - Share Substitution/Adjustments".

No Entitlement to Shares

The Notes do not entitle a Holder to an interest in or any rights to the Shares. Holders do not have an interest in or any rights to the Shares, including on any default by the Bank in respect of the Notes. Holders will not be entitled to the rights and benefits of a shareholder with respect to the Shares, including the right to receive dividends or vote at or attend meetings of shareholders of the issuers of Shares.

No Pledging

The ability of a Holder to pledge the Notes or otherwise take action with respect to such Holder's interest in such Notes (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Secondary Market for the Notes / Possible Illiquidity of Secondary Market

The Notes will not be listed on any exchange. There can be no assurance that a secondary market will develop.

Despite the fact that, starting one year after the Settlement Date until the Maturity Date, the Agent intends to maintain under normal market conditions, a weekly secondary market for the Notes, it is not possible to predict how the Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Agent is not under any obligation to facilitate such a secondary market for the Notes and such secondary market, when commenced, may be suspended or discontinued at any time without notice. If the secondary market for the Notes is limited, there may be fewer buyers when a Holder decides to sell its Notes prior to the Maturity Date, affecting the price such a Holder will receive. In addition, the value of the Notes prior to the Maturity Date is expected to depend primarily on market interest rates, market volatility and the performance of the Shares comprising the Basket (which among other things will be subject to the fact that there is no floor in the decrease in the Closing Price of each Share in the Basket during a Variable Coupon Calculation Period). The price at which a Holder will be able to sell the Notes prior to the Maturity Date may be at a discount, which could be substantial, from the Principal Amount thereof. The factors that will affect the trading value of the Notes interrelate in complex ways, so that, for example, one factor may offset an increase in the trading value of the Notes caused by another factor.

Hedging Transactions

The Bank and its affiliates may from time to time buy or sell the Shares of Reference Companies that comprise the Basket for their own accounts in connection with hedging the Bank's obligations under the Notes. These transactions could affect the price of the Shares or the Variable Coupon, if any.

The Bank or one or more of its affiliates may also purchase, maintain or continually adjust positions in options, futures contracts, forward contracts, swaps, or other derivative or similar instruments relating

to the Shares of Reference Companies that comprise the Basket. These hedging transactions may involve counterparties that are affiliated with the Bank.

The Bank expects that it or one or more of its affiliates will increase or decrease its initial hedging position over time using techniques which help evaluate the size of any hedge based upon a variety of factors affecting the value of the Shares comprising the Basket. These factors may include the history of price changes in the underlying instruments and the time remaining to maturity. These additional hedging activities may occur from time to time before the Notes mature and will depend on market conditions and the value of the Shares comprising the Basket.

In addition, the Bank or one or more of its affiliates may purchase or otherwise acquire a long or short position in the Notes from time to time and may, in its sole discretion, hold, resell, exercise, cancel or retire such Notes. The Bank or one or more of its affiliates may also take hedging positions in other types of appropriate financial instruments that may become available in the future.

If the Bank or one or more of its affiliates has a long hedge position in options contracts, swaps, or other derivative or similar instruments related to, the Shares comprising the Basket, the Bank or one or more of its affiliates may liquidate all or a portion of its holdings at any time prior to the maturity of the Notes. The aggregate amount and type of such positions are likely to vary over time depending on future market conditions and other factors and may impact the Variable Coupon, if any.

The Bank cannot guarantee that its hedging activities will not affect the value of the Shares comprising the Basket and hence the Variable Coupon, if any.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be amended or changed in a manner which adversely affects the Holders.

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Bank, the following is a fair summary of the principal Canadian federal income tax considerations generally applicable to a person who acquires Notes at the time of their issuance and who, for purposes of the *Income Tax Act (Canada)* and the regulations thereunder (the "Income Tax Act") and at all relevant times, is or is deemed to be a resident of Canada, acquires and holds such Notes as capital property and deals at arm's length with the Bank. Notes will generally constitute capital property to a Holder thereof unless the Holder holds such Notes in the course of carrying on a business or has acquired such Notes in a transaction or transactions considered to be an adventure in the nature of trade. Certain Holders whose Notes might not otherwise qualify as capital property, may, in certain circumstances, treat such Notes and all of the Holder's other Canadian securities as capital property by making an irrevocable election provided by subsection 39(4) of the Income Tax Act.

This summary is based upon the current provisions of the Income Tax Act and counsel's understanding of the current published administrative practices and policies of the CRA, all in effect as of the date hereof. This summary also takes into account all specific proposals to amend the Income Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("Tax Proposals") and assumes all Tax Proposals will be enacted substantially as proposed. However, no assurance can be given that the Tax Proposals will be enacted as proposed, or at all.

The Income Tax Act contains provisions relating to securities held by certain financial institutions (the "Mark-to-Market rules"). This summary does not take into account the Mark-to-Market rules. Holders of Notes that are "financial institutions" for purposes of the Mark-to-Market rules should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be relied upon or construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors for advice with respect to the income tax consequences to them of acquiring, holding and disposing of Notes having regard to their particular circumstances.

A Holder will be required to include as interest in computing its income for a taxation year the Fixed Coupon or the Variable Coupon received or receivable, if any, in the year including the year in which the Maturity occurs (depending on the method followed by the Holder in computing income) to the extent that the amount was not included in computing its income for a preceding taxation year.

On a disposition or deemed disposition of a Note at a time which is after the Valuation Date on which the sum of the Variable Coupons paid or payable has reached or exceeded 20% of the Principal Amount, a Holder will generally be required to include as interest in computing its income the amount of the Fixed Coupon that accrued on the Note to the date of disposition, to the extent that such amount has not otherwise been included in the Holder's income for the year or a preceding taxation year. Such Holder may also realize a capital gain (or a capital loss) to the extent that a payment received at such time, less reasonable cost of disposition and the amount required to be included in the Holder's income in the year of such disposition as interest, exceeds (or is less than) the Holder's adjusted cost base of the Note.

It is unclear whether amounts received or deemed to be received by a Holder on a disposition or deemed disposition of a Note prior to the Valuation Date on which the sum of the Variable Coupons paid or payable has reached or exceeded 20% of the Principal Amount, will be considered as giving rise to a capital gain or a capital loss, or to income or an ordinary loss. CRA has not expressed any opinion on this issue. However, such Holder may consider, subject to his particular circumstances, that the amount received or deemed to be received on such disposition or deemed disposition of a Note will give rise to a capital gain (or a capital loss) to the Holder to the extent such amount, net of any reasonable costs of disposition and the amount, if any, required to be included in the Holder's income in the year of such disposition as interest, exceeds (or is less than) the Holder's adjusted cost base of the Note. **Nevertheless, such Holders who dispose of a Note prior to such Valuation Date, particularly those who dispose of a Note within a short period of time prior to such Valuation Date, should consult their own tax advisor with respect to their particular circumstances.**

Generally, one-half of any capital gain constitutes a taxable capital gain which must be included in the Holder's income in the year of disposition and one-half of any capital loss constitutes an allowable capital loss, which is deductible against taxable capital gains, subject to and in accordance with the provisions of the Income Tax Act. A Holder that is a Canadian-controlled private corporation may be subject to a refundable tax of $6\frac{2}{3}\%$ on investment income, including taxable capital gains.

Capital gains realized by an individual or trust, other than certain trusts, may give rise to alternative minimum tax under the Income Tax Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Bank, the Notes will, at the Settlement Date, be qualified investments under the Income Tax Act for trusts governed by RRSPs, RRIFs, RESPs and DPSPs, other than DPSPs under which the Bank or any person or partnership with which the Bank does not deal at arm's length within the meaning of the Income Tax Act is an employer, and may be held by such plans or funds subject to the terms of the plan or fund.