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The distribution of this Information Statement and the offering and sale of the Notes are restricted within Canada and to Canadian residents and may be subject to further restrictions within any relevant province or territory. Business Development Bank of Canada and the selling agent require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions.

No securities commission or similar authority has in any way passed upon the merits of the Notes and any representation to the contrary may be an offence.

Information Statement

Dated September 20, 2004

Business Development Bank of Canada



BDC – Franklin Templeton Investments

bestLINKTM Protected NotesTM

Income Trust Class – Series 1

BISSETT INCOME FUND Series A



Due November 10, 2009

Price: \$100.00 per Note

(Subject to a minimum purchase of \$2,000.00)

BMO  **Nesbitt Burns**

Offered for sale by BMO Nesbitt Burns Inc., as agent

Business Development Bank of Canada ("BDC") has taken all reasonable care to ensure that the facts stated in this Information Statement in relation to the Notes (as defined below) are true and accurate in all material respects and that there are no other material facts in relation to the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading.

No person has been authorized to give any information or to make any representations other than those that may be contained in:

- (a) this Information Statement;*
- (b) any amendments made from time to time to this Information Statement; or*
- (c) any supplementary terms and conditions provided in any Global Note (as defined below) or other definitive replacement note therefor,*

in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Information Statement nor the issue of the Notes nor any sale thereof shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of BDC since the date hereof.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and the Notes may not be offered, sold or delivered within the United States or to United States persons (as such expressions are defined in the United States Internal Revenue Code and Regulations thereunder).

In this Information Statement, capitalized terms will have the meanings ascribed to them and, unless otherwise indicated, references to "\$" are to Canadian dollars.

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None of BDC, Franklin Templeton Investments Corp., BMO Nesbitt Burns Inc. or any of their respective affiliates makes any representation, condition or warranty, express or implied, to the investors or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the Notes to track the performance of units of the Fund or general stock market performance or any other economic factors.

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SUMMARY

The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Information Statement. Capitalized terms that are used but not defined in this summary are defined elsewhere in this Information Statement.

BDC – Franklin Templeton Investments – bestLINK Protected Notes, Income Trust Class – Series 1 Note (a “Note”) is a variable interest note issued by Business Development Bank of Canada (“BDC”). The Note is the first issuance by BDC of bestLINK Protected Notes, Income Trust Class Notes, which are linked to the performance of Units of the Bissett Income Fund managed by Franklin Templeton Investments Corp. (“Franklin Templeton”).

On the maturity of the Note, the Investor will receive in Canadian dollars (i) the Principal Amount of the Note, plus (ii) an amount of Variable Interest, if any, linked to the performance of the Units of the Bissett Income Fund (the “Fund”). Generally stated, Variable Interest on each Note will be a percentage of the Principal Amount equal to the Fund Return. Subject to the occurrence of certain extraordinary events described under “DESCRIPTION OF THE NOTES – *Special Circumstances*”, the Fund Return will be determined by averaging the Fund’s total return measured from the Issue Date to each of 20 quarterly Averaging Dates, from and including February 10, 2005 to and including November 5, 2009. Given current interest rates the Note is only able to provide Variable Interest equal to the quarterly cumulative average return on the Fund. The Notes mature on November 10, 2009. The Principal Amount of a Note will only be payable at maturity.

Investors will not have any ownership interest in Units of the Fund as a result of their investment in the Notes and will not have the rights of a mutual fund unitholder, including the right to redeem mutual fund units at any time.

All references in this Information Statement to units of the Fund are to the Series A units of the Fund (each a “Unit” and collectively, the “Units”).

Issuer: The Notes will be issued by BDC. BDC’s head office is located at 5 Place Ville Marie, Suite 400, Montreal, Quebec H3B 5E7.

Principal Amount: The Notes will be sold at par in denominations of \$100.00 per Note (the “Principal Amount” for each Note), subject to a minimum subscription of twenty (20) Notes per holder (each an “Investor”).

Issue Price:

<u>Price to the Investor</u> ⁽¹⁾	<u>Selling Agent’s Commission</u>	<u>Proceeds to BDC</u> ⁽²⁾
\$100.00 (Par) per Note	\$4.00	\$96.00

(1) The Issue Price has been determined by negotiation between BDC and BMO Nesbitt Burns Inc. (the “Selling Agent”).

(2) Before deduction of expenses of issue which, together with the Selling Agent’s commissions, will be paid by BDC out of general funds.

Issue Date: The Notes will be issued on or about November 12, 2004 (the actual date of issuance being the “Issue Date”).

Issue Size: A maximum of \$75,000,000 of Notes will be issued by BDC on the Issue Date or such greater amount as may be agreed to by BDC and the Selling Agent.

Maturity Date/Term: The Notes will mature on November 10, 2009 (the “Maturity Date”), resulting in a term to maturity of five years.

Amounts Payable At Maturity: The amount payable under a Note on the Maturity Date will equal the sum of (i) the Principal Amount, plus (ii) interest (“Variable Interest”), if any (calculated on the basis described below).

Principal Amount Payment: An Investor will be paid the Principal Amount per Note on the Maturity Date. The Notes cannot be redeemed or retracted prior to the Maturity Date.

The Fund: The Fund is the Bissett Income Fund managed by Franklin Templeton Investments Corp. Variable Interest, if any, payable on the Maturity Date under the Notes will be linked to the performance of Units of the Fund. The Fund is described under “THE FUND”. An Investor may obtain further information in respect of the Fund at www.sedar.com or through his or her investment advisor. The SEDAR internet address is included in this Information Statement as an inactive textual reference only.

All references in this Information Statement to Units of the Fund are to the Series A Units of the Fund.

Variable Interest Payment:

An Investor will be paid Variable Interest, if any, in Canadian dollars on the Maturity Date (subject to certain exceptions described under “DESCRIPTION OF THE NOTES – *Special Circumstances*”). An Investor cannot elect to receive Variable Interest prior to the Maturity Date.

Variable Interest, if any, payable on the Maturity Date in respect of each Note will be a Canadian dollar amount equal to the product of the Principal Amount and the Fund Return. Subject to the occurrence of certain extraordinary events described under “DESCRIPTION OF THE NOTES – *Special Circumstances*”, the Fund Return will be determined by averaging the Fund’s total return measured from the Issue Date to each of 20 quarterly Averaging Dates, from and including February 10, 2005 to and including November 5, 2009. See “VARIABLE INTEREST CALCULATION” for a detailed explanation of how Variable Interest is determined and for example calculations. See “DESCRIPTION OF THE NOTES” for further details. **Although Variable Interest is linked to the performance of the Units of the Fund, Variable Interest and the value of the Notes from time to time generally will not closely approximate returns on Units of the Fund. Investors will not have any ownership interest in Units of the Fund at any time.**

Special Circumstances:

If certain Market Disruption Events in respect of the Fund occur on a day as of which the NAV of the Fund is to be determined, determination of that NAV will be postponed to a later date. Determination and payment of the amount of any Variable Interest payable may be postponed beyond the Maturity Date if settlement or redemption of Units of the Fund are effectively suspended or postponed and, in the unlikely event that such postponement continues for a period of one year, Variable Interest will be an estimate (which may be nil) determined by BDC in consultation with the Calculation Agent. The occurrence of an Extraordinary Event may result in BDC (in consultation with the Calculation Agent) choosing a substitute fund to replace the Fund or may accelerate the payment of Variable Interest, if any, and may affect the manner in which it is calculated. However, the Principal Amount of each Note will not be repaid until the Maturity Date in any event. See “DESCRIPTION OF THE NOTES – *Special Circumstances*”.

Eligibility for Investment:

The Notes, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the “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 trust governed by a deferred profit sharing plan to which contributions are made by BDC or a person or partnership with which BDC does not deal at arm’s length within the meaning of the Tax Act) and would not constitute foreign property for the purposes of Part XI of the Tax Act. Where an Investor purchases Notes through dealers and other firms that place and clear orders for Notes through FundSERV, such dealers or other firms may not be able to accommodate a purchase of Notes through certain registered plans. Investors should consult their financial advisors as to whether their orders for Notes will be made through FundSERV and any limitations on their ability to purchase Notes through registered plans.

Secondary Market:

Notes purchased in FundSERV may be “redeemed” in FundSERV, which would be a sale to BMO Nesbitt Burns Inc. or an affiliate thereof (BMO Nesbitt Burns Inc. and its affiliates collectively being, “BMO Nesbitt Burns”), in the secondary market. BMO Nesbitt Burns, subject to normal market conditions, will maintain a liquid secondary market for the Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to Investors. The Notes will not be listed on any stock exchange. An Investor who sells a Note to BMO Nesbitt Burns within the first 720 days will receive sales proceeds equal to the bid price for the Note minus any applicable Early Trading Charge of up to 5.70%. See “RELATED MATTERS – *Secondary Trading of Notes*”. A sale of Notes originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV. “RELATED MATTERS – *Purchase Through Fund SERV*” and “RELATED MATTERS – *Sale Through Fund SERV*” below. See “DESCRIPTION OF THE NOTES – *Special Circumstances*”.

**Book-Entry
Registration:**

The Notes will be evidenced by a single global certificate held by The Canadian Depository for Securities Limited or its successor ("CDS"), or its nominee on its behalf, as the registered holder of the Notes. Registration of the interests in and transfers of the Notes will be made only through its book-entry system. Subject to certain limited exceptions, no Investor will be entitled to any certificate or other instrument from BDC or CDS evidencing the ownership of the Notes and no Investor will be shown on the records maintained by CDS, except through an agent who is a participant of CDS.

Status:

The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes have not been rated by Standard & Poor's Rating Service ("S&P"), Moody's Investor Services Inc. ("Moody's") or any other rating agency. As at the date hereof, the obligations of BDC with a term to maturity in excess of one year in Canadian currency were rated AAA by S&P and Aaa by Moody's. A rating is not a recommendation to buy, sell or hold an investment. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank pari passu and will be payable rateably without any preference or priority. Investors will not have the benefit of any insurance under the provisions of the Canada Deposit Insurance Corporation Act (Canada).

Risk Factors:

A person should consider carefully certain risk factors set out on pages 20-22 before reaching a decision to buy the Notes.

VARIABLE INTEREST CALCULATION

Investors will not have any ownership interests in the Units of the Fund as a result of their investment in the Notes and will not have the rights of a holder of Units of the Fund, including the right to redeem Units at any time. Variable Interest, if any, will be payable by BDC on the Maturity Date, subject to (i) postponement of the determination of the amount of Variable Interest due to a Market Disruption Event or (ii) the earlier occurrence of an Extraordinary Event, each as described under “DESCRIPTION OF THE NOTES— *Special Circumstances*”. Variable Interest, if any, will be payable in Canadian dollars in an amount per Note equal to the result obtained using the following formula:

$$\text{Variable Interest} = \text{Principal Amount} \times \text{Fund Return}$$

There is no requirement on the part of an Investor to elect or otherwise become qualified to receive Variable Interest.

The amount of Variable Interest, if any, that may be payable on the Maturity Date is uncertain. There is a possibility that an Investor may not receive any Variable Interest. An Investor will definitely not receive any Variable Interest unless the Fund Return is greater than zero.

Associated Definitions

The associated definitions in respect of Variable Interest are set out alphabetically below.

“Averaging Date” means each of the following dates:

February 10, 2005	May 10, 2006	August 10, 2007	November 10, 2008
May 10, 2005	August 10, 2006	November 12, 2007	February 10, 2009
August 10, 2005	November 10, 2006	February 11, 2008	May 11, 2009
November 10, 2005	February 12, 2007	May 12, 2008	August 10, 2009
February 10, 2006	May 10, 2007	August 11, 2008	November 5, 2009

“Business Day” means a day (other than a Saturday, a Sunday or a statutory holiday) on which (i) both commercial banks and Franklin Templeton are open for business in Toronto, Ontario, and (ii) BDC is open for business in Montreal, Quebec.

“Fund Return” means the greater of (i) the number (which may be positive or negative) expressed as a percentage (rounded to two decimal places) that is equal to the average of the Total Returns of the Fund for all Averaging Dates, and (ii) zero.

“NAV” means, in respect of a date, the net asset value per Unit of the Fund as determined by Franklin Templeton as of the close of business on such date, provided that, if such date is not a Business Day, such NAV will mean the net asset value per Unit of the Fund as determined by Franklin Templeton as of the immediately preceding Business Day (subject to the provisions under “DESCRIPTION OF THE NOTES – *Special Circumstances*”). See “RISK FACTORS – *The NAV of the Fund*”.

“Total Return” means, in respect of the Fund and an Averaging Date, the number (which may be positive or negative) expressed as a percentage (rounded to two decimal places) equal to the total return of the Fund (including reinvested distributions) determined on the basis of the NAV over the period from the Issue Date to and including such Averaging Date.

Examples

The examples set out below are included for illustration purposes only. The total returns of the Fund used to illustrate the calculation of Variable Interest are hypothetical and are not estimates or forecasts of expected returns over the term of the Notes. All examples refer to an Investor holding a single Note, and that no Extraordinary Event, Market Disruption Event, interim distribution, Adjustment Event, or replacement of the Fund has occurred. Variable Interest and the Principal Amount are only payable at maturity.

As demonstrated by some of the examples below, the possibility exists that an investment in the Notes will not result in Variable Interest being payable.

Example #1: The Fund Return of the Fund is positive

Fund Return = 44.20%

Variable Interest = Principal Amount x 44.20% = \$44.20

Therefore, for each Note, Variable Interest of \$44.20, plus the original Principal Amount of \$100.00, would be payable on the Maturity Date.

In the above example, the Fund Return was determined by taking the average of the hypothetical Total Returns for each Averaging Date. The table below shows how the Fund Return of 44.20% in the above example would have been determined using hypothetical Total Returns of the Fund for all Averaging Dates. The right hand column shows the effects of the averaging of the Total Returns up to and including the applicable Averaging Date. The final entry in the right hand column shows the Fund Return for the Fund, representing the average of all of the Total Returns from the Issue Date to each of the Averaging Dates, which is calculated by adding all of the Total Returns for all of the Averaging Dates and dividing that number by the number of Averaging Dates, 20.

Averaging Date	Total Return of Fund (from Issue Date to Averaging Date)	Fund Return (shown below as an average of all quarterly Total Returns on a cumulative basis)
Issue Date	---	---
February 10, 2005	9.68%	9.68%
May 10, 2005	8.26%	8.97%
August 10, 2005	12.04%	10.00%
November 10, 2005	21.13%	12.78%
February 10, 2006	29.99%	16.22%
May 10, 2006	39.79%	20.15%
August 10, 2006	44.16%	23.58%
November 10, 2006	46.40%	26.43%
February 12, 2007	43.45%	28.32%
May 10, 2007	46.28%	30.12%
August 10, 2007	47.70%	31.72%
November 12, 2007	49.70%	33.22%
February 11, 2008	53.60%	34.78%
May 12, 2008	53.25%	36.10%
August 11, 2008	52.66%	37.21%
November 10, 2008	61.16%	38.70%
February 10, 2009	62.93%	40.13%
May 11, 2009	68.95%	41.73%
August 10, 2009	67.65%	43.09%
November 5, 2009	65.29%	44.20%
Fund Return:		44.20%

Example #2: The Fund Return of the Fund is negative

The average of all Total Returns of the Fund from the Issue Date to each Averaging Date on a cumulative basis = -28.18%

Fund Return = 0%

Variable Interest = Principal Amount x 0% = nil

Since the Fund Return of the Fund is not positive, the Investor would not receive any Variable Interest and would only receive the original Principal Amount of \$100.00 on the Maturity Date.

HYPOTHETICAL RETURN SCENARIOS

The graphs below are included for illustration purposes only and are not based on the historical returns of the Fund. The Total Returns of the Fund as at any Averaging Date in the graphs below are not estimates or forecasts of the Total Returns of the Fund, and the Variable Interest on the Notes in the graphs below is not an estimate or forecast of the Variable Interest, if any, which will be payable on the Notes. An investor should not use the graphs below to predict future performance of the Fund or the Notes or how much Variable Interest, if any, may be payable on the Notes. See “THE FUND” below for additional information on the Fund.

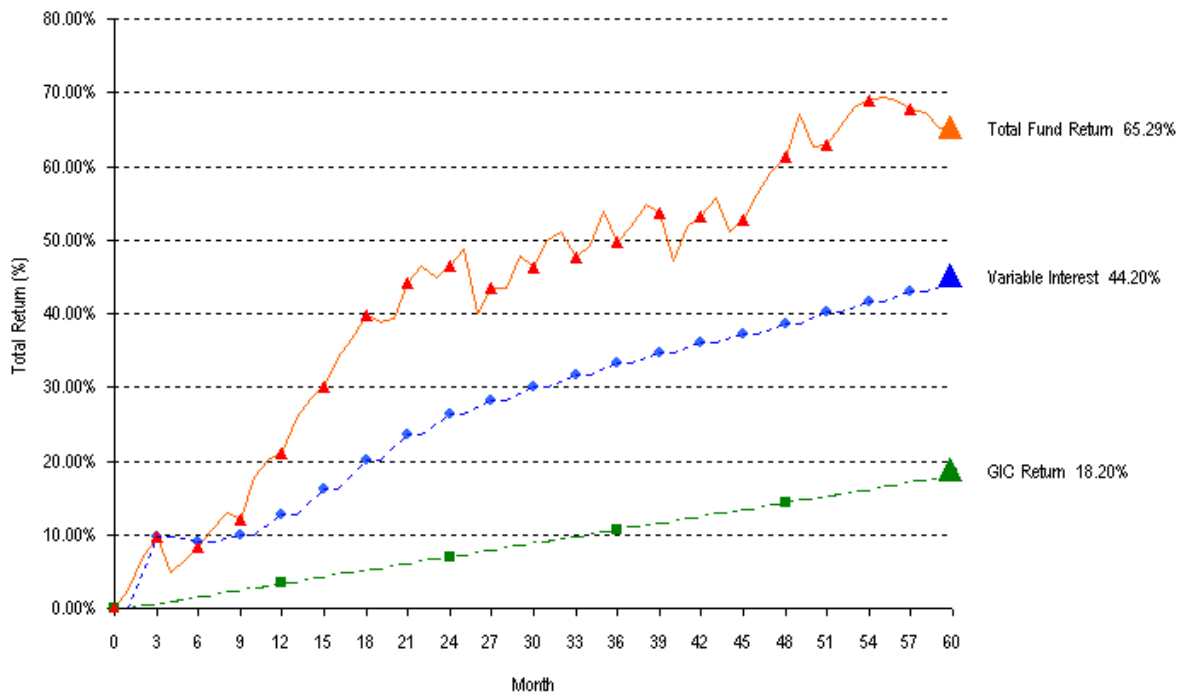
Variable Interest on a Note is based on the Fund Return. The Fund Return for the Fund is the average of the Fund’s total return measured from the Issue Date to each of 20 quarterly Averaging Dates from and including February 10, 2005 to and including November 5, 2009. Consequently, the Fund Return, and hence Variable Interest, generally will not be equal to the total return of the Fund over the full term of the Notes.

The graphs set out below show how the total returns of the Fund would compare to the Variable Interest payable on the Notes in three different hypothetical scenarios: (a) where the total return of the Fund is positive and is greater than the Variable Interest payable on the Notes, (b) where the total return of the Fund is positive but is less than the Variable Interest payable on the Notes, and (c) where the total return of the Fund is negative, so that no Variable Interest is payable on the Notes and only the Principal Amount is repaid at maturity.

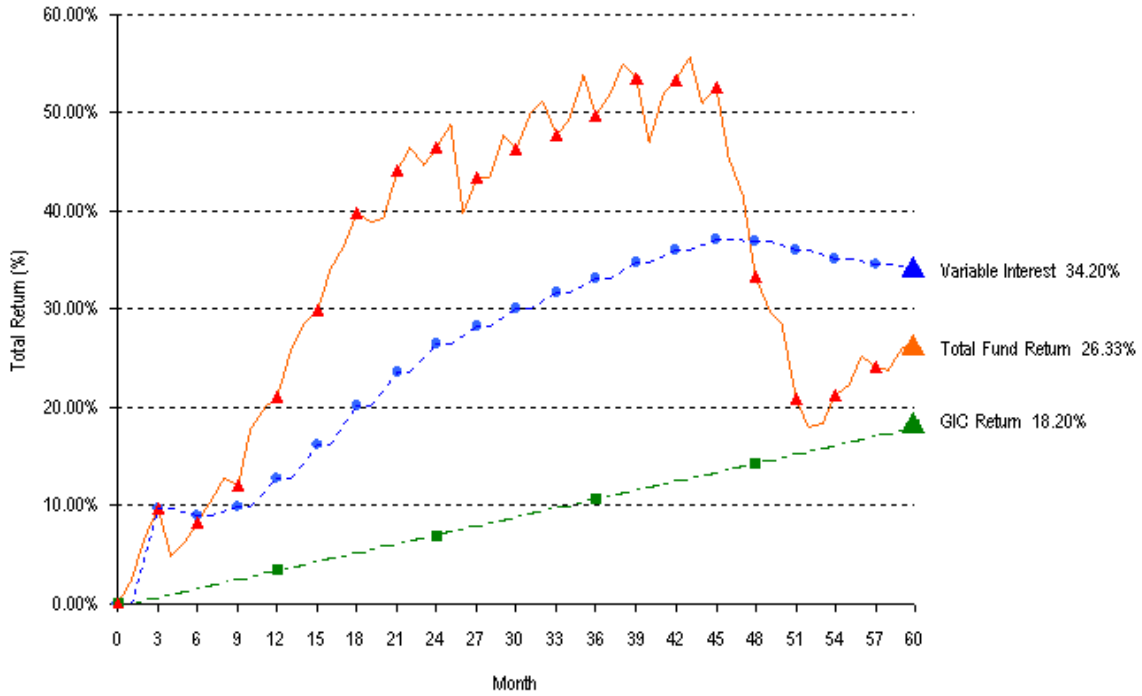
The line on the graphs below representing Variable Interest shows how Variable Interest payable at maturity is determined by taking the average of the Total Returns for all Averaging Dates of the Fund that have occurred (provided, however, that if, on the final Averaging Date, that calculation results in a number that is negative, then Variable Interest will be nil). **The line on the graph below representing Variable Interest does not represent the return that would be used to determine the amount payable in respect of a Note at any time, other than at maturity.**

For the purposes of the graphs below, the line marked “GIC Return” represents the return an investor would receive by investing in a guaranteed investment certificate of a Canadian bank with a 5 year term paying interest at 3.40% and compounded annually.

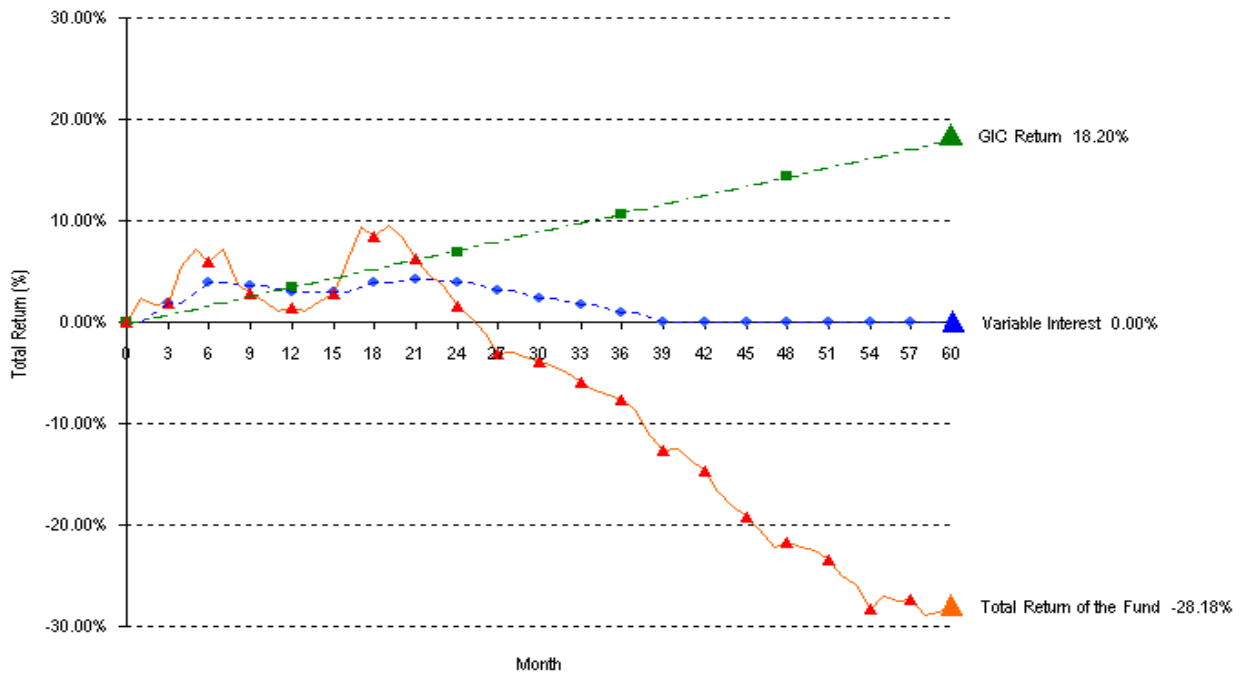
- (a) An example where the total return of the Fund is positive and greater than the Variable Interest on the Note.



(b) An example of where the total return of the Fund is positive but is less than the Variable Interest on the Note.



(c) An example where the total return of the Fund is negative, so that no Variable Interest is payable on the Note and only the Principal Amount is repaid at maturity.



DESCRIPTION OF THE NOTES

Issue

A maximum of \$75,000,000 of Notes (or such greater amount as may be agreed between BDC and the Selling Agent) will be issued by BDC on the Issue Date. BDC reserves the right to issue the Notes in an aggregate number and in an aggregate Principal Amount as BDC may determine in its absolute discretion.

Principal Amount and Minimum Subscription

Each Note will be issued in a face amount of \$100.00 (also referred to as the Principal Amount). The minimum subscription per Investor will be twenty (20) Notes.

Maturity and Repayment of Principal Amount

Each Note matures on the Maturity Date, on which date the Investor will receive the Principal Amount (i.e., \$100.00 per Note). If the scheduled maturity date (as specified in this Information Statement) does not occur on a Business Day, then the Maturity Date will be deemed to occur on the next following Business Day and no interest will be paid in respect of such postponement.

The amount of Variable Interest, if any, will depend upon the performance of the Fund. No Variable Interest will be payable unless the Fund Return is greater than zero.

Variable Interest payable on the Maturity Date will be determined by the Calculation Agent (as identified below) in accordance with the terms and related definitions specified under “VARIABLE INTEREST CALCULATION”.

The amount of Variable Interest, if any, will be paid on the Maturity Date, except if the timing and manner of determining Variable Interest is affected by the occurrence of certain unusual events. See “— Special Circumstances”. Generally stated, the payment date for Variable Interest, if any, will be the Maturity Date, provided that the scheduled final Averaging Date is not postponed to a later date due to a Market Disruption Event or the determination of Variable Interest is not accelerated due to an Extraordinary Event as described under “— Special Circumstances”.

For the purposes of this Information Statement, the Issue Date, each Averaging Date and any other day on which the NAV of the Fund is scheduled to be determined for computing Variable Interest is referred to as a “Valuation Date”. The occurrence of a Valuation Date is subject to the provisions set out below under “— Special Circumstances”.

Special Circumstances

Calculation Agent in respect of Special Circumstances

If the Calculation Agent determines that any circumstance described under “— Postponement of Valuation Date Due to Market Disruption Event” or “— Extraordinary Event May Trigger Early Variable Interest” has occurred, the Calculation Agent will give notice to the Investors of such determination (together with brief reasons therefor). The Calculation Agent will act as an independent expert in respect of such occurrence, and not as agent for BDC or the Investors. Its calculations and determinations shall, absent manifest error, be final and binding on BDC and the Investors. The Calculation Agent will not be responsible for its errors or omissions if made in good faith.

Postponement of Valuation Date Due to Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event (as defined below) has occurred and is continuing in respect of any date that but for that event would be a Valuation Date, then Variable Interest will be calculated (and the applicable NAV will be determined) on the basis that such Valuation Date will be postponed to the next Business Day on which there is no Market Disruption Event in effect.

However, there will be a limit for postponement of any Valuation Date. If, on the eighth Business Day following the date originally scheduled as a Valuation Date, such Valuation Date has not occurred, then despite the occurrence of any Market Disruption Event on or after such eighth Business Day (and assuming BDC has not given notice to elect to accelerate the determination and payment of Variable Interest due to the occurrence of an Extraordinary Event on such eighth Business Day):

- (i) such eighth Business Day shall be the Valuation Date, and
- (ii) if, on that eighth Business Day, a Market Disruption Event has occurred and is continuing, then the NAV for such Valuation Date used for determining the relevant NAV in the calculation of Variable Interest will be a value (the “Expert Estimated NAV”) estimated by the Calculation Agent as at such Valuation Date taking into account all relevant market circumstances.

"Market Disruption Event" means, in respect of any Business Day, any *bona fide* event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of BDC or any person that does not deal at arm's length with BDC which has or will have an adverse effect on the ability of an investor in the normal course to buy or redeem Units of the Fund on such Business Day, or to obtain the NAV for Units of the Fund as of the previous Business Day. For the avoidance of doubt, a Market Disruption Event in respect of any Business Day includes the suspension or limitation of sale or redemption of, or the settlement of the sale or redemption of, Units of the Fund on such Business Day for any reason.

Extraordinary Event May Trigger Early Variable Interest

If the Calculation Agent determines that any of the following has occurred (an "Extraordinary Event"):

- (i) a Market Disruption Event has occurred and has continued for at least five consecutive Business Days and is continuing;
- (ii) Franklin Templeton ceases to be the manager of the Fund, the current portfolio advisor of the Fund ceases to be the portfolio advisor of the Fund or the Fund announces that it will be discontinued or otherwise wound-up or that it will be merged, consolidated or combined with any other fund; or
- (iii) if a dealer or other entity is hedging BDC's exposure in respect of Variable Interest, an event occurs after the issue date that adversely and materially affects the ability or cost of the dealer or other entity to provide such hedge (which event may include, but is not limited to, a fundamental change in the Fund's investment objectives or investment strategies or Franklin Templeton's failure to fulfill any of its material obligations under any agreement relating to the Notes with such dealer or other entity providing such hedge),

then BDC may, at its option, upon notice to the Investors to be given effective on a Business Day (the date of such notification being the "Extraordinary Event Notification Date"), accelerate the occurrence of any remaining Averaging Dates (whether or not affected by such Extraordinary Event) scheduled to occur after the Extraordinary Event Notification Date (collectively the "Remaining Final Averaging Dates") and thereupon have Variable Interest, if any, per Note determined and calculated effective as of the Extraordinary Event Notification Date (the "Variable Interest Early Payment Amount"), subject to the following:

- (i) The amount of Variable Interest per Note payable by BDC will not be calculated in accordance with the provisions set out in "VARIABLE INTEREST CALCULATION". Instead each Remaining Final Averaging Date scheduled to occur after the Extraordinary Event Notification Date will occur (and the Fund Return will be determined) as of the Extraordinary Event Notification Date, whether or not any Extraordinary Event is continuing on such date; and
- (ii) The NAV for the Fund on the Extraordinary Event Notification Date, applicable in respect of each of the Remaining Final Averaging Dates deemed to occur as of the Extraordinary Event Notification Date, will be a value estimated by the Calculation Agent as at such date taking into account all relevant market circumstances.

Payment of Variable Interest per Note will be made on the tenth Business Day after the Extraordinary Event Notification Date.

In these circumstances, payment of the Principal Amount per Note will not be accelerated and will remain due and payable only on the Maturity Date. It should be noted that the Variable Interest Early Payment Amount, if any, will reflect a return to Investors that may be less than the amount of Variable Interest that may have been payable absent the occurrence of the relevant Extraordinary Event and the election by BDC to pay the Variable Interest Early Payment Amount.

If the Calculation Agent determines that an Extraordinary Event has occurred, then, in lieu of accelerating the determination and payment of Variable Interest, BDC may, with the consent of Franklin Templeton and in consultation with the Calculation Agent, and upon notice to the Investors to be given effective on a Business Day (the date of such notification being the "Substitution Date"), replace the Fund (the "Deleted Fund") with another mutual fund managed or sponsored by Franklin Templeton (the "Replacement Fund"), provided that such replacement will, in the determination of BDC in consultation with the Calculation Agent, have the effect of eliminating the Extraordinary Event. In calculating the Fund Return for the purpose of determining the Variable Interest, if any, payable on the Notes, the Fund Return for the Deleted Fund and the Replacement Fund shall together be the number (which may be positive or negative) equal to the sum of (a) the Fund Return of the Deleted Fund from the Issue Date to the Substitution Date, calculated as if the Substitution Date were the final Averaging Date, and (b) the Fund Return of the Replacement Fund from the Substitution Date to the final Averaging Date, calculated as if the Substitution Date were the Issue Date. The Calculation Agent will make such other adjustments, if any, to the formula for calculating Variable Interest as it reasonably determines appropriate to account for the substitution of the Replacement Fund for the Deleted Fund.

Suspension of Redemptions by the Fund May Postpone Variable Interest Determination and Payment

If, on any Business Day from and including the date on which Variable Interest (or the Variable Interest Early Payment Amount) would otherwise be payable to and including the third Business Day prior to such date, there exists a suspension or limitation of redemption of Units of the Fund or of the settlement of such redemption, BDC may postpone such payment of Variable Interest and, if affected by such suspension or limitation, the determination of the Variable Interest (or the Variable Interest Early Payment Amount) payable, until such suspension or limitation is lifted. In the unlikely event that such postponement is extended for one year after the date that Variable Interest or the Variable Interest Early Payment Amount would otherwise have been payable, the Variable Interest (or the Variable Interest Early Payment Amount) will be an estimate (which may be nil) determined by BDC in consultation with the Calculation Agent. According to the simplified prospectus in respect of the Fund, the right to redeem Units of the Fund may be suspended (i) if normal trading is suspended on a stock exchange within or outside Canada on which securities or specified derivatives are traded which represent more than 50% by value of the total assets of the Fund and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund, or (ii) with the consent of securities regulators, if the Fund determines that it is not practical to sell the Fund's securities or fairly determine the value of its net assets.

Adjustment Event

If an Adjustment Event (as defined below) occurs, the Calculation Agent will, as soon as practicable thereafter, make adjustments, if any, to the formula for calculating Variable Interest, or the NAV of Units of the Fund, or any other component or variable relevant to the determination of Variable Interest, in each case in such a way as the Calculation Agent reasonably determines appropriate to account for any diluting or concentrative effect of such Adjustment Event in order to preserve the intended economics to the Investors as of the Issue Date. Upon making any such adjustment, the Calculation Agent shall promptly give notice of such adjustment and brief details of the Adjustment Event to CDS and the Investors' investment dealers who are participants in CDS (or directly to the Investors in the case where the Notes are directly registered in their name and issued in definitive form).

"Adjustment Event" means, in respect of a Unit of the Fund, the occurrence of any of the following events:

- (a) a subdivision, consolidation or reclassification of such Unit;
- (b) a distribution or dividend to existing holders of the Units of property other than Units or cash;
- (c) a call in respect of Units that are not fully paid;
- (d) a repurchase by the Fund of its Units whether out of profits or capital of the Fund and whether the consideration for such repurchase is cash, securities or otherwise, other than redemptions of Units by the Fund in the normal course; or
- (e) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Units other than cash or Unit distributions.

Book-Entry System

Each Note will generally be represented by a global note (a "Global Note") representing the entire issuance of Notes. BDC will issue Notes evidenced by certificates in definitive form to a particular Investor only in limited circumstances. Both any certificated Notes in definitive form and any Global Note will be issued in registered form, whereby BDC's obligation will run to the holder of the security named on the face of the security. Definitive Notes if issued will name Investors or nominees as the owners of the Notes, and in order to transfer or exchange these definitive Notes or to receive payments other than interest or other interim payments, the Investors or nominees (as the case may be) must physically deliver the Notes to BDC. A Global Note will name a depository or its nominee as the owner of the Notes, initially to be The Canadian Depository for Securities Limited ("CDS") or its nominee. (All references to the Notes and a Note contained in this Information Statement will include the Global Note unless the context otherwise requires.) Each Investor's beneficial ownership of Notes will be shown on the records maintained by the Investor's broker/dealer, bank, trust company or other representative that is a participant in the relevant depository, as explained more fully below. Interests of participants will be shown on the records maintained by the relevant depository. Neither BDC, the Paying and Transfer Agent nor any depository will be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

Global Note

BDC will issue the registered Notes in the form of the fully registered Global Note that will be deposited with a depository (initially being CDS) and registered in the name of such depository or its nominee in a denomination equal to the aggregate Principal Amount of the Notes. Unless and until it is exchanged in whole for Notes in definitive registered form, the registered Global Note may not be transferred except as a whole by and among the depository, its nominee or any successors of such depository or nominee.

BDC anticipates that the following provisions will apply to all arrangements in respect of a depository.

Ownership of beneficial interests in a Global Note will be limited to persons, called participants, that have accounts with the relevant depository or persons that may hold interests through participants. Upon the issuance of a registered Global Note, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective Principal Amounts of the Notes beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered Global Note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depository, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants.

So long as the depository, or its nominee, is the registered owner of a registered Global Note, that depository or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the registered Global Note for all purposes. Except as described below, owners of beneficial interests in a registered Global Note will not be entitled to have the Notes represented by the registered Global Note registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of Notes. Accordingly, each person owning a beneficial interest in a registered Global Note must rely on the procedures of the depository for that registered Global Note and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder. BDC understands that under existing industry practices, if BDC requests any action of holders or if an owner of a beneficial interest in a registered Global Note desires to give or take any action that a holder is entitled to give or take in respect of the Notes, the depository for the registered Global Note would authorize the participants holding the relevant beneficial interests to give or take that action, and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Payments on the Notes represented by a registered Global Note registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the registered Global Note. Neither BDC nor any agent thereof will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered Global Note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

BDC expects that the depository for any of the Notes represented by a registered Global Note, upon receipt of any payment on the Notes, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered Global Note as shown on the records of the depository. BDC also expects that payments by participants to owners of beneficial interests in a registered Global Note held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts or customers in bearer form or registered in "street name," and will be the responsibility of those participants.

Definitive Notes

If the depository for any of the Notes represented by a registered Global Note is at any time unwilling or unable to continue to properly discharge its responsibilities as depository, and a successor depository is not appointed by BDC within 90 days, BDC will issue Notes in definitive form in exchange for the registered Global Note that had been held by the depository.

In addition, BDC may at any time and in its sole discretion decide not to have any of the Notes represented by one or more registered Global Notes. If BDC makes that decision, BDC will issue Notes in definitive form in exchange for all of the registered Global Notes representing the Notes.

Except in the circumstances described above, beneficial owners of the Notes will not be entitled to have any portions of such Notes registered in their name, will not receive or be entitled to receive physical delivery of the Notes in certificated, definitive form and will not be considered the owners or holders of a Global Note.

Any Notes issued in definitive form in exchange for a registered Global Note will be registered in the name or names that the depository gives to BDC or its agent, as the case may be. It is expected that the depository's instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered Global Note that had been held by the depository.

The text of any Notes issued in definitive form will contain such provisions as BDC may deem necessary or advisable. The Paying and Transfer Agent will keep or cause to be kept a register in which will be recorded registrations and transfers of Notes in definitive form if issued. Such register will be kept at the offices of the Paying and Transfer Agent, or at such other offices notified by BDC to Investors.

No transfer of a definitive Note will be valid unless made at such offices upon surrender of the certificate in definitive form for cancellation with a written instrument of transfer in form and as to execution satisfactory to BDC or its agent, and upon compliance with such reasonable conditions as may be required by BDC or its agent and with any requirement imposed by law and entered on the register.

Payments on a definitive Note, if issued, will be made by cheque mailed to the applicable registered Investor at the address of the Investor appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Investor at least five Business Days before the date of the payment and agreed to by BDC, by electronic funds transfer to a bank account nominated by the Investor with a bank in Canada. Payment under any definitive Note is conditional upon the Investor first delivering the Note to the Paying and Transfer Agent who reserves the right on behalf of BDC, in the case of payment of the Variable Interest prior to the Maturity Date, to mark on the Note that Variable Interest has been paid in full or in part (as the case may be), or, in the case of payment of Variable Interest and the Principal Amount under the Note in full at any time, to retain the Note and mark the Note as cancelled.

Status

The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes have not been rated by S&P, Moody's or any other rating agency. As at the date hereof, the obligations of BDC with a term to maturity in excess of one year in Canadian currency were rated AAA by S&P and Aaa by Moody's. A rating is not a recommendation to buy, sell or hold an investment. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority. **Investors will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act (Canada)*.**

RELATED MATTERS

Plan of Distribution

Pursuant to an agreement between BDC and BMO Nesbitt Burns Inc. (the "Selling Agent"), the Selling Agent has agreed to offer Notes for sale as agent of BDC on a best efforts basis, if, as and when issued by BDC.

Each Note will be issued at 100% of the Principal Amount thereof (i.e., \$100.00). A maximum of \$75,000,000 of Notes (or such greater amount as may be agreed between BDC and the Selling Agent) will be issued by BDC on the Issue Date. The issue price was determined by negotiation between BDC and the Selling Agent. The Selling Agent will be paid an upfront commission of four percent (4.00%) of the Principal Amount. Commissions paid to the Selling Agent will not factor into the formula for, or affect the potential amount of, Variable Interest payable to the Investors. The Selling Agent may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Selling Agent out of its own fees. The payment of additional amounts in respect of selling commissions, trailer fees and any similar amounts payable by Franklin Templeton to selling group members will be determined through negotiations between such selling group members, and the Selling Agent. While the Selling Agent has agreed to use its best efforts to sell the Notes offered hereby, the Selling Agent will not be obligated to purchase any Notes which are not sold. For greater certainty, BMO Nesbitt Burns may purchase Notes offered hereby as principal.

Dealers may from time to time purchase and sell Notes in any available secondary market but are not obligated to do so. The offering price and other selling terms for such sales in a secondary market may, from time to time, be varied by such dealers. BDC will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. The Selling Agent will have the right, in its discretion reasonably exercised, without notice to BDC, to reject any offer to purchase Notes received by it in whole or in part.

BDC reserves the right to issue additional Notes of this series, and other debt securities which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by BDC concurrently with the offering of the Notes. BDC further reserves the right to purchase for cancellation at its discretion any amount of Notes in the secondary market, without notice to the Investors in general.

Dealings With Franklin Templeton and the Fund

Each of the Selling Agent, the Calculation Agent, the Paying and Transfer Agent and BDC and any of their respective affiliates, may from time to time, in the course of its normal business operations, hold interests linked to the Fund or hold securities of, extend credit to or enter into other business dealings with Franklin Templeton, the Fund or one or more of the companies whose securities are owned by the Fund, including as a counterparty under hedging arrangements relating to the Notes. Each has agreed that all such actions taken by it shall be taken based on normal commercial criteria in the particular circumstances, which may include payment of trailer fees and shall not take into account the effect, if any, of such actions on the NAV of Units of the Fund or the amount of Variable Interest that may be payable on the Notes.

Secondary Trading of Notes

An Investor cannot elect to receive Variable Interest before the Maturity Date or redeem Notes (unlike the ability of a holder of units of a mutual fund to redeem his or her units). The Notes will not be listed on any stock exchange. However, Notes purchased through FundSERV may be redeemed in FundSERV, which would be a sale to BMO Nesbitt Burns in the secondary market. BMO Nesbitt Burns, subject to normal market conditions, will use reasonable

efforts to maintain a liquid secondary market for the Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. Therefore, there can be no assurance that a secondary market will be available or that such market will be liquid or sustainable. See also “FundSERV” below for details in respect of secondary market trading where the Notes are held through participants in FundSERV. The sale of a Note to BMO Nesbitt Burns will be effected at a price equal to (i) the bid price for the Note, minus (ii) any applicable Early Trading Charge.

The bid price of a Note at any time will be dependent upon a number of factors, which may include: (i) how much the NAV of the Fund has risen or fallen since the Issue Date, and the performance of the Fund up to such time; (ii) the fact that the \$100.00 Principal Amount of the Note is payable on the Maturity Date regardless of the performance of Units of the Fund up to such time or at any time thereafter; (iii) the fact that the Fund Return is determined by averaging the Fund’s Total Return on Averaging Dates occurring during the term of the Note, and (iv) a number of other interrelated factors, including, without limitation, volatility in the NAV of Units of the Fund, prevailing interest rates, the time remaining to the Maturity Date, and the market demand (if any) for the Notes. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. In particular, Investors should realize that any trading price for the Notes, (a) may have a non-linear sensitivity to the rises and falls in the NAV of the Fund (i.e., the trading price of a Note will increase and decrease at a different rate compared to the percentage increases and decreases in the NAV of the Fund) and (b) may be substantially affected by changes in the level of interest rates independent of performance of Units of the Fund.

The Early Trading Charge will apply during the first 720 days and will be equal to the percentage of the Principal Amount of the Note, determined as follows:

<i>If Sold Within</i>	<i>Early Trading Charge</i>
90 days	5.70%
180 days	5.00%
270 days	4.30%
360 days	3.60%
450 days	2.90%
540 days	2.20%
630 days	1.50%
720 days	0.80%
Thereafter	Nil

An Investor should be aware that any valuation price for the Notes appearing in his or her periodic investment account statements, as well as any bid price quoted to the Investor to sell his or her Notes, within the first 720 days, will be before the application of any applicable Early Trading Charge. An Investor wishing to sell a Note prior to maturity should consult his or her investment advisor on whether a sale of the Note will be subject to an Early Trading Charge and, if so, the amount of the Early Trading Charge.

An Investor should consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell the Notes (assuming the availability of a secondary market) or hold the Notes until the Maturity Date. An Investor should also consult his or her tax advisor as to the tax consequences arising from a sale of a Note prior to the Maturity Date as compared to holding the Note until the Maturity Date. See “CANADIAN FEDERAL INCOME TAX CONSIDERATIONS” below.

BDC or BMO Nesbitt Burns, or any of their respective affiliates, associates or successors, may at any time, subject to applicable laws, purchase Notes at any price in the open market or by private agreement.

Notification

All general notices to Investors regarding the Notes will be valid and effective (i) if such notices are given (which notice may be given by wire or fax) to CDS and the relevant CDS Participants; or (ii) in the case where the Notes are directly registered in the Investors’ names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Investors.

All notices to BDC regarding the Notes will be valid and effective if such notices are mailed or otherwise delivered to Business Development Bank of Canada, 5 Place Ville Marie, Suite 400, Montreal, Quebec H3B 5E7 – Attention: Vice-President and Treasurer.

Modifications of the Notes

The Global Note may be amended without the consent of the Investors if in BDC’s reasonable opinion the amendment would not materially and adversely affect the rights of the Investors. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of Investors holding Notes representing not less than 66 2/3% of the outstanding aggregate Principal Amount of the Notes represented for the purpose of considering the resolution. Each Investor is entitled to one vote per \$100.00 of Principal Amount held for

the purpose of voting at meetings convened for this purpose. The Notes do not carry the right to vote in any other circumstances.

Calculation Agent

"Calculation Agent" means the calculation agent for the Notes appointed by BDC from time to time. The Calculation Agent initially will be BMO Nesbitt Burns, whose address is 1 First Canadian Place, 3rd Floor Podium, Toronto, Ontario M5X 1H3 – Attention: Managing Director, Equity Derivatives.

Paying and Transfer Agent

"Paying and Transfer Agent" means the paying and transfer agent for the Notes appointed by BDC from time to time. The Paying and Transfer Agent initially will be BMO Nesbitt Burns., whose address is 1 First Canadian Place, 3rd Floor Podium, Toronto, Ontario M5X 1H3 – Attention: Managing Director, Equity Derivatives.

FundSERV

Investors may purchase Notes through dealers and other firms that facilitate purchase and related settlement through a clearing and settlement service operated by FundSERV Inc. ("FundSERV"). The following information about FundSERV is pertinent for such Investors. Investors should consult with their financial advisors as to whether their Notes have been purchased through FundSERV and to obtain further information on FundSERV procedures applicable to those Investors.

Where an Investor's purchase order for Notes is effected by a dealer or other firm through FundSERV, such dealer or other firm may not be able to accommodate a purchase of Notes through certain registered plans for purposes of the Tax Act. Investors should consult their financial advisors as to whether their orders for Notes will be made through FundSERV and any limitations on their ability to purchase Notes through registered plans.

General Information

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with online order access to such financial products. FundSERV was originally designed and is operated as a mutual fund communications network facilitating members in electronically placing, clearing and settling mutual fund orders. In addition, FundSERV is currently used in respect of other financial products that may be sold by financial planners, such as the Notes. FundSERV enables its participants to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

Notes Held Through BMO Nesbitt Burns, a CDS Participant

As stated above, all Notes will initially be issued in the form of a fully registered Global Note that will be deposited with CDS. Notes purchased through FundSERV (the "FundSERV Notes") will also be evidenced by the Global Note as are all other Notes. See "DESCRIPTION OF THE NOTES – *Book – Entry System*" above for further details on CDS as a depository and related matters with respect to the Global Note. Investors holding FundSERV Notes will therefore have an indirect beneficial interest in the Global Note. That beneficial interest will be recorded in CDS as being owned by the Paying and Transfer Agent as a direct participant in CDS. The Paying and Transfer Agent will record or cause to be recorded respective beneficial interests in the FundSERV Notes which recordings will be made as instructed through FundSERV by the Investor's financial advisor.

Purchase Through FundSERV

In order to purchase FundSERV Notes, the full aggregate Principal Amount therefor must be delivered to the Paying and Transfer Agent in immediately available funds at least three Business Days prior to the Issue Date. Despite delivery of such funds, the Paying and Transfer Agent reserves the right not to accept any offer to purchase FundSERV Notes. If the FundSERV Notes are not issued to the Investor for any reason, such funds will be returned forthwith to the Investor. In any case, whether or not the FundSERV Notes are issued, no interest or other compensation will be paid to the Investor on such funds.

Sale Through FundSERV

An Investor wishing to sell FundSERV Notes prior to the Maturity Date is subject to certain procedures and limitations. Any Investor wishing to sell a FundSERV Note should consult with his or her financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. An Investor must sell FundSERV Notes by using the "redemption" procedures of FundSERV; any other sale or redemption is not possible. Accordingly, an Investor will not be able to negotiate a sale price for FundSERV Notes. Instead, the financial advisor for the Investor will need to initiate an irrevocable request to "redeem" the FundSERV Note in accordance with the then established procedures of FundSERV. Generally, this will mean the financial advisor will need to initiate the redemption request by 1:00 p.m. (Toronto time) on a Business Day (or such other time as may hereafter be established by FundSERV). Any request received after such time will be deemed to be a request sent and received on the next following Business Day. Sale of the FundSERV Note will be effected at a sale price equal to (i) the FundSERV "net asset value" of a Note as of the close of business on the applicable Business Day as posted or

arranged to be posted to FundSERV by the Paying and Transfer Agent minus (ii) any applicable Early Trading Charge (as outlined above under See "RELATED MATTERS – *Secondary Trading of Notes*"). The Investor should be aware that, although the "redemption" procedures of FundSERV would be utilized, the FundSERV Notes of the Investor will not be redeemed by BDC, but rather will be sold in the secondary market to BMO Nesbitt Burns. In turn, BMO Nesbitt Burns will be able to deal with such FundSERV notes in its discretion, including to sell those FundSERV Notes to other parties at any price or to hold them in its inventory.

Investors should also be aware that from time to time such "redemption" mechanism to sell FundSERV Notes may be suspended for any reason without notice, thus effectively preventing Investors from selling their FundSERV Notes. Potential Investors requiring liquidity should carefully consider this possibility before purchasing FundSERV Notes.

The Paying and Transfer Agent is required to post or arrange to be posted a "net asset value" for the Notes on a daily basis, which value may also be used for valuation purposes in any statement sent to Investors. See the second paragraph under the heading See "RELATED MATTERS – *Secondary Trading of Notes*" above, for some of the factors that will determine the "net asset value" or the bid price of the Notes at any time. The sale price will actually represent BMO Nesbitt Burns's bid price for the Notes (i.e., the price it is offering to purchase Notes in the secondary market) as of the close of business for the applicable Business Day, less any applicable Early Trading Charge. There is no guarantee that the sale price for any day is the highest bid price possible in any secondary market for the Notes, but will represent BMO Nesbitt Burns's bid price generally available to all Investors as at the relevant close of business, including clients of BMO Nesbitt Burns.

An Investor holding FundSERV Notes should realize that in certain circumstances FundSERV Notes may not be transferable to another dealer, if the Investor were to decide to move his or her investment accounts to such other dealer. In that event, the Investor would have to sell the FundSERV Notes pursuant to the procedures outlined above.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McMillan Binch LLP, counsel to BMO Nesbitt Burns, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Notes by an Investor who purchases Notes at the time of their issuance. This summary is applicable to an Investor who is an individual (other than a trust) and who, for the purposes of the Tax Act is, or is deemed to be, a resident of Canada, deals at arm's length with and is not affiliated with BDC, and holds Notes as capital property. This summary does not apply to an Investor that is a "financial institution" as defined for the purposes of the rules in the Tax Act governing securities held by financial institutions.

The Notes will generally be capital property to an Investor unless: (i) the Investor holds such Notes in the course of carrying on a business; or (ii) the Investor acquired such Notes in a transaction or transactions considered to be an adventure in the nature of trade. Certain Investors resident in Canada whose Notes might not otherwise qualify as capital property or who would like certainty with respect to the treatment of the Notes as capital property may be entitled to make an irrevocable election to have the Notes and all of the Investor's other Canadian securities deemed to be capital property pursuant to subsection 39(4) of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder as in force on the date of this Information Statement, counsel's understanding of the current administrative and assessing practices of the Canada Revenue Agency (the "CRA") and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof. No assurance can be given that any proposals to amend the Tax Act and regulations will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative or assessing practices, whether by legislative, governmental or judicial action. This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Notes, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be relied upon or construed as, legal or tax advice to any Investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of acquiring, holding and disposing of the Notes, based on their particular circumstances.

Variable Interest

In certain circumstances, provisions of the Tax Act deem an amount to accrue as interest annually on a “prescribed debt obligation” (as defined for purposes of the Tax Act). Based in part on counsel’s understanding of the CRA’s administrative practice with regard to “prescribed debt obligations”, there should be no deemed accrual of interest on the Notes under these provisions for taxation years ending before the taxation year in which the Notes mature provided no Extraordinary Event has occurred. As a result, an Investor who holds a Note at the Maturity Date will be required to include in his or her income for the taxation year which includes the Maturity Date, the amount, if any, by which the amount payable exceeds the Principal Amount. If an Extraordinary Event occurs, the amount of any variable interest will be required to be included in the Investor’s income in the year in which the Variable Interest is received.

Disposition of Notes

Under the terms of the Notes, although there should be no amount that will be treated as accrued interest on an assignment or transfer of a Note prior to the Maturity Date, it is possible that a portion of an Investor’s sale proceeds in excess of the Principal Amount could be determined to be received on account of income. In the absence of such a determination and except as described above regarding a payment at Maturity, while the matter is not free from doubt, an amount received by an Investor on a disposition or a deemed disposition of a Note should give rise to a capital gain (or capital loss) to such Investor at such time to the extent such amount exceeds (or is less than) the aggregate of such Investor’s adjusted cost base of the Note and any reasonable costs of disposition. Investors who dispose of a Note should consult their own tax advisor with respect to their particular circumstances.

One-half of a capital gain realized by an Investor must be included in the income of the Investor. One-half of a capital loss realized by an Investor is deductible against the taxable portion of capital gains realized in the year, in the three preceding years or in subsequent years, subject to the detailed rules in the Tax Act.

Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Eligibility for Investment by Registered Plans

In the opinion of McMillan Binch LLP, counsel to BMO Nesbitt Burns, the Notes, if issued on the date hereof, would be qualified investments under the 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 trust governed by a deferred profit sharing plan to which contributions are made by BDC or a person or partnership with which BDC does not deal at arm’s length within the meaning of the Tax Act), and the Notes would not constitute foreign property for the purposes of Part XI of the Tax Act.

Where an Investor’s purchase order for Notes is effected through dealers and other firms that place and clear orders for Notes through FundSERV, such dealers or other firms may not be able to accommodate a purchase of Notes through certain registered plans. Investors should consult their financial advisors as to whether their orders for Notes will be made through FundSERV and any limitations on their ability to purchase Notes through registered plans.

THE FUND

The return of the Notes is linked to the performance of Units of the Bissett Income Fund managed by Franklin Templeton Investments Corp.

An Investor has no interest in Units of the Fund, but has an entitlement under the Notes, enforceable against BDC, the value of which is determined with reference to the economic performance of the Units of the Fund, based on the NAV, subject to certain adjustments and otherwise calculated as described under “VARIABLE INTEREST CALCULATION”. The amount of Variable Interest payable under the Notes may be less than the amount that would be earned if the Investor had invested directly in Units of the Fund.

All information in this Information Statement relating to the Fund is derived from publicly available sources and is presented in this Information Statement in summary form. As such, none of BDC, the Selling Agent, the Paying and Transfer Agent, the Calculation Agent or any investment dealer, broker or agent selling the Notes assumes any responsibility for the accuracy or completeness of such information, or accepts responsibility for the calculation of the NAV of Units of the Fund or the provision of any future information in respect of the Fund. Nor will such persons have any duty or obligation to update such information up to or after the issue date. The current simplified prospectus and certain other information in respect of the Fund may be obtained at www.sedar.com. The SEDAR internet address is included in this Information Statement as an inactive textual reference only. Only those portions of the simplified prospectus that apply to the Fund, together with the documents incorporated by reference in the simplified prospectus to the extent applicable to the Fund, will be relevant to an Investor in the Notes. The following information is taken from the simplified prospectus applicable to the Fund dated May 28, 2004, as amended to the date of this Information Statement.

Who Manages the Fund?

Franklin Templeton Investments Corp. is part of a global investment organization known as Franklin Templeton Investments with over C\$461.7 billion in assets under management as of July 31, 2004. Bissett Investment Management ("Bissett"), the portfolio advisor to the Fund, is an operating division of Franklin Templeton Investments Corp.

Management Philosophy

For over 20 years, Bissett has been applying a disciplined team approach to managing equity, income and balanced portfolios. Bissett's equity and income teams meet biweekly to discuss their on-going asset mix and security recommendations with Bissett's Investment Committee. The consultative approach to portfolio construction ensures investment style consistency across all Bissett funds and results in consistent, superior risk adjusted returns.

What does the Fund Invest in?

Investment Objective and Strategies

The Fund seeks a high level of after tax cash flow by investing primarily in income producing Canadian securities including income trusts, common shares, preferred shares and fixed income instruments.

The Fund:

- balances investments in high yielding trusts which return capital with lower yielding growth oriented trusts;
- may invest in foreign equity or fixed income securities up to the limits allowed for registered plans (currently 30% of the Fund's assets);
- may hold a portion of its assets in cash, money market securities or money market mutual funds while seeking investment opportunities or for defensive purposes;
- may engage in securities lending, repurchase and reverse repurchase transactions as well as derivatives including forward contracts, calls, puts and swaps. These transactions and derivatives will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieving the Fund's overall investment objectives and enhancing the Fund's returns as permitted by securities regulations.

Changes to a Fund's Investment Objective

The investment objective of the Fund cannot be changed without the approval of a majority of the holders of its units at a meeting called to consider the change. However, Investors in the Notes will not have any right to participate in such a meeting or otherwise have any rights in respect of the units of the Fund. A change in the Fund's investment objectives may constitute an Extraordinary Event under "DESCRIPTION OF THE NOTES – *Special Circumstances – Extraordinary Event May Trigger Early Variable Interest*".

Top 10 Holdings of the Fund

The following investments represent the top 10 holdings of the Bissett Income Fund as at July 31, 2004.

<i>Investment</i>	<i>% of Assets</i>
RioCan Real Estate Investment Trust	4.86
Superior Plus Income Fund	4.72
Davis + Henderson Income Fund	4.61
Canadian Real Estate Investment Trust	4.48
BFI Canada Income Fund	4.30
ARC Energy Trust	4.26
Inter Pipeline Fund	4.02
Pembina Pipeline Income Fund	3.99
Canadian Hotel Income Properties Real Estate Investment Trust	3.98
Connors Bros. Income Fund	3.83

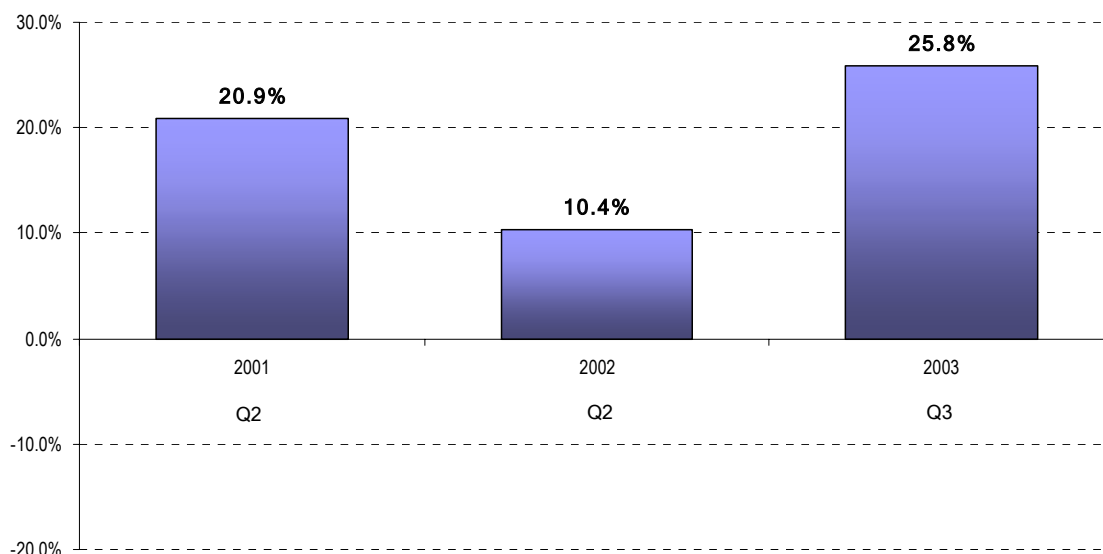
Aggregate % of Top Ten Holdings = 43.05%

Past Performance

The following chart contains historical returns of the Fund and is not intended to be, nor should it be construed to be, an indication as to the future returns or volatility of the Fund. The following chart assumes that all distributions or dividends were reinvested in additional Units of the Fund and do not include any applicable sales charges or taxes, which would have reduced returns. Returns are shown after the payment of expenses of the Fund.

This bar chart shows how the Fund's annual return changes each year. It shows the percentage change in an investment from January 1 to December 31 of each year. The offering of Series A units started on November 24, 2000. Variable Interest on a Note is based on the Fund Return. The Fund Return for the Fund is the average of the Fund's total return measured from the Issue Date to each of 20 quarterly Averaging Dates from and including February 10, 2005 to and including November 5, 2009. Consequently, the Fund Return, and hence Variable Interest, generally will not be equal to the total return of the Fund over the full term of the Notes.

PERFORMANCE
YEAR-BY-YEAR PERFORMANCE & QUARTILE RANKINGS: SERIES A UNITS



* References to "Q" in the above chart are to the quartile rankings of the Fund in terms of performance among the Canadian income trust funds ranked by Morningstar Canada®.

RISK FACTORS

An investment in the Notes is subject to certain risk factors which prospective investors should consider before purchasing such securities. Specific considerations should include:

Suitability of Notes for Investment

A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of their investment objectives and the information set out in this Information Statement. For instance, an investment in a Note is not suitable for a person looking for a guaranteed interest yield or an instrument that pays interest periodically. BDC makes no recommendation as to the suitability of the Notes for investment.

Interest May Not be Payable

The Variable Interest payable under the Notes, if any, is uncertain and is linked to the performance of Units of the Fund. The Notes will NOT directly track the performance of the Fund, and Investors will not have any ownership interest or related rights (including, without limitation, any voting rights) in Units of the Fund. There is a possibility that no amount of Variable Interest will be payable, with the result that an Investor may only receive the Principal Amount of \$100.00 per Note at maturity. In all cases, an Investor will be entitled to receive the full amount of their principal invested at maturity. See "VARIABLE INTEREST CALCULATIONS" above.

Averaging Dates

Variable Interest is based on the Fund Return. Generally stated, the Fund Return for the Fund will be determined by averaging the Fund's total return measured from the Issue Date to each of 20 quarterly Averaging Dates, from and including February 10, 2005 to and including November 5, 2009. The Fund Return, and hence Variable Interest, generally will NOT be equal to the total return of the Fund over the full term of the Notes.

Risk Factors Relating to the Fund

The amount of Variable Interest, if any, payable on the Notes is linked to the performance of the Fund. Accordingly, certain risk factors applicable to investors who invest directly in Units of the Fund are also applicable to an investment in Notes to the extent that such risk factors could adversely affect the performance of the Fund. Such risk factors may include equity risk (in the case of equity investments, factors which may cause the price of the stock to rise or fall), foreign investment risk (in the case of investments in foreign companies, factors relating to the country or countries in which a foreign company operates), interest rate risk (in the case of investments in fixed income instruments, factors which might cause interest rates to rise or fall, since the value of fixed income instruments varies inversely with interest rates) and foreign currency risk (in the case of foreign investments made in a currency other than the Canadian dollar, factors affecting the exchange rate between that currency and the Canadian dollar). A complete description of those risks as they apply to the Fund is contained in the current simplified prospectus of the Fund which may be obtained at www.sedar.com.

The NAV of the Fund

The trading prices of the securities comprising the assets of the Fund from time to time will determine the NAV of the Units of the Fund. Other activities of the Fund may impact on the value of Units, including the Fund's management fee. See "THE FUND" and disclosure filed by the Fund and obtained at www.sedar.com.

Investors should recognize that it is impossible to know whether the value of the securities comprising the assets of the Fund at any time will rise or fall and whether the investment decisions of the manager of the Fund will prove to be successful. Trading prices of the securities comprising the assets of the Fund will be influenced by complex and inter-related political, economic, financial and other factors that can affect the capital markets generally or the equity trading markets on which the securities comprising the assets of the Fund are trading. Investors should familiarize themselves with the basic features of the Units of the Fund, including the general method of calculating the NAV.

Secondary Market

The Principal Amount and Variable Interest, if any, per Note are only payable at maturity (subject, in the case of Variable Interest, to early payment as a result of the occurrence of an Extraordinary Event). An Investor cannot elect to receive Variable Interest prior to maturity. While BMO Nesbitt Burns, subject to normal market conditions, will endeavour to provide a secondary market, there is no assurance that such market will be liquid or sustainable and BMO Nesbitt Burns reserves the right not to do so in the future in its sole discretion, without prior notice to Investor. As such, there is no assurance that a secondary market through which the Notes may be sold will develop or, if such market develops, whether such market will be liquid or sustainable. Any secondary trading price will be dependent on many factors and their interrelationship. In particular, Investors should realize that any trading price (i) would be expected to have a low sensitivity to the rises and falls in the NAV of the Fund (i.e., the trading price of a Note will increase and decrease at a different rate compared to the percentage increases and decreases in the NAV of the Fund) and (ii) may be substantially affected by changes in the level of interest rates independent of the performance of Units of the Fund. Prior to maturity the Notes could trade above or below their \$100.00 Principal Amount. **The Notes will not be listed on any exchange. An Investor who sells a Note prior to the Maturity Date will have to pay an Early Trading Charge of up to 5.70% of the Principal Amount, initially, reducing quarterly to 0% after 720 days.** Consequently, the Notes should not be viewed as trading instruments. See "RELATED MATTERS – Secondary Trading of Notes".

No Ownership of Units

The Notes will not entitle an Investor to ownership of or entitlement to Units of the Fund or to the securities comprising the assets of the Fund. As such, an Investor will not be entitled to the rights and benefits of a unitholder or a securityholder, including any right to receive distributions or dividends or to vote at or attend meetings of unitholders or securityholders.

Owning the Notes is different from owning Units of the Fund. The Notes do not represent a direct substitute for an investment in the Fund. Investing in the Notes provides the opportunity to participate in the value of the Fund, while guaranteeing at maturity repayment of the Principal Amount invested in each Note. As such, the Notes serve as a way of participating in the appreciation in the value of the Fund, while assuring the ultimate return of the Principal Amount invested.

Tax Considerations

Each Investor should consult with his or her own tax advisor with respect to his or her individual tax position. General tax considerations relevant to an initial purchaser of Notes are summarized under “CANADIAN FEDERAL INCOME TAX CONSIDERATIONS”. The Notes are RRSP, RRIF, RESP and DPSP eligible and are not foreign property for purposes of the Tax Act. See “CANADIAN FEDERAL INCOME TAX CONSIDERATIONS—*Eligibility for Investment by Registered Plans*”.

No CDIC Protection

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada). Therefore an Investor will not be entitled to CDIC protection.

Market Disruption Event/Extraordinary Event

If a Market Disruption Event occurs on a day on which the NAV of Units of the Fund is to be determined for the purposes of calculating Variable Interest, the determination of that NAV will be postponed to a later date. Fluctuations in the NAV of Units of the Fund may occur in the interim. The occurrence of an Extraordinary Event may result in the selection of a Replacement Fund to replace the Fund or may accelerate the payment of Variable Interest, if any, in which case the amount of Variable Interest will be determined in an alternate manner by the Calculation Agent. In no event will the Principal Amount of a Note be paid prior to Maturity Date. See “DESCRIPTION OF THE NOTES – *Special Circumstances*”.

No Periodic Distributions

Variable Interest will be calculated by reference to the average of the Fund’s Total Returns as adjusted to take into account the proceeds of any net distributions paid to holders of Units of the Fund made from the issue date to each of 20 quarterly Averaging Dates. As such, the calculation of Variable Interest reflects, on a total return basis, an amount that takes into account the value of distributions declared and payable on Units of the Fund. These adjustments are designed so that Investors will have a substantially similar economic benefit as if net distributions received on the underlying notional investment in a Fund were immediately reinvested in Units of the Fund. Investors will not be entitled to a cash distribution or other return tracking distributions on the Units of the Fund, other than to the extent that such distributions increase the amount of Variable Interest, if any, ultimately paid by BDC on maturity. See “VARIABLE INTEREST CALCULATION”.

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