

# **Information Statement**

**Dated June 2, 2004**

**BUSINESS DEVELOPMENT BANK OF CANADA**



**COMMODITY-LINKED DEPOSIT NOTES,  
SERIES 1**

**Due June 25, 2009**

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**Price: \$100.00 per Deposit Note**

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*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 Deposit Notes (as defined below) are true and accurate in all material aspects 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 related global deposit note lodged with a depository or other definitive replacement deposit note therefor,*

*in connection with the offering or sale of the Deposit 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 Deposit 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 Business Development Bank of Canada since the date hereof. This Information Statement does not constitute an offer or invitation by anyone in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation.*

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

*The Deposit Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and the Deposit 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 references to "\$" are to Canadian dollars.*

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

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**Dated June 2, 2004**

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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 the Information Statement. See page 16 for an index of defined terms.

Commodity-Linked Deposit Notes, Series 1, (each a "Deposit Note") are issued by Business Development Bank of Canada. The return on the Deposit Note is linked to the performance of the following commodities: copper, aluminum, crude oil and natural gas (each, a "Commodity" and collectively, the "Commodities").

On the maturity of the Deposit Notes, for each Deposit Note held by the Investor, the Investor will receive in Canadian dollars (i) the Principal Amount of the Deposit Note, plus (ii) an amount of interest, if any, equal to the Principal Amount times the Commodity Portfolio Return times a Participation Rate of 200%. The Commodity Portfolio Return is equal to the greater of the sum of the equally-weighted Commodity Returns, and zero. Generally stated, the Commodity Return for a Commodity will be that Commodity's percentage gain or loss measured from its Initial Price (determined on June 21, 2004) to its Final Price (determined on the second Commodity Business Day immediately prior to the Maturity Date). **If the sum of the equally-weighted Commodity Returns is not greater than zero, then the Commodity Portfolio Return will be zero, and no Variable Interest will be paid.**

**Issuer:** The Deposit Notes will be issued by Business Development Bank of Canada, an agent of Her Majesty in right of Canada ("BDC").

**Principal Amount:** The Deposit Notes will be sold in a denomination of \$100.00 per Deposit Note (the "Principal Amount"), with a minimum subscription of fifty (50) Deposit Notes per holder (each an "Investor").

<b>Issue Price:</b>	<u>Price to the Investor</u> <sup>(1)</sup>	<u>Selling Agent's Commission</u>	<u>Proceeds to BDC</u> <sup>(2)</sup>
	\$100.00 (Par) per Deposit Note	\$3.75	\$96.25

(1) The price to be paid by each Investor upon issuance (the "Issue Price") has been determined by negotiation between BDC and CIBC World Markets 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 its general funds.

**Issue Date:** The Deposit Notes will be issued on or about June 25, 2004 (the actual date of issuance being the "Issue Date").

**Maturity Date/Term:** The Deposit Notes will mature on or about June 25, 2009 (the "Maturity Date"), resulting in a term to maturity of approximately 5 years.

**Amounts Payable At Maturity:**

The amount payable in respect of each Deposit Note held by an Investor on the Maturity Date will be equal to the sum of (i) the Principal Amount, plus (ii) Variable Interest, if any (subject to the provisions outlined under "DESCRIPTION OF THE DEPOSIT NOTES- *Special Circumstances*" set out below).

**Principal Amount Payment:**

An Investor will be paid on the Maturity Date the full Principal Amount of \$100.00 per Deposit Note, regardless of the performance of the Commodities. The Deposit Notes cannot be redeemed or retracted prior to the Maturity Date.

**The Commodities:**

Variable Interest, if any, payable under the Deposit Notes is linked to the performance of the following commodities: copper, aluminum, crude oil and natural gas (each a "Commodity", and collectively the "Commodities"). Each Commodity is more completely described below under "THE Commodities".

**Variable Interest Payment:** An Investor will be paid interest ("Variable Interest"), if any, in Canadian dollars on the Maturity Date (subject to the provisions outlined under "DESCRIPTION OF THE DEPOSIT NOTES- *Special Circumstances*" set out below). An Investor cannot elect to receive Variable Interest prior to the Maturity Date.

Variable Interest, if any, per Deposit Note payable on the Maturity Date will be an amount equal to the result obtained using the following formula:

$$\text{Variable Interest} = \$100.00 \times \text{Commodity Portfolio Return} \times \text{Participation Rate}$$

Generally stated, the Commodity Portfolio Return will be the greater of (i) the sum of the equally-weighted Commodity Returns (positive and negative) measured in the case of each Commodity from its Initial Price on June 21, 2004 to its Final Price on the second Commodity Business Day immediately prior to the Maturity Date, and (ii) zero. If the sum of the equally-weighted Commodity Returns is not greater than zero, no Variable Interest will be paid. The Participation Rate will be 200%.

See "VARIABLE INTEREST CALCULATION" starting on page 3 below for the precise formula for determining Variable Interest, the related definitions and for two example calculations. Also see "DESCRIPTION OF THE DEPOSIT NOTES" starting on page 6 for further details.

**Special Circumstances:**

If a Market Disruption Event in respect of a Commodity occurs on a day on which the Initial Price or Final Price of such Commodity is to be determined for computing Variable Interest, determination of that Initial Price or Final Price will be postponed to a later date. In certain circumstances where there is no Initial Price or Final Price for a Commodity, the Calculation Agent (as defined below) may estimate its price. If a Market Disruption Event is continuing for eight consecutive Commodity Business Days, BDC may elect to accelerate the determination and payment of Variable Interest, if any, payable on the Deposit Notes. In certain circumstances, in lieu of accelerating the payment of Variable Interest, BDC may use an alternative Exchange or Price Source to determine the Reference Price of an affected Commodity, or replace the Reference Price for an affected Commodity with an alternative reference price or basis for determining the Reference Price of that Commodity.

**Eligibility for Investment:**

The Deposit Notes, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) 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 such Act), and the Deposit Notes would not constitute foreign property for the purposes of such Act.

**Secondary Market:**

CIBC World Markets Inc. will maintain a liquid secondary market for the Deposit Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to Investors. The Deposit Notes will not be listed on any stock exchange. An Investor who sells a Deposit Note to CIBC World Markets Inc. within the first 720 days will receive sales proceeds equal to the bid price for the Deposit Note minus any applicable Early Trading Charge. See "DESCRIPTION OF THE DEPOSIT NOTES— *Secondary Trading of Deposit Notes*" starting on page 7 below.

**Book-Entry Registration:**

The Deposit Notes will be evidenced by a single global deposit note held by a depository (initially being The Canadian Depository for Securities Limited), or its nominee on its behalf, as registered holder of the Deposit Notes. Registration of interests in and transfers of the Deposit 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 the depository evidencing the ownership thereof and no Investor will be shown on the records maintained by the depository except through an agent who is a participant of the depository. See "DESCRIPTION OF THE DEPOSIT NOTES— *Forms of the Deposit Notes*" starting on page 9 below.

**Status:**

The Deposit Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Deposit Notes will be issued on an unsubordinated basis and, as among themselves, the Deposit Notes will rank *pari passu* and will be payable rateably without any preference or priority. The Deposit Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

**Credit Rating:** The Deposit Notes have not been rated by DBRS, 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 were rated AAA by DBRS, AAA by S&P and Aaa by Moody's. There can be no assurance that, if the Deposit Notes were specifically rated by DBRS, S&P or Moody's, they would have the same rating as the long-term obligations of BDC. 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:** A person should consider carefully certain risk factors set out on page 17 before reaching a decision to buy the Deposit Notes.

## VARIABLE INTEREST CALCULATION

### ***How Variable Interest is Calculated***

Each Deposit Note will bear interest (referred to as Variable Interest), if any, payable in Canadian dollars, without any need for the Investor to elect or otherwise take any action. Variable Interest, if any, will be paid on the Maturity Date (subject to postponement of the determination of the amount of Variable Interest due to a Market Disruption Event).

Variable Interest, if any, per Deposit Note payable on the Maturity Date will be an amount in Canadian dollars equal to the result obtained using the following formula:

$$\text{Variable Interest} = \$100.00 \times \text{Commodity Portfolio Return} \times \text{Participation Rate}$$

*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 sum of the equally-weighted Commodity Returns is greater than zero.*

### ***Related Definitions***

"Banking Day" means a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for business in Toronto, Ontario, and (ii) BDC is open for business in Montreal, Quebec.

"Commodity Business Day" means, in respect of a Commodity, a day that is (i) a Banking Day, (ii) a day on which commercial banks are open for business (including dealings in U.S. dollars and U.S. dollar deposits) in the city where the applicable Exchange is located, (iii) in respect of a Commodity for which the Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the applicable Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time, and (iv) in respect of a Commodity for which the Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source for the Reference Price published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

"Commodity Return" means, for a Commodity, a number (which may be positive or negative), expressed as a percentage (rounded to two decimal places), determined as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

"Commodity Portfolio Return" means the greater of (i) the sum of the Commodity Weighted Returns for the Commodities, and (ii) zero.

"Commodity Weighted Return" means, in respect of a Commodity, a number (which may be positive or negative), expressed as a percentage (rounded to two decimal places), equal to the product of (i) the applicable Commodity Weighting and (ii) the Commodity Return for such Commodity.

"Commodity Weighting" means, in respect of a Commodity, one-quarter.

"Exchange" means, in respect of copper and aluminum, The London Metal Exchange or its successor, and in respect of crude oil and natural gas, the New York Mercantile Exchange or its successor, subject to the provisions below under "DESCRIPTION OF THE DEPOSIT NOTES— *Special Circumstances*".

"Final Price" for a Commodity means the Reference Price of that Commodity on the second Commodity Business Day for that Commodity immediately before the Maturity Date, subject to the provisions set out below under "DESCRIPTION OF THE DEPOSIT NOTES— *Special Circumstances*".

"Initial Price" for a Commodity means the Reference Price of that Commodity on June 21, 2004, subject to the provisions set out below under "DESCRIPTION OF THE DEPOSIT NOTES— *Special Circumstances*".

"Participation Rate" means 200%.

"Price Source" means, in respect of a Commodity, the publication (or such other origin of reference, including an Exchange) containing (or reporting) a Reference Price (or the information necessary for determining the Reference Price) for that Commodity, subject to the provisions below under "DESCRIPTION OF THE DEPOSIT NOTES— *Special Circumstances*".

"Reference Price" for a Commodity and for a particular day (a "Pricing Day") means, subject to the provisions below under "DESCRIPTION OF THE DEPOSIT NOTES— *Special Circumstances*":

- (a) for copper, that Pricing Day's settlement price per tonne of copper-Grade A on The London Metal Exchange Limited or its successor (the "LME") for delivery on the date that is three months following that Pricing Day, specified in U.S. dollars, as determined by the LME on that Pricing Day;
- (b) for aluminum, that Pricing Day's settlement price per tonne of high grade primary aluminum on the LME for delivery on the date that is three months following that Pricing Day, specified in U.S. dollars, as determined by the LME on that Pricing Day;
- (c) for crude oil, that Pricing Day's settlement price per barrel of light sweet crude oil on the New York Mercantile Exchange or its successor (the "NYMEX") of the first futures contract to expire following that Pricing Day, stated in U.S. dollars, as made public by the NYMEX on that Pricing Day; and
- (d) for natural gas, that Pricing Day's settlement price per one million British thermal units ("MMBTU") of natural gas on the NYMEX of the first Henry Hub Natural Gas futures contract to expire following that Pricing Day, stated in U.S. dollars, as made public by the NYMEX on that Pricing Day.

### **Example Calculations**

The examples set out below demonstrate how Variable Interest is to be calculated pursuant to the above formula and are included for illustration purposes only. The Final Prices of the Commodities used to illustrate the calculation of Variable Interest are not estimates or forecasts of the Final Prices of the Commodities.

**Example #1: Assumed Final Prices result in a positive Commodity Portfolio Return and, therefore, Variable Interest being paid.**

	<b>Copper</b>	<b>Aluminum</b>	<b>Crude Oil</b>	<b>Natural Gas</b>
<b>Initial Price</b>	US\$2,600.00	US\$1,650.00	US\$33.75	US\$5.250
<b>Final Price</b>	US\$4,498.00	US\$2,821.50	US\$55.01	US\$8.243
<b>Commodity Return</b>	73.00%	71.00%	62.99%	57.01%
<b>Commodity Weighted Return</b>	18.25%	17.75%	15.75%	14.25%
<b>Commodity Portfolio Return</b>	Commodity Portfolio Return = Total of Commodity Weighted Returns = 66.00%			
<b>Variable Interest</b>	Variable Interest = \$100.00 x Commodity Portfolio Return x Participation Rate = \$100.00 x 66.00% x 200% = \$132.00 The Investor would receive on the Maturity Date Variable Interest of \$132.00, plus the Principal Amount of \$100.00.			

**Example #2: Assumed Final Prices reflect negative aggregate performance of the Commodities resulting in no Variable Interest being payable.**

	<b>Copper</b>	<b>Aluminum</b>	<b>Crude Oil</b>	<b>Natural Gas</b>
<b>Initial Price</b>	US\$2,600.00	US\$1,650.00	US\$33.75	US\$5.250
<b>Final Price</b>	US\$1,976.00	US\$1,749.00	US\$42.86	US\$4.725
<b>Commodity Return</b>	-24.00%	6.00%	26.99%	-10.00%
<b>Commodity Weighted Return</b>	-6.00%	1.50%	6.75%	-2.50%
<b>Commodity Portfolio Return</b>	Commodity Portfolio Return = Total of Commodity Weighted Returns = -0.25% Accordingly, since that percentage is not greater than zero, the Commodity Portfolio Return would be nil.			

<b>Variable Interest</b>	Since the Commodity Portfolio Return is nil, no Variable Interest would be payable. However, the Investor would still receive the Principal Amount of \$100.00 on the Maturity Date.
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**Historical Example: The following shows the amount of Variable Interest that would have been paid had the Deposit Notes been issued on April 30, 1999 for a term maturing April 30, 2004 (i.e., a term of approximately 5 years).**

	<b>Copper</b>	<b>Aluminum</b>	<b>Crude Oil</b>	<b>Natural Gas</b>
<b>April 30, 1999</b>	US\$1598.50	US\$1370.00	US\$18.66	US\$2.253
<b>April 30, 2004</b>	US\$2644.00	US\$1668.50	US\$37.38	US\$5.860
<b>Commodity Return</b>	65.41%	21.79%	100.32%	160.19%
<b>Commodity Weighted Return</b>	16.35%	5.45%	25.08%	40.05%
<b>Commodity Portfolio Return</b>	Commodity Portfolio Return = Total of Commodity Weighted Returns = 86.93%			
<b>Variable Interest</b>	Variable Interest = \$100.00 x Commodity Portfolio Return x Participation Rate = $\$100.00 \times 86.93\% \times 200\% = \$173.86$ The Investor would have received on the Maturity Date Variable Interest of \$173.86, plus the Principal Amount of \$100.00.			

***Important: Historical performance of the Commodities or the Deposit Notes is not necessarily indicative of future performance of the Commodities or the Deposit Notes or how much Variable Interest may be payable on the Deposit Notes. Significant fluctuations in the Reference Prices of the Commodities may occur during the term of the Deposit Note.***

## **DESCRIPTION OF THE DEPOSIT NOTES**

### ***Issue***

Commodity-Linked Deposit Notes, Series 1, will be issued by BDC on the Issue Date. BDC reserves the right to limit the number of Deposit Notes to be issued as BDC may determine in its absolute discretion.

### ***Principal Amount and Minimum Subscription***

Each Deposit Note will be issued in a face amount of \$100.00. The minimum subscription per Investor will be fifty (50) Deposit Notes.

### ***Maturity & Repayment of Principal Amount***

Each Deposit Note matures on the Maturity Date, on which date, in respect of each Deposit Note then held by the Investor, the Investor will receive the Principal Amount (i.e., \$100.00 per Deposit Note). However, if the Maturity Date does not occur on a Banking Day, then the Maturity Date will be deemed to occur on the next following Banking Day and no additional interest or other compensation will be paid in respect of such postponement.

### ***Variable Interest***

Variable Interest, if any, payable on the Maturity Date will be determined by the Calculation Agent (as defined below) in accordance with the formula and related definitions specified under "VARIABLE INTEREST CALCULATION" starting on page 3 above.

**The amount of Variable Interest, if any, will depend upon the performance of the Commodities. It is possible that no Variable Interest will be payable; no Variable Interest will be paid if the sum of the Commodity Weighted Returns is equal to or less than zero.**

Variable Interest, if any, will be paid on the Maturity Date without any need for the Investor to elect or otherwise take any action (subject to the proviso below and the provisions outlined under "*Special Circumstances*" below). However, the timing and manner of determining Variable Interest may be affected by the occurrence of other events. Generally stated, the payment date for Variable Interest will be the Maturity Date. In no event will payment of any Variable Interest be made by BDC earlier than the Banking Day immediately following the determination of all Final Prices used in the calculation of Variable Interest.

Certain legislation in Canada may prohibit Investors from receiving a payment of interest at a rate in excess of 60% per annum. Accordingly, in order to protect Investors, in the event that the rate of Variable Interest payable on the Maturity Date would exceed 60% per annum (resulting in an interest payment of approximately \$948.58 per Deposit Note), BDC may elect to postpone the payment of that portion of Variable Interest that would result in the rate of interest exceeding 60% per annum (i.e., the amount of Variable Interest exceeding \$948.58 per Deposit Note). If such postponement occurs, the remaining amount of Variable Interest will be paid at the earliest time that would not result in the rate of remaining interest payable exceeding 60% per annum. No additional interest or other compensation will be paid in respect of such postponement.

A day on which the Initial Price or Final Price of a Commodity is scheduled to be determined for computing Variable Interest, or any other day on which the Reference Price of a Commodity is required to be determined, is referred to as a "Valuation Date". The occurrence of a Valuation Date is subject to the provisions set out below under "*Special Circumstances*".

## **Secondary Trading of Deposit Notes**

### **Secondary Market**

An Investor cannot elect to receive Variable Interest before the Maturity Date. The Deposit Notes will not be listed on any stock exchange. However, Investors may be able to sell them prior to maturity in any available secondary market. CIBC World Markets Inc. will maintain a liquid secondary market for the Deposit Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. The sale of a Deposit Note to CIBC World Markets Inc. will be effected at a price equal to (i) the bid price for the Deposit Note minus (ii) any applicable Early Trading Charge.

The bid price of a Deposit Note at any time will be dependent upon, among other things, (i) how much the forward prices of the Commodities have risen or fallen since the Issue Date, (ii) the fact that the \$100 Principal Amount of the Deposit Note is payable on the Maturity Date regardless of the Final Prices of the Commodities or the prices (including forward prices) of any Commodity at any time or up to such time, (iii) whether, at such time, the forward price of a Commodity is higher or lower than the Initial Price of the Commodity, and (iv) a number of other interrelated factors, including, without limitation, volatility in the forward prices of the Commodities, prevailing interest rates, the time remaining to the Maturity Date, and the market demand for the Deposit 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 Deposit Note. **In particular, Investors should realize that one important factor that will significantly affect the bid price of a Deposit Note at any time prior to maturity is the forward prices of the Commodities at that time. Generally speaking, the spot or cash prices of the Commodities will not have a material impact on the bid price of a Deposit Note until the Deposit Note is at or near maturity. In addition, any change in the relationship between the Initial Price of a Commodity and the forward price of the Commodity during the term of the Deposit Note will have a material impact on the secondary trading price of the Deposit Note.** Investors should also realize that the trading price, especially during the first few years of the term, (a) might have a non-linear sensitivity to the rises and falls in the prices of the Commodities (i.e., the trading price of a Deposit Note might increase and decrease at a different rate compared to the respective percentage increases and decreases in the prices of the Commodities) and (b) may be substantially affected by changes in the level of interest rates independent of the performance of forward prices of the Commodities.

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

<i>If Sold Within</i>	<i>Early Trading Charge</i>
90 days	5.40%
180 days	4.70%
270 days	4.10%
360 days	3.40%
450 days	2.70%
540 days	2.00%
630 days	1.40%
720 days	0.70%
Thereafter	Nil

An Investor should be aware that any valuation price for the Deposit Notes appearing on his or her monthly or quarterly investment account statement, as well as any bid price quoted to the Investor to sell his or her Deposit Notes within the first 720 days, will be before the application of any applicable Early Trading Charge. An Investor wishing to sell Deposit Notes prior to the Maturity Date should consult with his or her investment advisor on whether the Investor will bear the Early Trading Charge and, if so, how much it will be.

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 Deposit Note (assuming the availability of a secondary market) or hold the Deposit Note until the Maturity Date. An Investor should also consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Deposit Note until the Maturity Date (see "CANADIAN FEDERAL INCOME TAX CONSIDERATIONS" below).

### ***Special Circumstances***

#### ***Good Faith Determinations***

The Calculation Agent's calculations and determinations in respect of the Deposit Notes shall, absent manifest error, be final and binding on the Investors.

#### ***Market Disruption Event***

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

However, there will be a limit for postponement of any Valuation Date. If on the eighth Commodity 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 in respect of such Commodity on or after such eighth Commodity Business Day:

- (i) such eighth Commodity Business Day shall be the Valuation Date in respect of such Commodity, and
- (ii) where on that eighth Commodity Business Day a Market Disruption Event in respect of such Commodity has occurred and is continuing, then the Reference Price of such Commodity for such Valuation Date will be a level determined by the Calculation Agent as at such Valuation Date taking into consideration the last available Reference Price for that Commodity, the relevant market circumstances on the Valuation Date, and any other information that in good faith it deems relevant.

"Market Disruption Event" means, in respect of a Commodity, 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 a material adverse effect on the ability of commodity dealers generally to place, maintain or modify hedges of positions in respect of such Commodity. A Market Disruption Event may include, without limitation, any of the following events:

- (a) any failure of trading to commence, or the permanent discontinuation of trading, or any suspension of or limitation on trading of the Commodity or any futures or options contracts in respect of the Commodity on the applicable Exchange, or the occurrence of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Commodity on the applicable Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts in respect of the Commodity on the applicable Exchange (collectively, an "Exchange Disruption");
- (b) the failure of a Price Source for a Commodity to announce or publish the Reference Price for that Commodity (or the information necessary for determining the Reference Price), or the temporary or permanent discontinuance or unavailability of the Price Source (collectively, a "Price Source Disruption");
- (c) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which would make it unlawful or impracticable for BDC to perform its obligations under the Deposit Notes or for dealers generally to place, maintain or modify hedges of positions in respect of such Commodity;

- (d) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or a country in which any applicable Exchange is located; or
- (e) 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 BDC to perform its obligations under the Deposit Notes or of dealers generally to place, maintain or modify hedges of positions with respect to such Commodity or a material and adverse effect on the economy of the country where the Exchange is located or the trading of the Commodity or futures or options contracts in respect of the Commodity generally on the applicable Exchange.

***Adjustments Due To Material Change in Content of Commodity or Reference Price Determination***

If at any time prior to the Maturity Date there occurs a material change in the content, composition or constitution of the Commodity as specified by the applicable Exchange or Price Source for determining the Reference Price of that Commodity, or there is a material change in any formula for or the method of calculating such Reference Price, the Calculation Agent may make such adjustments, as the Calculation Agent reasonably determines appropriate, to the Initial Price of that Commodity and/or formula for determining the Commodity Portfolio Return to account for such material change.

***Extraordinary Event May Trigger Early Variable Interest***

If the Calculation Agent determines that one or more Market Disruption Events in respect of one or more Commodities has occurred and is continuing, and if any such Market Disruption Event has continued for at least eight consecutive Commodity Business Days (an "Extraordinary Event"), BDC may, at its option upon notice to the Investors to be given effective on a Commodity Business Day (the date of such notification being the "Extraordinary Event Notification Date"), elect to accelerate the determination and payment of Variable Interest, if any, on all outstanding Deposit Notes (and thus discharge its obligations in respect of Variable Interest). Upon such election, Variable Interest, if any, per Deposit Note will be determined and calculated as of the Extraordinary Event Notification Date, subject to the following:

- (i) The Final Price shall be determined as of the Extraordinary Event Notification Date;
- (ii) The Reference Price for a Commodity in respect of which the Market Disruption Event has occurred and is continuing shall be a value estimated by the Calculation Agent as at such date taking into consideration the last available Reference Price for that Commodity, the relevant market circumstances on the Extraordinary Event Notification Date, and any other information that in good faith it deems relevant; and
- (iii) The Calculation Agent shall make such adjustments, if any, to the formula for calculating Variable Interest as the Calculation Agent reasonably determines appropriate to account for the fact that, as a consequence of the occurrence and continuance of an Extraordinary Event, the Final Price is to be determined as of the Extraordinary Event Notification Date, rather than on the second Commodity Business Day prior to the Maturity Date had an Extraordinary Event not occurred.

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

In these circumstances, payment of the Principal Amount per Deposit Note will not be accelerated and will remain due and payable on the Maturity Date.

If the Calculation Agent determines that an Extraordinary Event has occurred in respect of one of more Commodities and the Extraordinary Event is the result of an Exchange Disruption or a Price Source Disruption, then, in lieu of accelerating the determination and payment of Variable Interest, BDC may, in consultation with the Calculation Agent, use an alternative Exchange or Price Source, as the case may be, to determine the Reference Price for the affected Commodity, or replace the Reference Price for an affected Commodity with an alternative reference price or basis for determining the reference price for that Commodity that, in the reasonable determination of the Calculation Agent, most closely approximates the Reference Price for that Commodity, and thereafter such alternative reference price or alternative basis for determining the reference price shall be the Reference Price for such Commodity.

***Forms of the Deposit Notes***

Each Deposit Note will generally be represented by a global deposit note representing the entire issuance of Deposit Notes. BDC will issue Deposit Notes evidenced by certificates in definitive form to a particular Investor only in limited circumstances. Any certificated Deposit Notes in definitive form and any global deposit 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 Deposit Notes if issued will name Investors or nominees as the owners of the Deposit Notes, and in order to transfer or exchange these definitive Deposit Notes or receive payments, the Investors or nominees (as the case may be) must physically deliver the Deposit Notes to Paying and Transfer Agent. A global deposit note will name a depository or its nominee as the owner of the Deposit Notes, initially to be The Canadian Depository for Securities Limited ("CDS") or its nominee. Each Investor's beneficial ownership of Deposit 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 Deposit Note or be affected by notice of any equity that may be subsisting with respect to any Deposit Note.

### ***Global Deposit Note***

BDC will issue the registered Deposit Notes in the form of a fully registered global deposit 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 Deposit Notes. Unless and until it is exchanged in whole for Deposit Notes in definitive registered form, the registered global deposit 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 deposit 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 deposit note, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective Principal Amounts of the Deposit Notes beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the Deposit Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global deposit 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 deposit note, that depository or its nominee, as the case may be, will be considered the sole owner or holder of the Deposit Notes represented by the registered global deposit note for all purposes. Except as described below, owners of beneficial interests in a registered global deposit note will not be entitled to have the Deposit Notes represented by the registered global deposit note registered in their names, will not receive or be entitled to receive physical delivery of the Deposit Notes in definitive form and will not be considered the owners or holders of Deposit Notes. Accordingly, each person owning a beneficial interest in a registered global deposit note must rely on the procedures of the depository for that registered global deposit 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 deposit note desires to give or take any action that a holder is entitled to give or take in respect of the Deposit Notes, the depository for the registered global deposit 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 Deposit Notes represented by a registered global deposit 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 deposit note. Neither BDC nor the Paying and Transfer Agent 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 deposit note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

BDC expects that the depository for any of the Deposit Notes represented by a registered global deposit note, upon receipt of any payment on the Deposit Notes, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global deposit 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 deposit 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 of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

### ***Definitive Deposit Notes***

If the depository for any of the Deposit Notes represented by a registered global deposit 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 Deposit Notes in definitive form in exchange for the registered global deposit 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 Deposit Notes represented by one or more registered global deposit notes. If BDC makes that decision, BDC will issue Deposit Notes in definitive form in exchange for all of the registered global deposit notes representing the Deposit Notes.

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

Any Deposit Notes issued in definitive form in exchange for a registered global deposit note will be registered in the name or names that the depository gives to BDC or the Paying and Transfer 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 deposit note that had been held by the depository.

The text of any Deposit 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 Deposit 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 Deposit 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 Deposit Note 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 Deposit Notes are to be recorded or, if requested in writing by the Investor at least five Banking 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 Deposit Note is conditional upon the Investor first delivering the Deposit Note to the Paying and Transfer Agent who reserves the right to mark on the Deposit Note that Variable Interest has been paid in full, or, in the case of payment of Variable Interest, if any, and the Principal Amount under the Deposit Note in full when due, to retain the Deposit Note and mark the Deposit Note as cancelled.

### ***Status and Credit Rating***

The Deposit Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Deposit Notes will be issued on an unsubordinated basis and, as among themselves, the Deposit Notes will rank *pari passu* and will be payable rateably without any preference or priority. The Deposit Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

The Deposit Notes have not been rated by DBRS, 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 were rated AAA by DBRS, AAA by S&P and Aaa by Moody's. There can be no assurance that, if the Deposit Notes were specifically rated by DBRS, S&P or Moody's, they would have the same rating as the long-term obligations of BDC. 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.

### ***Plan of Distribution***

Each Deposit Note will be issued for a Issue Price of 100% of the Principal Amount thereof (i.e., \$100.00). The Issue Price was determined by negotiation between BDC and the Selling Agent.

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. Upon acceptance of a subscription, the Selling Agent will send out or cause to be sent out a confirmation of acceptance by prepaid mail or other means of delivery to the subscriber.

BDC will pay the Selling Agent an upfront sales commission of 3.75% of the Principal Amount payable on the Issue Date. The commission payable to the Selling Agent will be paid on account of services rendered in connection with the offering and will be paid out of the general funds of BDC.

Dealers may from time to time purchase and sell Deposit Notes in any available secondary market but are not obligated to do so. There can be no assurance that there will be a secondary market available for the Deposit Notes. The offering price and other selling terms for such sales in a secondary market may, from time to time, be varied by such dealers. CIBC World Markets Inc. will maintain a liquid secondary market for the Deposit Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Investors. The Deposit Notes will not be listed on any stock exchange.

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

### ***Notification***

All notices to Investors regarding the Deposit Notes will be valid and effective (i) if such notices are given (which notice may be given by wire or fax) to the applicable depository and its participants, or (ii) in the case where the Deposit 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; provided, however, that any required notice of an Extraordinary Event will also be published in the Toronto and national editions of a major daily English language Canadian newspaper with national circulation and in a daily French language newspaper of general circulation in Montreal.

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, Bureau 400, Montreal, Quebec H3B 5E7 – Attention: Vice-President and Treasurer.

### ***Calculation Agent***

"Calculation Agent" means the calculation agent for the Deposit Notes appointed by BDC from time to time. The Calculation Agent initially will be Canadian Imperial Bank of Commerce, whose address is BCE Place, P.O. Box 500, 161 Bay Street, 5<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 1S8 – Attention: Equity Structured Products.

### ***Paying and Transfer Agent***

"Paying and Transfer Agent" means the paying and transfer agent for the Deposit Notes appointed by BDC from time to time. The Paying and Transfer Agent initially will be Canadian Imperial Bank of Commerce, whose address is BCE Place, P.O. Box 500, 161 Bay Street, 4th Floor, Toronto, Ontario, Canada M5J 2S8 – Attention: Debt Management Service.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes the principal Canadian federal income tax considerations generally applicable to an Investor who purchases a Deposit Note at the time of its issuance and who, for the purposes of the *Income Tax Act* (Canada) (the "Act"), is a resident of Canada who deals at arm's length with BDC and holds a Deposit Note as capital property. This summary does not apply to an Investor that is a "financial institution" within the meaning of section 142.2 of the Act. This summary is based on the Act and the regulations made under the Act (the "Regulations") as in force on the date of this Information Statement, all specific proposals (the "Proposals") to amend the Act or Regulations publicly announced by the Minister of Finance prior to the date of this Information Statement and the administrative policies and assessing practices of the Canada Revenue Agency ("CRA") as made publicly available by it prior to the date hereof. Except for the Proposals, this summary does not take into account or anticipate any changes to the law or the CRA's administrative policies and assessing practices whether by legislative, governmental or judicial action. Provincial, territorial and foreign income tax considerations are not addressed. This summary is not intended to constitute, nor should it be relied upon as, tax advice to any particular Investor. All Investors should consult their own tax advisors with respect to their tax positions. In particular, Investors should consult their tax advisors as to whether they will hold the Deposit Notes as capital property for purposes of the Act, which

determination should take into account, among other factors, whether the Deposit Notes are acquired with the intention or secondary intention of selling them prior to the Maturity Date, and as to whether the Investor is eligible for and should file an election under subsection 39(4) of the Act to treat every "Canadian security" owned by the Investor, including the Deposit Notes, as capital property.

### ***Variable Interest***

In the event that an Investor holds a Deposit Note until the Maturity Date, the full amount of Variable Interest, if any, generally will be included in the Investor's income in the Investor's taxation year that includes the Maturity Date except to the extent that some part or all of any minimum amount of Variable Interest has already been included in the Investor's income for that or a preceding taxation year.

In certain circumstances, provisions of the Act can deem interest to accrue on a "prescribed debt obligation" (as defined for purposes of the Act). Based in part on an understanding of the CRA's administrative practice, there will be no deemed accrual of interest on the Deposit Notes under these provisions.

### ***Disposition of Deposit Notes***

On any disposition or deemed disposition of a Deposit Note by an Investor prior to the date on which the amount of Variable Interest becomes calculable, while the matter is not free from doubt, the Investor should realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Deposit Note to the Investor.

### ***Eligibility for Investment by Registered Plans***

The Deposit Notes, if issued on the date hereof, would be qualified investments under the 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 Act), and the Deposit Notes would not constitute foreign property for the purposes of the Act.

## **THE COMMODITIES**

All information in this Information Statement relating to the Commodities is presented in summary derived from publicly available sources and assumed to be reliable; its accuracy cannot be guaranteed. As such, neither BDC nor any investment dealer, broker or agent selling the Deposit Notes assumes any responsibility for the accuracy or completeness of such information, or accepts responsibility for the calculation or other maintenance of, or any adjustments to, a Reference Price.

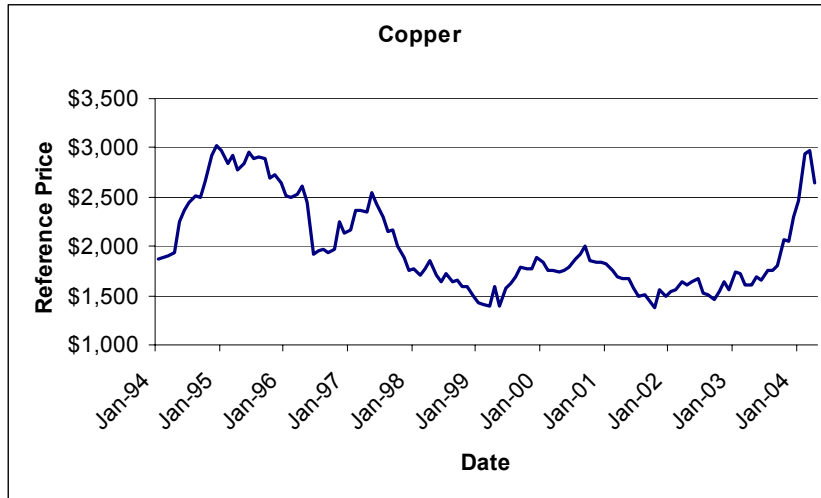
Historical performance of the Commodities is shown below. That historical performance will not necessarily predict future performance of the Commodities or how much Variable Interest may be payable.

### ***Copper***

Copper is a malleable, ductile, reddish-brown metal, which rarely occurs in pure form in nature. It is usually found in sulfides or oxides. Its symbol is Cu, taken from "cuprum", the Latin name for the island of Cyprus which was famed for its copper mines. It is most often used as a conductor of heat and electricity and is widely used for electrical wiring, water piping and corrosion-resistant parts, either pure or in alloys such as brass and bronze. Its alloys are used in jewelry and for coins.

The chart immediately below, derived from market data obtained from Bloomberg L.P., shows the calendar month-end Reference Prices of copper from January 31, 1994 through April 30, 2004. Over that period, the initial Reference Price on January 31, 1994 was US\$1,865.70, the highest Reference Price was US\$3,029.00 on December 30, 1994, the lowest Reference Price was US\$1,385.50 on October 31, 2001, and the final Reference Price on April 30, 2004 was US\$2,644.00.

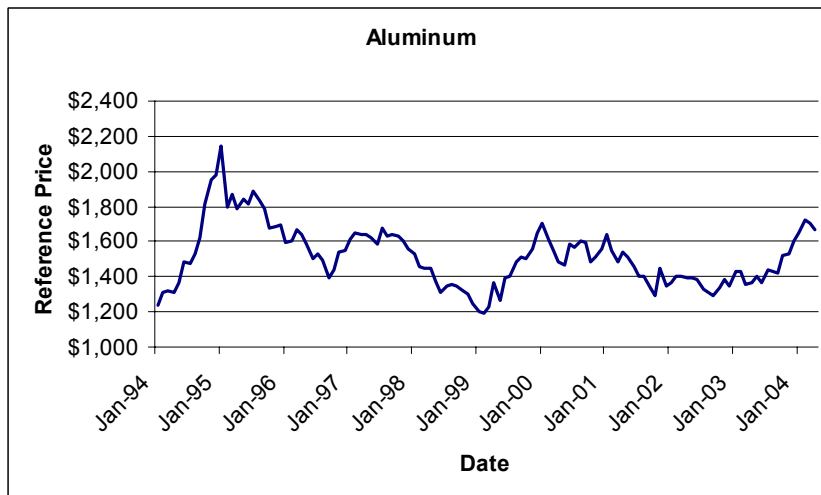




**Aluminum**

Aluminum is a soft, lightweight silvery-white metal, which never occurs in free form in nature. It is produced by electrolysis from bauxite. It is usually found in sulfides or oxides and is the third most abundant element in the earth's crust. Its symbol is Al, taken from the Latin word "alumen". Since it is too soft in its pure form, less than 1% of silicon or iron is added, which hardens and strengthens it. It is used to form many hard, light, corrosion-resistant alloys, such as in airplanes and beverage cans.

The chart immediately below, derived from market data obtained from Bloomberg L.P., shows the calendar month-end Reference Prices of aluminum from January 31, 1994 through April 30, 2004. Over that period, the initial Reference Price on January 31, 1994 was US\$1,235.00, the highest Reference Price was US\$2,145.00 on January 31, 1995, the lowest Reference Price was US\$1,192.00 on February 26, 1999, and the final Reference Price on April 30, 2004 was US\$1,668.50.

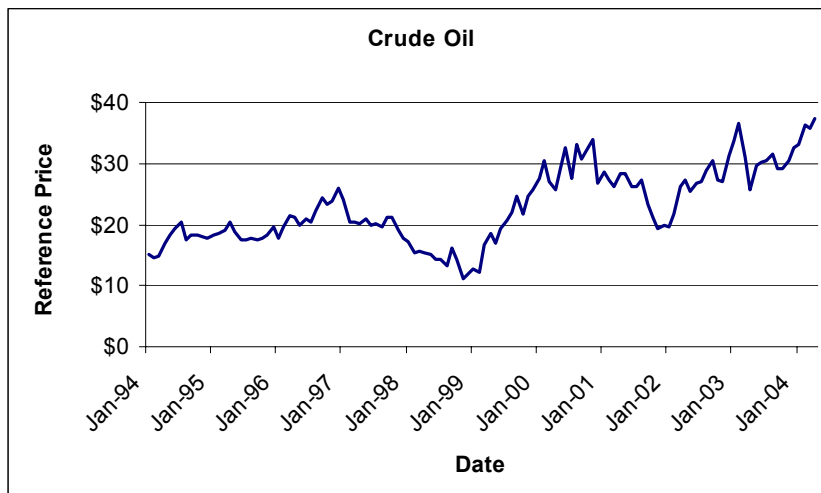


**Crude Oil**

Crude oil is a naturally occurring liquid which all of the major refined oils of the world are produced from. Crude oil is the world's most actively traded commodity. Light, sweet (low sulfur) crudes are preferred by refiners because of their relatively high yields of high-value products such as gasoline, diesel fuel, heating oil, and jet fuel.

The chart immediately below, derived from market data obtained from Bloomberg L.P., shows the calendar month-end Reference Prices of crude oil from January 31, 1994 through April 30, 2004. Over that period, the initial Reference Price on January 31, 1994 was US\$15.19, the highest Reference Price was US\$37.78 on February 28,

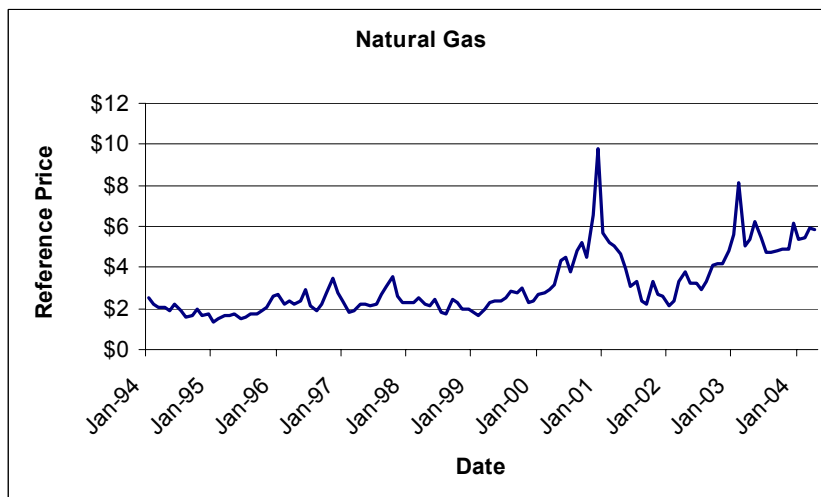
2003, the lowest Reference Price was US\$11.22 on November 30, 1998, and the final Reference Price on April 30, 2004 was US\$37.78.



### ***Natural Gas***

Natural gas is a mixture of hydrocarbon gases that occurs with petroleum deposits, principally methane together with varying quantities of ethane, propane, butane, and other gases, and is used as a fuel and in the manufacture of organic compounds. Natural gas plays a major role in many developed countries' energy profiles. In the United States it accounts for almost a quarter of total energy consumption.

The chart immediately below, derived from market data obtained from Bloomberg L.P., shows the calendar month-end Reference Prices of natural gas from January 31, 1994 through April 30, 2004. Over that period, the initial Reference Price on January 31, 1994 was US\$2.554, the highest Reference Price was US\$9.775 on December 29, 2000, the lowest Reference Price was US\$1.354 on January 31, 1995, and the final Reference Price on April 30, 2004 was US\$5.862.



## INDEX OF DEFINED TERMS

<b>A</b>		Investor	1
Act	12	Issue Date	1
<b>B</b>		Issue Price	1
Banking Day	3	<b>L</b>	
BDC	1	LME	4
<b>C</b>		<b>M</b>	
Calculation Agent	12	Market Disruption Event	8
CDS	10	Maturity Date	1
Commodities	1	<b>N</b>	
Commodity	1	NYMEX	4
Commodity Business Day	3	<b>P</b>	
Commodity Portfolio Return	3	Participation Rate	4
Commodity Return	3	Paying and Transfer Agent	12
Commodity Weighted Return	3	Price Source	4
Commodity Weighting	3	Price Source Disruption	8
CRA	12	Pricing Day	4
<b>D</b>		Principal Amount	1
Deposit Note	1	Proposals	12
<b>E</b>		<b>R</b>	
Exchange	3	Reference Price	4
Exchange Disruption	8	Regulations	12
Extraordinary Event	9	<b>S</b>	
Extraordinary Event Notification Date	9	Selling Agent	1
<b>F</b>		<b>V</b>	
Final Price	4	Valuation Date	7
<b>I</b>		Variable Interest	1
Initial Price	4		

## RISK FACTORS TO CONSIDER

- ◇ ***Suitability of Deposit Notes for Investment*** – A person should reach a decision to invest in the Deposit Notes after carefully considering, with his or her advisors, the suitability of the Deposit Notes in light of that person's investment objectives and the information set out in this Information Statement. For instance, an investment in a Deposit Note is not suitable for a person looking for a guaranteed return. BDC makes no recommendation as to the suitability of the Deposit Notes for investment.
- ◇ ***No Interest May Be Payable*** – It is uncertain as to how much Variable Interest, if any, will be payable as Variable Interest is linked to the performance of each of the Commodities. Significant fluctuations in the Reference Prices of the Commodities may occur during the term of the Deposit Notes. 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 per Deposit Note on the Maturity Date. See "VARIABLE INTEREST CALCULATION" above for examples.
- ◇ ***Secondary Market*** – The Principal Amount and Variable Interest, if any, per Deposit Note are only payable on the Maturity Date (subject to possible postponement in the case of a Market Disruption Event). The Investor cannot elect to receive Variable Interest prior to the Maturity Date. The Deposit Notes will not be listed on any stock exchange. There is no assurance that a secondary market through which the Deposit Notes may be sold will be available or will be liquid. Investors may sell the Deposit Notes in any such secondary market prior to maturity.
- ◇ ***Secondary Trading Price*** – The trading price of a Deposit Note during the term of the Deposit Note will be dependent on many factors and their relationship. One important factor that will significantly affect the trading price of a Deposit Note at any time prior to maturity is the forward prices of the Commodities at that time. Generally speaking, the spot or cash prices of the Commodities will not have a material impact on the secondary trading price of a Deposit Note until the Deposit Note is at or near maturity. In addition, any change in the relationship between the Initial Price of a Commodity and the forward price of the Commodity during the term of the Deposit Note will have a material impact on the secondary trading price of the Deposit Note. Investors should also realize that the trading price, especially during the first few years of the term, (a) might have a non-linear sensitivity to the rises and falls in the forward prices of the Commodities (i.e., the trading price of a Deposit Note might increase and decrease at a different rate compared to the respective percentage increases and decreases in the forward prices of the Commodities) and (b) may be substantially affected by changes in the level of interest rates independent of the performance of the Commodities. See "DESCRIPTION OF THE DEPOSIT NOTES–*Secondary Trading of Deposit Notes*" above. An Investor who sells a Deposit Note prior to the Maturity Date may have to pay an Early Trading Charge to CIBC World Markets Inc. of up to 5.40% of the Principal Amount. See "DESCRIPTION OF THE DEPOSIT NOTES–*Secondary Trading of Deposit Notes*" above.
- ◇ ***Special Circumstances*** – If a Market Disruption Event in respect of a Commodity occurs on a day on which the Reference Price of the Commodity is to be determined, the determination of that Reference Price will be postponed to a later date. Fluctuations in the Reference Price of such Commodity may occur in the interim. In certain circumstances where there is no Reference Price for a Commodity, the Calculation Agent may estimate its level or value.
- ◇ ***Extraordinary Event May Trigger Early Variable Interest*** – If a Market Disruption Event is continuing for eight consecutive Commodity Business Days, BDC may elect to accelerate the determination and payment of Variable Interest, if any, payable on the Deposit Notes. In certain circumstances, in lieu of accelerating the payment of Variable Interest, BDC may use an alternative Exchange or Price Source to determine the Reference Price of an affected Commodity, or replace the Reference Price for an affected Commodity with an alternative reference price or basis for determining the Reference Price of that Commodity.
- ◇ ***Credit Risk*** – The Deposit Notes will constitute direct unconditional obligations of BDC. The Deposit Notes will be issued on an unsubordinated basis and, as among themselves, will rank *pari passu* with other deposit liabilities of BDC 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*. The likelihood that the Investors will receive the payment owing to them in connection with the Deposit Notes will be dependent upon the financial health and creditworthiness of BDC.