

# Information Statement

Dated January 23, 2002

***Business Development Bank of Canada***



## **DOW 30 INDEX-LINKED NOTES SERIES 1**

***Minimum 14.5% Return (2% per annum Annually Compounded Return)  
If Held To Maturity***

**Due December 22, 2008**

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**Price: \$1,000.00 per 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 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 Global Note 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. This Information Statement does not constitute an offer or invitation by anyone in any jurisdiction in which such offer 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 Notes are restricted within Canada and to Canadian residents and may be subject to further restrictions within any relevant province or territory. BDC and the selling agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions.*

*More particularly, 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 references to "\$" are to Canadian dollars.*

*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.*

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*Dated January 23, 2002*

**Business Development Bank of Canada**

**Dow 30 Index-linked Notes**  
**Series 1**  
**Due December 22, 2008**

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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.

A Dow 30 Index-linked Note, Series 1, (a "Note") is a variable interest note issued by Business Development Bank of Canada. On the maturity of the Note, the investor will receive in Canadian dollars the Principal Amount, plus an amount of interest per Note based on the performance of the Dow Jones Industrial Average<sup>SM</sup>. The amount of interest will be the result obtained by multiplying the Principal Amount times the total of (i) the sum of the percentage changes (positive and negative) of the Dow Jones Industrial Average<sup>SM</sup> for each Quarter throughout the term of the Note (subject to a maximum positive percentage change in any particular Quarter equal to 7.5%), plus (ii) any positive percentage change of the Index in the scheduled last occurring Quarter in excess of 7.5%, provided that interest in a minimum amount equal to 14.5% of the Principal Amount (equivalent to a per annum minimum return of 2% compounded annually) will be paid on maturity regardless of the performance of the Dow Jones Industrial Average<sup>SM</sup>. The Notes mature on December 22, 2008.

- Issuer:** The Notes will be issued by Business Development Bank of Canada ("BDC").
- Principal Amount:** The Notes will be sold in a denomination of \$1,000.00 per Note (the "Principal Amount"), with a minimum subscription of five (5) Notes per holder (each a "Holder").
- Issue Price:**
- | <u>Price to the Holder</u> | <u>Selling Agent's Commission</u> | <u>Proceeds to BDC</u> |
|----------------------------|-----------------------------------|------------------------|
| \$1,000.00 (Par) per Note  | \$40.00                           | \$960.00               |
- Issue Date:** The Notes will be issued on or about February 22, 2002 (the actual date of issuance being the "Issue Date").
- Maturity Date/Term:** The Notes will mature on December 22, 2008 (the "Maturity Date"), resulting in a term to maturity of approximately six years and 10 months.
- Amounts Payable At Maturity:** The amount payable under a Note on the Maturity Date will be equal to the sum of (i) the Principal Amount, plus (ii) Variable Interest (as described below).
- Principal Amount Payment:** A Holder will be paid on the Maturity Date the Principal Amount of \$1,000.00 per Note. The Notes cannot be redeemed or retracted prior to the Maturity Date.
- The Index:** Variable Interest payable under the Notes is linked to the performance of the price version of the Dow Jones Industrial Average<sup>SM</sup> (the "Index"). The Index is also informally referred to as the "Dow 30". The Index is more completely described below under "THE INDEX".
- Variable Interest Payment:** A Holder will be paid interest ("Variable Interest") in Canadian dollars on the Maturity Date (subject to the provisions outlined under "DESCRIPTION OF THE NOTES – *Special Circumstances*" set out below). A Holder may not elect to receive Variable Interest prior to the Maturity Date. Variable Interest per Note payable on the Maturity Date will be in an amount equal to the result obtained using the following formula:

$$\$1,000.00 \times \text{Overall Return}$$

provided that there will be a minimum amount of Variable Interest paid on the Maturity Date equal to 14.5% of the Principal Amount (being \$145.00 per Note and representing a minimum 2% per annum annually compounded return), regardless of the performance of the Index.

Generally stated, the Overall Return will be a percentage equal to the total of (i) the sum of the percentage changes (positive and negative) of the Index for each Quarter throughout the term of the Note (subject to a maximum positive percentage change in any particular Quarter equal to 7.5%, plus (ii) the Last Quarter Out-performance Percentage. If the Overall Return is less than 14.5%, a Holder will still receive, on the Maturity Date, Variable Interest per Note in an amount equal to \$145.00 (i.e., 14.5% of the Principal Amount per Note, which represents a per annum minimum return of 2% compounded annually). See "VARIABLE INTEREST CALCULATION" starting on page 2

below for the precise formula for determining Variable Interest and for example calculations and see "DESCRIPTION OF THE NOTES" starting on page 7 for further details.

**Variable Interest payable on the Notes will not exactly track the performance of the Index** since the Overall Return is the total of (i) the sum of the percentage changes (positive and negative) of the Index for each Quarter (subject to a maximum percentage change for any Quarter equal to 7.5%), plus (ii) the Last Quarter Out-performance Percentage. See the example calculations below under "VARIABLE INTEREST CALCULATION".

- Special Circumstances:** If a Market Disruption Event occurs on a day on which the Closing Value is to be determined for the Initial Value or Final Value, determination of that Closing Value will be postponed to a later date. The occurrence of an Extraordinary Event may accelerate the payment of Variable Interest and 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*" starting on page 8.
- Eligibility for Investment:** The 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 and would not constitute foreign property within the meaning of that Act.
- Secondary Market:** There is currently no market for the Notes, and there can be no assurance that such a market will develop. If such a market develops, there can be no assurance that it will be liquid. The Notes will not be listed on any stock exchange.
- 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 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 Holder will be entitled to any certificate or other instrument from BDC or CDS evidencing the ownership thereof and no Holder will be shown on the records maintained by CDS except through an agent who is a participant of CDS.
- Risk Factors:** A person should consider carefully certain risk factors set out on page 16 before reaching a decision to buy the Notes.

## VARIABLE INTEREST CALCULATION

Each Note will bear interest (referred to as Variable Interest) in an amount in Canadian dollars, without any need for the Holder to elect or otherwise take any action. Variable Interest will be paid 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, as described below).

Variable Interest per Note payable on the Maturity Date will be an amount in Canadian dollars equal to the greater of (i) \$145.00 (i.e., 14.5% of the Principal Amount per Note) and (ii) the result obtained using the following formula:

$$\mathbf{\$1,000.00 \times Overall Return}$$

Where:

"Overall Return" means the number, which may be positive or negative, expressed as a percentage (rounded to three decimal places), equal to the total of (i) the sum of the Capped Quarterly Returns for each Quarter during the term of the Notes, plus (ii) the Last Quarter Out-performance Percentage.

"Quarter" means each period from, but excluding, one Quarter End Date to, and including, the next following applicable Quarter End Date during the term of the Notes, except that (i) the first Quarter will commence on, and include, the Issue Date, and (ii) the scheduled last occurring Quarter will end on, and include, the Exchange Day immediately preceding the Maturity Date (**the scheduled last occurring Quarter having a term of less than one month**).

"Quarter End Date" means the 22<sup>nd</sup> day of each February, May, August and November during the term of the Notes, provided that (i) if any such day is not an Exchange Day, then the applicable Quarter End Date will be the

next succeeding Exchange Day, and (ii) in any event, the scheduled last occurring Quarter End Date will be the Exchange Day immediately preceding the Maturity Date.

“Capped Quarterly Return” means, in respect of any Quarter, the number, which may be positive or negative, expressed as a percentage (rounded to three decimal places), equal to the result obtained using the following formula:

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

provided that, if such result for any Quarter exceeds 7.5%, then the Capped Quarterly Return in respect of such Quarter shall be 7.5%. In no circumstances may the Capped Quarterly Return in respect of any Quarter be greater than 7.5%, **but the Capped Quarterly Return in respect of any Quarter may be a negative number (without any lower limit or floor).**

“Last Quarter Out-performance Percentage” means the number, expressed as a percentage (rounded to three decimal places) and determined in respect of the scheduled last occurring Quarter, equal to the result obtained using the following formula:

$$\frac{\text{Final Value} - \text{Initial Value}}{\text{Initial Value}} - 7.5\%$$

provided that, if such result is a negative number, then the Last Quarter Out-performance Percentage shall be nil. The Last Quarter Out-performance Percentage represents part of the Overall Return on the Notes related to the entire period that the Notes are outstanding.

“Initial Value” means, in respect of any Quarter, the Closing Value of the Index determined on the last Exchange Day of the immediately preceding Quarter, except that the Initial Value in respect of the first Quarter will be the Closing Value of the Index on the Issue Date, subject to the provisions set out below under “DESCRIPTION OF THE NOTES – *Special Circumstances*”.

“Final Value” means, in respect of any Quarter, the Closing Value of the Index determined on the last Exchange Day of such Quarter, subject to the provisions set out below under “DESCRIPTION OF THE NOTES – *Special Circumstances*”.

“Closing Value” means the official closing value for the Index as announced by Dow Jones or any Successor Source (the “Index Source”), provided that, if on or after the Issue Date the Index Source materially changes the time of day at which such official closing value is determined or no longer announces such official closing value, the Calculation Agent may thereafter deem the Closing Value to be the value of the Index as of the time of day used by the Index Source to determine the official closing value prior to such change or failure to announce.

**The amount of Variable Interest that may be payable on the Maturity Date is uncertain. There is a possibility that a Holder may only receive the minimum amount of Variable Interest (i.e., \$145.00 per Note which represents a minimum 2% per annum annually compounded return).**

The examples set out below are included for illustration purposes only. The values of the Index used to illustrate the calculation of Variable Interest are not estimates or forecasts of the Initial Values or Final Values of the Index for the various Quarters. All examples assume the Holder has purchased a single Note.

**Example #1:** Assume the percentage change in the Index in every Quarter is not greater than the cap of 7.5% applicable to the Capped Quarterly Return.

	Quarter End Date	Closing Value of Index	Percentage Change	Capped Quarterly Return	Cumulative Capped Quarterly Return
	Issue Date	10,000.00			
1 <sup>st</sup> Quarter	May 22, 2002	10,400.00	4.000%	4.000%	4.000%
2 <sup>nd</sup> Quarter	August 22, 2002	11,024.00	6.000%	6.000%	10.000%
3 <sup>rd</sup> Quarter	November 22, 2002	10,803.52	-2.000%	-2.000%	8.000%
4 <sup>th</sup> Quarter	February 24, 2003	11,343.70	5.000%	5.000%	13.000%
5 <sup>th</sup> Quarter	May 22, 2003	10,549.64	-7.000%	-7.000%	6.000%
6 <sup>th</sup> Quarter	August 22, 2003	11,182.62	6.000%	6.000%	12.000%
7 <sup>th</sup> Quarter	November 24, 2003	11,965.40	7.000%	7.000%	19.000%
8 <sup>th</sup> Quarter	February 23, 2004	12,324.36	3.000%	3.000%	22.000%
9 <sup>th</sup> Quarter	May 25, 2004	11,338.41	-8.000%	-8.000%	14.000%
10 <sup>th</sup> Quarter	August 23, 2004	11,451.80	1.000%	1.000%	15.000%
11 <sup>th</sup> Quarter	November 22, 2004	10,993.72	-4.000%	-4.000%	11.000%
12 <sup>th</sup> Quarter	February 22, 2005	9,674.48	-12.000%	-12.000%	-1.000%
13 <sup>th</sup> Quarter	May 24, 2005	10,158.20	5.000%	5.000%	4.000%
14 <sup>th</sup> Quarter	August 22, 2005	10,564.53	4.000%	4.000%	8.000%
15 <sup>th</sup> Quarter	November 22, 2005	11,198.40	6.000%	6.000%	14.000%
16 <sup>th</sup> Quarter	February 22, 2006	11,646.34	4.000%	4.000%	18.000%
17 <sup>th</sup> Quarter	May 23, 2006	11,180.48	-4.000%	-4.000%	14.000%
18 <sup>th</sup> Quarter	August 22, 2006	11,963.12	7.000%	7.000%	21.000%
19 <sup>th</sup> Quarter	November 22, 2006	11,604.22	-3.000%	-3.000%	18.000%
20 <sup>th</sup> Quarter	February 22, 2007	12,184.43	5.000%	5.000%	23.000%
21 <sup>st</sup> Quarter	May 22, 2007	10,965.99	-10.000%	-10.000%	13.000%
22 <sup>nd</sup> Quarter	August 22, 2007	11,514.29	5.000%	5.000%	18.000%
23 <sup>rd</sup> Quarter	November 23, 2007	12,320.29	7.000%	7.000%	25.000%
24 <sup>th</sup> Quarter	February 22, 2008	13,059.51	6.000%	6.000%	31.000%
25 <sup>th</sup> Quarter	May 22, 2008	13,908.38	6.500%	6.500%	37.500%
26 <sup>th</sup> Quarter	August 22, 2008	13,630.21	-2.000%	-2.000%	35.500%
27 <sup>th</sup> Quarter	November 24, 2008	12,948.70	-5.000%	-5.000%	30.500%
Last Quarter	December 19, 2008	13,790.36	6.500%	6.500%	37.000%
Last Quarter Out-performance Percentage			Nil		
<b>Index Performance* =</b>		<b>37.904%</b>	<b>Overall Return =</b>	<b>37.000% + Nil = 37.000%</b>	

\* Index Performance is the percentage gain or loss in the Index measured from the initial Closing Value of 10,000.00 to the last Quarter End Date.

The Overall Return is the total of (i) the sum of the Capped Quarterly Returns, plus (ii) the Last Quarter Out-performance Percentage, which in this example is equal to 37.000%.

Variable Interest determined on the basis of Overall Return = \$1,000.00 x 37.000% = \$370.00

Variable Interest would be the greater of (i) \$370.00 (determined on the basis of Overall Return) and (ii) \$145.00 (i.e., 14.5% of \$1,000.00), which in this case is \$370.00.

**Therefore, for each Note, Variable Interest of \$370.00, plus the original Principal Amount of \$1,000.00, would be payable on the Maturity Date.**

**Example #2:** Assume the percentage changes in the Index in certain Quarters (including the scheduled last occurring Quarter) exceed the cap of 7.5%.

	Quarter End Date	Closing Value of Index	Percentage Change	Capped Quarterly Return	Cumulative Capped Quarterly Return
	Issue Date	10,000.00			
1 <sup>st</sup> Quarter	May 22, 2002	10,400.00	4.000%	4.000%	4.000%
2 <sup>nd</sup> Quarter	August 22, 2002	11,752.00	13.000%	7.500%	11.500%
3 <sup>rd</sup> Quarter	November 22, 2002	11,516.96	-2.000%	-2.000%	9.500%

4 <sup>th</sup> Quarter	February 24, 2003	11,862.47	3.000%	3.000%	12.500%
5 <sup>th</sup> Quarter	May 22, 2003	10,913.47	-8.000%	-8.000%	4.500%
6 <sup>th</sup> Quarter	August 22, 2003	12,441.36	14.000%	7.500%	12.000%
7 <sup>th</sup> Quarter	November 24, 2003	13,561.08	9.000%	7.500%	19.500%
8 <sup>th</sup> Quarter	February 23, 2004	13,967.91	3.000%	3.000%	22.500%
9 <sup>th</sup> Quarter	May 25, 2004	12,710.80	-9.000%	-9.000%	13.500%
10 <sup>th</sup> Quarter	August 23, 2004	12,965.02	2.000%	2.000%	15.500%
11 <sup>th</sup> Quarter	November 22, 2004	12,446.42	-4.000%	-4.000%	11.500%
12 <sup>th</sup> Quarter	February 22, 2005	10,952.85	-12.000%	-12.000%	-0.500%
13 <sup>th</sup> Quarter	May 24, 2005	11,500.49	5.000%	5.000%	4.500%
14 <sup>th</sup> Quarter	August 22, 2005	11,960.51	4.000%	4.000%	8.500%
15 <sup>th</sup> Quarter	November 22, 2005	13,216.36	10.500%	7.500%	16.000%
16 <sup>th</sup> Quarter	February 22, 2006	13,745.01	4.000%	4.000%	20.000%
17 <sup>th</sup> Quarter	May 23, 2006	13,195.21	-4.000%	-4.000%	16.000%
18 <sup>th</sup> Quarter	August 22, 2006	14,250.83	8.000%	7.500%	23.500%
19 <sup>th</sup> Quarter	November 22, 2006	15,533.41	9.000%	7.500%	31.000%
20 <sup>th</sup> Quarter	February 22, 2007	16,310.08	5.000%	5.000%	36.000%
21 <sup>st</sup> Quarter	May 22, 2007	14,679.07	-10.000%	-10.000%	26.000%
22 <sup>nd</sup> Quarter	August 22, 2007	15,413.02	5.000%	5.000%	31.000%
23 <sup>rd</sup> Quarter	November 23, 2007	17,879.11	16.000%	7.500%	38.500%
24 <sup>th</sup> Quarter	February 22, 2008	18,951.85	6.000%	6.000%	44.500%
25 <sup>th</sup> Quarter	May 22, 2008	20,468.00	8.000%	7.500%	52.000%
26 <sup>th</sup> Quarter	August 22, 2008	20,058.64	-2.000%	-2.000%	50.000%
27 <sup>th</sup> Quarter	November 24, 2008	21,262.16	6.000%	6.000%	56.000%
Last Quarter	December 19, 2008	23,175.75	9.000%	7.500%	63.500%
Last Quarter Out-performance Percentage			1.500%		
Index Performance* =			131.758%	Overall Return =	63.500% + 1.500% = 65.000%

Variable Interest determined on the basis of Overall Return = \$1,000.00 x 65.000% = \$650.00

Variable Interest would be the greater of (i) \$650.00 (determined on the basis of Overall Return), and (ii) \$145.00 (i.e., 14.5% of \$1,000.00), which in this case is \$650.00.

**Therefore, for each Note, Variable Interest of \$650.00, plus the original Principal Amount of \$1,000.00, would be payable on the Maturity Date.**

**Example #3:** Assume the sum of the Capped Quarterly Returns is less than 14.5%.

	Quarter End Date	Closing Value of Index	Percentage Change	Capped Quarterly Return	Cumulative Capped Quarterly Return
	Issue Date	10,000.00			
1 <sup>st</sup> Quarter	May 22, 2002	10,300.00	3.000%	3.000%	3.000%
2 <sup>nd</sup> Quarter	August 22, 2002	11,536.00	12.000%	7.500%	10.500%
3 <sup>rd</sup> Quarter	November 22, 2002	10,959.20	-5.000%	-5.000%	5.500%
4 <sup>th</sup> Quarter	February 24, 2003	11,397.57	4.000%	4.000%	9.500%
5 <sup>th</sup> Quarter	May 22, 2003	10,599.74	-7.000%	-7.000%	2.500%
6 <sup>th</sup> Quarter	August 22, 2003	11,235.72	6.000%	6.000%	8.500%
7 <sup>th</sup> Quarter	November 24, 2003	13,145.80	17.000%	7.500%	16.000%
8 <sup>th</sup> Quarter	February 23, 2004	13,408.71	2.000%	2.000%	18.000%
9 <sup>th</sup> Quarter	May 25, 2004	12,201.93	-9.000%	-9.000%	9.000%
10 <sup>th</sup> Quarter	August 23, 2004	12,567.99	3.000%	3.000%	12.000%
11 <sup>th</sup> Quarter	November 22, 2004	12,065.27	-4.000%	-4.000%	8.000%
12 <sup>th</sup> Quarter	February 22, 2005	10,496.78	-13.000%	-13.000%	-5.000%
13 <sup>th</sup> Quarter	May 24, 2005	12,071.30	15.000%	7.500%	2.500%
14 <sup>th</sup> Quarter	August 22, 2005	12,312.72	2.000%	2.000%	4.500%
15 <sup>th</sup> Quarter	November 22, 2005	14,405.89	17.000%	7.500%	12.000%
16 <sup>th</sup> Quarter	February 22, 2006	14,982.12	4.000%	4.000%	16.000%
17 <sup>th</sup> Quarter	May 23, 2006	13,783.55	-8.000%	-8.000%	8.000%
18 <sup>th</sup> Quarter	August 22, 2006	14,748.40	7.000%	7.000%	15.000%
19 <sup>th</sup> Quarter	November 22, 2006	14,158.47	-4.000%	-4.000%	11.000%
20 <sup>th</sup> Quarter	February 22, 2007	14,866.39	5.000%	5.000%	16.000%
21 <sup>st</sup> Quarter	May 22, 2007	13,379.75	-10.000%	-10.000%	6.000%
22 <sup>nd</sup> Quarter	August 22, 2007	14,316.33	7.000%	7.000%	13.000%
23 <sup>rd</sup> Quarter	November 23, 2007	15,032.15	5.000%	5.000%	18.000%
24 <sup>th</sup> Quarter	February 22, 2008	15,032.15	0.000%	0.000%	18.000%
25 <sup>th</sup> Quarter	May 22, 2008	15,633.44	4.000%	4.000%	22.000%



26 <sup>th</sup> Quarter	August 22, 2008	14,226.43	-9.000%	-9.000%	13.000%
27 <sup>th</sup> Quarter	November 24, 2008	13,372.84	-6.000%	-6.000%	7.000%
Last Quarter	December 19, 2008	13,907.75	4.000%	4.000%	11.000%
Last Quarter Out-performance Percentage			Nil		
Index Performance* =		39.078%	Overall Return =	11.000% + Nil = 11.00%	

Variable Interest determined on the basis of Overall Return = \$1,000.00 x 11.000% = \$110.00.

Variable Interest would be the greater of (i) \$110.00 (determined on the basis of Overall Return), and (ii) \$145.00 (i.e., 14.5% of \$1,000.00), which in this case is \$145.00.

**Although the Overall Return is less than 14.5%, the Holder would still receive Variable Interest per Note in the amount of \$145.00 plus the original Principal Amount of \$1,000.00 on the Maturity Date.**

**Historical Example:** The example below shows the amount of Variable Interest that would have been payable based on the historical performance of the Index assuming the Notes were issued on February 28, 1995 for a term of approximately six years and ten months, using the Quarterly End Dates set out below. *Historical performance of the Index will not necessarily predict future performance of the Index or the Notes or how much Variable Interest may be payable on the Notes.*

	Quarter End Date	Closing Value of Index	Percentage Change	Capped Quarterly Return	Cumulative Capped Quarterly Return
	February 28, 1995	4,011.05			
1 <sup>st</sup> Quarter	May 31, 1995	4,465.14	11.321%	7.500%	7.500%
2 <sup>nd</sup> Quarter	August 31, 1995	4,610.56	3.257%	3.257%	10.757%
3 <sup>rd</sup> Quarter	November 30, 1995	5,074.49	10.062%	7.500%	18.257%
4 <sup>th</sup> Quarter	February 29, 1996	5,485.62	8.102%	7.500%	25.757%
5 <sup>th</sup> Quarter	May 31, 1996	5,643.18	2.872%	2.872%	28.629%
6 <sup>th</sup> Quarter	August 31, 1996	5,616.21	-0.478%	-0.478%	28.151%
7 <sup>th</sup> Quarter	November 30, 1996	6,521.70	16.123%	7.500%	35.651%
8 <sup>th</sup> Quarter	February 28, 1997	6,877.74	5.459%	5.459%	41.110%
9 <sup>th</sup> Quarter	May 31, 1997	7,331.04	6.591%	6.591%	47.701%
8th Quarter	August 31, 1997	7,622.42	3.975%	3.975%	51.676%
11 <sup>th</sup> Quarter	November 30, 1997	7,823.13	2.633%	2.633%	54.309%
12 <sup>th</sup> Quarter	February 28, 1998	8,545.72	9.237%	7.500%	61.809%
13 <sup>th</sup> Quarter	May 31, 1998	8,899.95	4.145%	4.145%	65.954%
14 <sup>th</sup> Quarter	August 31, 1998	7,539.07	-15.291%	-15.291%	50.663%
15 <sup>th</sup> Quarter	November 30, 1998	9,116.55	20.924%	7.500%	58.163%
16 <sup>th</sup> Quarter	February 28, 1999	9,306.58	2.084%	2.084%	60.248%
17 <sup>th</sup> Quarter	May 31, 1999	10,559.74	13.465%	7.500%	67.748%
18 <sup>th</sup> Quarter	August 31, 1999	10,829.28	2.553%	2.553%	70.300%
19 <sup>th</sup> Quarter	November 30, 1999	10,877.81	0.448%	0.448%	70.748%
20 <sup>th</sup> Quarter	February 29, 2000	10,128.31	-6.890%	-6.890%	63.858%
21 <sup>st</sup> Quarter	May 31, 2000	10,522.33	3.890%	3.890%	67.748%
22 <sup>nd</sup> Quarter	August 31, 2000	11,215.10	6.584%	6.584%	74.332%
23 <sup>rd</sup> Quarter	November 30, 2000	10,414.49	-7.139%	-7.139%	67.194%
24 <sup>th</sup> Quarter	February 28, 2001	10,495.28	0.776%	0.776%	67.969%
25 <sup>th</sup> Quarter	May 31, 2001	10,911.94	3.970%	3.970%	71.939%
26 <sup>th</sup> Quarter	August 31, 2001	9,949.75	-8.818%	-8.818%	63.122%
27 <sup>th</sup> Quarter	November 30, 2001	9,851.56	-0.987%	-0.987%	62.135%
Last Quarter	December 31, 2001	10,021.50	1.725%	1.725%	63.860%
Last Quarter Out-performance Percentage			Nil		
Index Performance* =		149.847%	Overall Return =	63.860% + Nil = 63.860%	

Variable Interest would have been the greater of (i) \$638.60 (determined on the basis of Overall Return) and (ii) \$145.00 (i.e., 14.5% of \$1,000.00), which would have been \$638.60.

## DESCRIPTION OF THE NOTES

### **Issue**

Dow 30 Index-linked Notes, Series 1, 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 \$1,000.00 (also referred to as the Principal Amount). The minimum subscription per Holder will be five Notes.

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

Each Note matures on the Maturity Date, on which date the Holder will receive the Principal Amount (i.e., \$1,000.00 per Note). However, if the Maturity Date as defined in this Information Statement does not occur on a Banking Day, then the Maturity Date will be deemed to occur on the next following Banking Day and no interest will be paid in respect of such postponement.

### **Variable Interest**

Each Note will bear interest (referred to as Variable Interest) in an amount in Canadian dollars, without any need for the Holder to elect or otherwise take any action.

Variable Interest payable at maturity will be determined by the Calculation Agent (as identified below) in accordance with the formula and related definitions specified under "VARIABLE INTEREST CALCULATION" starting on page 2 above. Interest in a minimum amount equal to 14.5% of the Principal Amount (equivalent to a minimum 2% per annum annually compounded return) will be paid on the Maturity Date regardless of the performance of the Index.

**The amount of Variable Interest payable at maturity will depend upon the performance of the Index and might only be the minimum amount of \$145.00 per Note (i.e., \$1,000.00 x 14.5%).**

Variable Interest will be paid on the Maturity Date (subject to the provisions outlined under "*Special Circumstances*" below). Payment of Variable Interest will be made by BDC on the Banking Day immediately following the determination of the Final Value for the last occurring Quarter. The timing and manner of determining Variable Interest may be affected by the occurrence of certain unusual events. See "*Special Circumstances*" starting on page 8 below. This payment date for Variable Interest will be the Maturity Date, provided that the scheduled date on which the Final Value for the scheduled last occurring Quarter is determined (i.e., the Exchange Date immediately before the Maturity Date) is not postponed to a later date due to a Market Disruption Event or is not accelerated to occur on an earlier date due to an Extraordinary Event as described under "*Special Circumstances*" below.

The Exchange Days on which Closing Values will be determined for computing an Initial Value and a Final Value for any Quarter are referred to as an "Initial Valuation Date" and a "Final Valuation Date", respectively (each being a "Valuation Date"). The occurrence of a Valuation Date is subject to the provisions set out below under "*Special Circumstances*".

### **Secondary Trading of Notes**

A Holder cannot elect to receive Variable Interest before the Maturity Date. However, if there is an available secondary market (and there can be no assurance that there will be such a market or whether such market will be liquid), the Holder could sell a Note before the Maturity Date.

The trading price of a Note at any time will be dependent upon, among other things, (i) how much the Closing Value of the Index has risen or fallen since the Issue Date and the aggregate performance of the Index over Quarters concluded up to such time, (ii) the fact that the Capped Quarterly Returns for the Quarters are limited to a maximum of 7.5%, (iii) the fact that the Last Quarter Out-performance Percentage, if any, contributes to the Overall Return, (iv) the fact that there is a minimum amount of Variable Interest (i.e., \$145.00 per Note equivalent to a minimum 2% per annum annually compounded return) payable on the Maturity Date regardless of the Closing Value at any time and regardless of the aggregate performance of the Index over Quarters concluded up to such time, (v) the fact that the \$1,000 Principal Amount of the Note is payable on the Maturity Date regardless of the Closing Value at any time and regardless of the aggregate performance of the Index over Quarters concluded up to such time, and (vi) a number of other interrelated factors, including, without limitation, volatility in the Closing Values, prevailing interest rates, the dividend yields of the securities comprising the Index, the time remaining to the Maturity Date, and the market demand 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, Holders should realize that the trading price, especially during the first few years of the term, (a) will have a low sensitivity to the rises and falls in the Index (i.e., the trading price of a Note will increase and decrease at a lesser rate compared to the

respective percentage increases and decreases of the Index) and (b) may be substantially affected by changes in the level of interest rates independent of performance of the Index.

A Holder should consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note (assuming the availability of a secondary market) or hold the Note until the Maturity Date.

## **Special Circumstances**

### **Calculation Experts**

If the Calculation Agent determines that any circumstance described below under “*Postponement of Valuation Date Due to Market Disruption Event*”, “*Extraordinary Event May Trigger Early Variable Interest*” or “*Discontinuance or Modification of the Index*” has occurred that requires the appointment of calculation experts (collectively, “Calculation Experts”), the Calculation Agent will (i) appoint five Calculation Experts, and (ii) give notice to the Holders of such determination (together with brief reasons therefor) and the identity of the Calculation Experts. Each Calculation Expert will be a person or company (other than the Calculation Agent or any affiliate thereof) that is an active participant in equity markets relevant to the Index. The Calculation Experts will act as independent experts, and not as agents for BDC or the Calculation Agent, and their calculations and determinations shall, absent manifest error, be final and binding on BDC and the Holders. The calculations will be available to a Holder from the Calculation Agent. Any determination by the Calculation Agent that a circumstance has occurred giving rise to the appointment of Calculation Experts is subject to subsequent confirmation by a majority of the Calculation Experts promptly following their appointment. The Calculation Experts will not be responsible for their 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 on any date that but for that event would be a Valuation Date, then Variable Interest will be calculated (and the applicable Initial Value or Final Value, as the case may be, will be determined) on the basis that such Valuation Date will be postponed to the next Exchange 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 fifth Exchange 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 fifth Exchange Day:

- (i) such fifth Exchange Day shall be the Valuation Date, and
- (ii) where on that fifth Exchange Day a Market Disruption Event has occurred and is continuing, then the Closing Value for such Valuation Date used for determining the relevant Initial Value or Final Value, as the case may be, in the calculation of Variable Interest will be a value (the “Expert Estimated Value”) estimated for the Index by the Calculation Experts as at such Valuation Date taking into account all relevant market circumstances based upon the average (rounded to two decimal places) of the estimates of the value by three of the five Calculation Experts whose estimates are neither the highest nor the lowest of the five estimates; provided that, if two or more of the highest and/or lowest estimates are equal, only one of such higher and/or lower estimates shall be deemed to be the highest and/or the lowest estimate for the purpose of determining the average of the estimates of the Calculation Experts.

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

If the Calculation Agent determines that a Market Disruption Event has occurred and is continuing, and that any such Market Disruption Event has continued for at least five consecutive Exchange Days (an “Extraordinary Event”), BDC may, at its option upon notice to the Holders to be given effective on an Exchange Day (the date of such notification being the “Extraordinary Event Notification Date”), elect to accelerate the determination and payment of Variable Interest on all Notes (and thus discharge its obligations in respect of Variable Interest). Upon such election, Variable Interest per Note will be determined and calculated as of the Extraordinary Event Notification Date, 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” above. Instead, the amount of Variable Interest per Note payable by BDC will be equal to an amount (the “Expert Estimated Variable Interest Value”) estimated by the Calculation Experts. The Expert Estimated Variable Interest Value will be based on each estimate by a Calculation Expert of the amount that such Calculation Expert would pay on the Extraordinary Event Notification Date and taking into account all relevant market circumstances, for a right to receive on the Maturity Date an amount equal to the amount of Variable Interest per Note that, but for such election by BDC upon the occurrence of the Extraordinary Event, would have been payable on each Note on the Maturity Date. The Expert Estimated Variable Interest Value will be the average (rounded to two decimal places) of such estimates by three of the five Calculation Experts whose estimates are neither the highest nor the lowest of the five estimates; provided that, if two or more of the highest and/or lowest estimates are equal, only one of such higher and/or lower estimates shall be deemed

to be the highest and/or the lowest estimate for the purpose of determining the average of the estimates of the Calculation Experts.

- (ii) Payment of Variable Interest per Note will be made on the seventh Banking 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 on the Maturity Date. It should also be noted that the Expert Estimated Variable Interest Value will reflect a return to the Holders that may be less than the sum of the Capped Quarterly Returns for the Quarters which ended prior to the occurrence of the Extraordinary Event (which may reflect less than a 2% per annum annually compounded return).

**Definition of Market Disruption Event**

“Market Disruption Event” means 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 equity dealers generally to place, maintain or modify hedges of positions in respect of the Index. A Market Disruption Event may include, without limitation, any of the following events:

- (a) any suspension of or limitation on trading (by reason of movements in price exceeding permitted limits, or otherwise) (i) on an Exchange or Exchanges in stocks that in aggregate comprise 20% or more of the value of the Index, or (ii) on any Related Exchange in futures or options on the Index, where such suspension or limitation occurs or exists during the one-half hour period prior to the scheduled close of regular trading on the applicable Exchange or Related Exchange and where, in the determination of BDC, such suspension or limitation is material;
- (b) 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 Notes or for equity dealers generally to place, maintain or modify hedges of positions in respect of the Index;
- (c) the taking of any action by any governmental, administrative, legislative or judicial authority or power of any country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or the U.S.A.; or
- (d) 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 Notes or of equity dealers generally to place, maintain or modify hedges of positions with respect to the Index or a material and adverse effect on the Canadian or U.S. economy or the trading of securities generally on any Exchange or Related Exchange.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of an Exchange or Related Exchange, (2) a “suspension of or limitation on trading” on any Exchange or Related Exchange will not include any time when such Exchange or Related Exchange itself is closed for trading under ordinary circumstances, and (3) if trading in a security included in the Index is materially suspended or materially limited, then the relevant percentage contribution of that security to the value of the Index shall be based on a comparison of (i) the portion of the value of the Index attributable to that security relative to (ii) the overall value of the Index, in each case immediately before that suspension or limitation.

**Discontinuance or Modification of the Index**

If the Index is (i) not calculated and announced by Dow Jones but is calculated and announced by a successor Index sponsor or source acceptable to the Calculation Agent (the “Successor Source”), or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Source or that successor index, as the case may be, and Variable Interest will be calculated by reference to the Closing Value of that index in accordance with the formula previously set out herein.

If (i) on or prior to any Valuation Date, Dow Jones or the Successor Source makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in the component securities and capitalization and other routine events) or (ii) on any Valuation Date, Dow Jones or the Successor Source fails to calculate and announce the Index, then the Calculation Experts shall calculate the relevant Closing Value for the Initial Value or Final Value (as the case may be) using, in lieu of a published closing value for the Index, the value for the Index as at that Valuation Date as determined by the Calculation Experts in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities that

comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

### **Book-Entry System**

All Notes will be represented in the form of a single fully-registered book-entry only global note (the "Global Note") held by or on behalf of CDS as custodian of the Global Note (for its participants), and registered in the name of CDS or its nominee (the "Nominee"), initially CDS & Co. (All references to the Notes and a Note contained in this Information Statement will include the Global Note unless the context otherwise requires.)

The Notes will be able to be purchased, transferred and repurchased through a broker or dealer who can effect trades under the book-entry system established and maintained by CDS (a "CDS Participant" and the "Book-Entry System", respectively). Subject to certain exceptions outlined below, certificates evidencing the Notes will not be available to Holders under any circumstances and registration of ownership of the Notes will be made only through the Book-Entry System. Upon purchase of any Notes, a Holder will receive only the customary confirmation sent to such Holder by the investment dealer from whom or through whom such Notes are purchased.

Definitive certificates in relation to the Notes will be issued to CDS Participants if (i) the Paying and Transfer Agent advises the Holders that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Notes and the Holders and BDC is unable to locate a qualified successor depository system or (ii) the Paying and Transfer Agent, at its option, advised the Holders in writing that BDC elects to terminate the use of the Book-Entry System with respect to the Notes. In either event, the Global Note requires the Paying and Transfer Agent to notify all CDS Participants and Holders, through the Book-Entry System, of the availability of definitive certificates. Upon the surrender by CDS of the Global Note representing the Notes and instructions from CDS for registration, BDC will issue, or cause to be issued, definitive certificates to CDS Participants appearing on the records maintained by CDS at the time of or as soon as practicable prior to such delivery, which definitive certificates will thereafter evidence Notes previously evidenced by the Global Note.

The text of the definitive certificates evidencing Notes 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 Holders.

No transfer of a definitive certificate evidencing a 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. No Global Note may be transferred except as a whole by CDS to a nominee of CDS or by a nominee of CDS to CDS or another nominee of CDS.

Payment on definitive certificates evidencing Notes, if issued, will be made by cheque mailed to a Holder at the address of the Holder appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Holder at least five (5) Banking Days before the date of the payment and agreed to by the Paying and Transfer Agent, by electronic funds transfer to a bank account nominated by the Holder with a bank in Canada. Payment under any definitive certificate evidencing a Note is conditional upon the Holder first delivering the Note to the Paying and Transfer Agent who reserves the right to retain the Note and mark it as cancelled.

### **Payment**

The amounts payable under the Global Note on any due date will be made available by BDC through CDS or its Nominee in accordance with arrangements between BDC and CDS. CDS or its Nominee (as the case may be) will, upon receipt of any such amount, immediately facilitate payment to the applicable CDS Participants, or credit to those CDS Participants' CDS accounts, in amounts proportionate to their respective beneficial interests as shown on the records of CDS or its Nominee. BDC expects that payments by CDS Participants to owners of beneficial interests in the Global Note held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name". These payments are the responsibility of such CDS Participants. The responsibility and liability of BDC in respect of Notes represented by the Global Note is limited to making payment of any amount due on the Global Note to CDS or its Nominee.

Neither BDC or the Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of Notes represented by the Global Note or for maintaining, supervising or reviewing any records relating to such ownership.

Payments on a definitive Note, if issued, will be made by cheque mailed to the applicable Holder at the address of the Holder appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Holder 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 Holder with a bank in Canada. Payment under any definitive Note is conditional upon the Holder 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.

Neither BDC, the Paying and Transfer Agent nor CDS 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.

### **Status**

The Notes will constitute direct unconditional obligations of BDC under the terms of its medium term note program. The Notes will rank *pari passu* and will be payable rateably without any preference or priority.

### **Plan of Distribution**

Each Note will be issued at 100% of the Principal Amount thereof (i.e., \$1,000.00).

Dealers may from time to time purchase and sell Notes in the secondary market but none is not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by the selling agent or dealer.

BDC reserves the right to issue additional Notes of this series or a series previously issued, 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 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 Holders in general.

### **Dealings With Companies**

Each of the Calculation Agent, the Paying and Transfer Agent and BDC may from time to time, in the course of its normal business operations, hold interests linked to the Index or hold securities of, extend credit to or enter into other business dealings with one or more of the companies whose securities comprise part of the Index. Each has agreed that all such actions taken by it shall be taken based on normal commercial criteria in the particular circumstances and shall not take into account the effect, if any, of such actions on the value of the Index or the amount of Variable Interest that may be payable on the Notes.

### **Notification**

All general notices to Holders 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 Holders' names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Holders; 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, Montréal, Québec H3B 5E7 – Attention: Vice-President and Treasurer.

### **Calculation Agent**

"Calculation Agent" means the calculation agent for the 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, M5J 1S8 – Attention: Equity Structured Products.

### **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 Canadian Imperial Bank of Commerce, whose address is BCE Place, P.O. Box 500, 161 Bay Street, 4<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2S8 – Attention: Debt Management Service.

### **Other Definitions**

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

"Dow Jones" means Dow Jones & Company, Inc. or any successor thereto.

“Exchange” means any exchange or trading system from which prices of securities are used from time to time in the computation of the value of the Index.

“Exchange Day” means a day that is (i) a Banking Day, and (ii) a day which is (or, but for the occurrence of an Extraordinary Event, would have been) a trading day on each Exchange and each Related Exchange other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.

“Related Exchange” means any exchange or trading system on which futures or options on the Index are listed from time to time.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a Holder who purchases a 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 Note as capital property. This summary does not apply to a Holder 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 current administrative practices and policies of the Canada Customs and Revenue Agency (“CCRA”) as made publicly available by it. Except for the Proposals, this summary does not take into account or anticipate any changes to the law or the CCRA’s administrative practices or policies 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 Holder. All Holders should consult their own tax advisors with respect to their tax positions. In particular, Holders should consult their tax advisors as to whether they will hold the Notes as capital property for purposes of the Act, which determination should take into account, among other factors, whether the Notes are acquired with the intention or secondary intention of selling them prior to the Maturity Date, and as to whether the Holder is eligible for and should file an election under subsection 39(4) of the Act to treat every “Canadian security” owned by the Holder, including the Notes, as capital property.

### **Variable Interest**

#### **(a) Minimum Amount of Variable Interest**

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is the beneficiary will be required to include in computing its income for a taxation year the minimum amount of Variable Interest on a Note that accrues to the Holder to the end of that taxation year to the extent that such amount was not included in its income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year the minimum amount of Variable Interest that accrued to the end of the “anniversary day” in respect of a Note which falls during such taxation year, to the extent that such amount was not otherwise included in computing the Holder’s income for the taxation year or a preceding taxation year. For these purposes, the “anniversary day” in respect of a Note is the day that is one year after the day immediately preceding the date of the issue of the Note, the day that occurs at every successive one-year interval from such day and the day upon which the Note is disposed of by such Holder.

BDC intends to treat the minimum amount of Variable Interest for reporting purposes as accruing at the rate of 2% per annum compounding annually.

On a disposition or a deemed disposition of a Note, including a payment on maturity, a Holder will generally also be required to include in income the minimum amount of Variable Interest accrued on the Note to the date of disposition to the extent that such amount has not otherwise been included in the Holder’s income for the taxation year or a previous taxation year. Any amount included in the income of a Holder as interest as described above will generally be deducted in computing the proceeds of disposition of the Note for the purposes of computing any capital gain or loss as described below.

Where a Holder disposes of a Note, whether at maturity or otherwise, for an amount equal to its fair market value, the Holder will generally be entitled to a deduction in computing the Holder’s income for the taxation year in which the disposition occurs, equal to the amount, if any, by which the amounts that were included in the Holder’s income as interest for the year of disposition or a preceding year in respect of the minimum amount of Variable Interest exceeds the amount that was received or became receivable by the Holder in that taxation year or a preceding taxation year in respect of such minimum amount of Variable Interest.

**(b) Variable Interest in Excess of Minimum Amount**

In the event that a Holder holds a Note to maturity, the full amount of the Variable Interest generally will be included in the Holder's income in the Holder's taxation year that includes the Maturity Date except to the extent that some part or all of the minimum amount of Variable Interest has already been included in the Holder's income for that or a preceding taxation year. Where payment of the Variable Interest takes place prior to the Maturity Date as a result of an Extraordinary Event, the full amount of such payment will be included in the Holder's income in the Holder's taxation year in which the Variable Interest becomes calculable except to the extent that the minimum amount of Variable Interest has already been included in the Holder'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 CCRA's administrative practice, there will be no deemed accrual of interest on the Notes under these provisions other than in respect of the minimum amount of Variable Interest as described above.**

**Disposition of Notes**

On any disposition or deemed disposition of a Note by a Holder prior to the Maturity Date, while the matter is not free from doubt, the Holder should realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any amount required to be included in the income of the Holder as interest as described above and net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Note to the Holder.

**Eligibility for Investment by Registered Plans**

The Notes, if issued on the date hereof, would be qualified investments under the Act for registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans, and the Notes would not constitute foreign property for the purposes of the Act.

## THE INDEX

All information in this Information Statement relating to the Dow 30 Index is derived from publicly available sources and is presented in this Information Statement in summary form. As such, neither BDC nor 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 or other maintenance of, or any adjustments to, the Index.

**Generally**

Developed by Charles Dow in 1896, the Index is the oldest continuing measurement of the U.S. stock market. The Index is computed real-time throughout the trading day by Dow Jones. The Index components are selected and maintained by the editors of The Wall Street Journal, which is published by Dow Jones. The Index is a price-weighted index of 30 stocks. The 30 stocks now in the Index are all major factors in their industries, and their stocks are widely held by individuals and institutional investors.

**Component Securities**

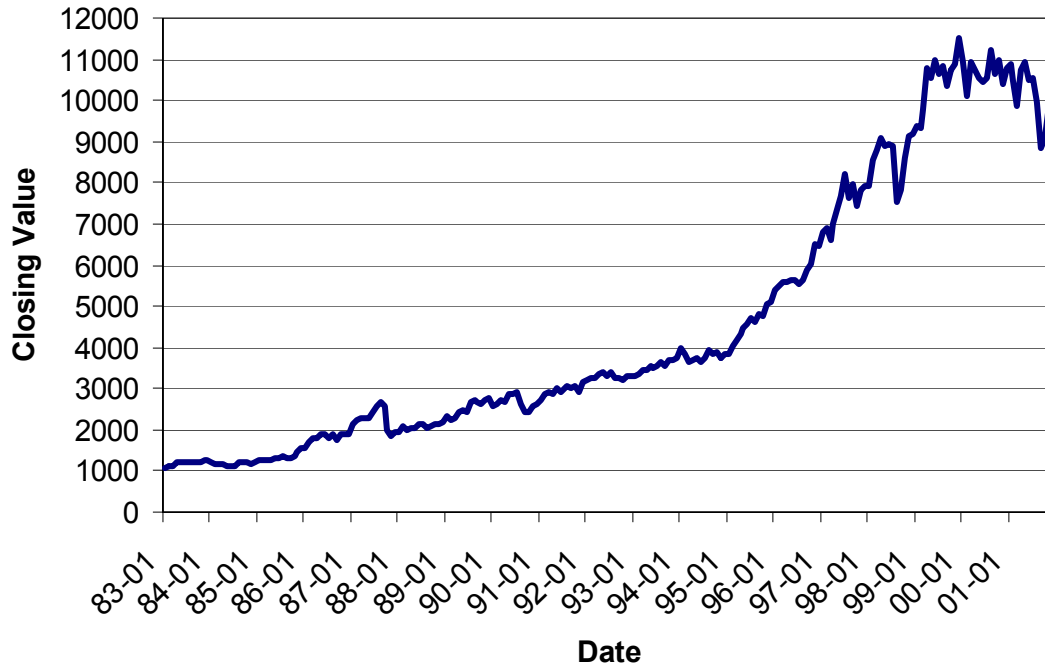
As of the close of trading on the Index on January 15, 2002, the following were the component securities in the Dow Jones Industrial Average<sup>SM</sup>, their respective listing symbols, and their respective adjusted percentage weightings of the Index:

ALCOA Inc.	AA	2.4068	Intel Corp.	INTC	2.4180
American Express Co.	AXP	2.6320	International Business Machines Corp.	IBM	8.2866
AT&T Corp.	T	1.3122	International Paper Co.	IP	2.7192
Boeing Co.	BA	2.7436	J.P. Morgan Chase & Co.	JPM	2.6404
Caterpillar Inc.	CAT	3.4687	Johnson & Johnson	JNJ	4.1255
Citigroup Inc.	C	3.4666	McDonald's Corp.	MCD	1.8267
Coca-Cola Co.	KO	3.0922	Merck & Co. Inc.	MRK	4.0892
E.I. DuPont de Nemours & Co.	DD	2.9472	Microsoft Corp.	MSFT	4.8492
Eastman Kodak Co.	EK	1.8714	Minnesota Mining & Manufacturing Co.	MMM	7.6347
Exxon Mobil Corp.	XOM	2.7401	Philip Morris Cos.	MO	3.4164
General Electric Co.	GE	2.6990	Procter & Gamble Co.	PG	5.5534
General Motors Corp.	GM	3.4834	SBC Communications Inc.	SBC	2.6348
Hewlett-Packard Co.	HWP	1.6092	United Technologies Corp.	UTX	4.2615
Home Depot Inc.	HD	3.4652	Wal-Mart Stores Inc.	WMT	3.9651
Honeywell International Inc.	HON	2.1440	Walt Disney Co.	DIS	1.4976



### Historical Data

The following chart shows the performance of the Index, based on month-end Closing Values from and including January 31, 1983 to and including December 31, 2001. The starting Closing Value was 1075.70 and the ending Closing Value was 10021.50.



*Historical performance of the Index will not necessarily predict future performance of the Index or the Notes. It is important to note that Variable Interest payable in respect of the Notes will not exactly track the future performance of the Index since Variable Interest is directly linked to the total of (i) the sum of the percentage changes of the Index for each Quarter (subject to a maximum percentage change for any Quarter of 7.5%), plus (ii) the Last Quarter Out-performance Percentage.*

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## INDEX OF DEFINED TERMS

<b>A</b>		Initial Value	3
Act	12	Investor	1
<b>B</b>		Issue Date	1
Banking Day	11	<b>L</b>	
BDC	1	Last Quarter Out-performance Percentage	3
Book-Entry System	10	<b>M</b>	
<b>C</b>		Market Disruption Event	9
Calculation Experts	8	Maturity Date	1
Capped Quarterly Return	3	<b>N</b>	
CCRA	12	Nominee	10
CDS	2	Note	1
CDS Participant	10	<b>O</b>	
Closing Value	3	Overall Return	2
<b>D</b>		<b>P</b>	
Dow Jones	11	Paying and Transfer Agent	11
<b>E</b>		Principal Amount	1
Exchange	11	Proposals	12
Exchange Day	12	<b>Q</b>	
Expert Estimated Value	8	Quarter	2
Expert Estimated Variable Interest Value	8	Quarter End Date	2
Extraordinary Event	8	<b>R</b>	
Extraordinary Event Notification Date	8	Regulations	12
<b>F</b>		Related Exchange	12
Final Valuation Date	7	<b>S</b>	
Final Value	3	Successor Source	9
<b>G</b>		<b>V</b>	
Global Note	10	Valuation Date	7
<b>I</b>		Variable Interest	1
Index	1		
Index Source	3		
Initial Valuation Date	7		

## RISK FACTORS TO CONSIDER

- ◇ ***Suitability of Note 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 investment objectives and the information set out in this Information Statement. BDC makes no recommendation as to the suitability of the Notes for investment.
- ◇ ***Interest May Be Limited to \$145.00 per Note (equal to 2% per annum compounded annually)*** – The amount of Variable Interest payable on the Notes is directly linked to the total of (i) the sum of percentages changes (both positive and negative) of the Index for all Quarters (subject to a maximum positive percentage change in any Quarter of 7.5%), plus (ii) the Last Quarter Out-performance Percentage, provided that the Holder will receive a minimum amount of Variable Interest of 14.5% of the Principal Amount at maturity (equivalent to a per annum return of 2% compounded annually) regardless of the performance of the Index. Although the Holder will have a minimum return of 14.5% if he or she holds a Note for the full term to maturity, the Holder will derive no benefit in any Quarter where the applicable percentage change in the Index exceeds 7.5%, and the amount of Variable Interest payable will be exposed to the full downside of the Index in any Quarter (without the benefit of any lower limit or floor). There is a possibility that Variable Interest payable at maturity will be limited to \$145.00 per Note. Variable Interest payable on the Notes will not exactly track the Index. See “VARIABLE INTEREST CALCULATION” above for examples.
- ◇ ***Secondary Market*** – The Principal Amount and Variable Interest per Note is only payable at maturity (subject, in the case of Variable Interest, to the occurrence of an Extraordinary Event). The Holder may not elect to receive Variable Interest prior to the Maturity Date. 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. Any secondary trading price will be dependent on many factors and their relationship. In particular, Holders should realize that the trading price, especially during the first few years of the term, (a) will have a low sensitivity to the rises and falls in the Index (i.e., the trading price of a Note will increase and decrease at a lesser rate compared to the respective percentage increases and decreases of the Index) and (b) may be substantially affected by changes in the level of interest rates independent of performance of the Index. The Notes will not be listed on any exchange. See “DESCRIPTION OF THE NOTES – *Secondary Trading of Note*” above.
- ◇ ***Market Disruption Event / Extraordinary Event*** – If a Market Disruption Event occurs on a day on which the Closing Value of the Index is to be determined for calculating Variable Interest, the determination of that value will be postponed to a later date. Fluctuations in the Closing Value of the Index may occur in the interim. The occurrence of an Extraordinary Event may accelerate the payment of Variable Interest in which case the amount of Variable Interest will be determined in an alternate manner by Calculation Experts, with a resulting return of less than 2% per annum compounded annually. However, in no event will the Principal Amount of a Note be paid prior to the Maturity Date. See “DESCRIPTION OF THE NOTES – *Special Circumstances*” above.
- ◇ ***Calculation Experts May Determine Closing Values*** – If the Dow Jones & Company, Inc. (or an acceptable successor) should cease calculation and dissemination of the Index, Calculation Experts will make such calculations as they may deem appropriate to estimate the Closing Values of the Index using the formula and method of calculating the Index as of the date the Index was last so calculated. The Calculation Experts will have no responsibility for good faith errors or omissions in calculation and dissemination of the Index. See “DESCRIPTION OF THE NOTES – *Special Circumstances*” above.