Information Statement
Dated October 28, 2002

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. Unless otherwise agreed to by Business Development Bank of Canada, the offering and sale of the notes described below are restricted to Canadian residents and may be subject to restrictions within any particular province or territory. In particular, the notes have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons, except in certain transactions exempt from the registration requirements of the United States Securities Act of 1933. 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.

BDC

Principal Protected Global Index Linked Notes, Series 5

Price: $10 Per Note
Minimum Purchase: $1,000 or 100 Notes
Minimum Issue Size: $5,000,000 or 500,000 Notes

This document describes notes proposed to be issued by Business Development Bank of Canada ("BDC", "we", "our" or "us"). Each note provides for the payment on maturity of the $10 principal amount and a return linked to changes in the level of a basket of indices initially comprised of the S&P 500 Index (50%), the EuroSTOXX 50 Index (35%) and the FTSE 100 Index (15%), subject to a minimum guaranteed aggregate return on maturity of $1 for each $10 note (equal to 10% of the $10 principal amount in respect of the entire 5.25-year term of the notes). Each of the indices will initially make up a specified percentage of the basket of indices and thereafter the relative importance of an individual index in the calculation of return will depend on the change in its level from time to time, with those indices whose levels have appreciated representing an increased overall portion of the basket. If certain extraordinary events occur, return, if any, may be paid earlier than or after maturity. A holder may not request payment of return prior to maturity. Principal will only ever be payable on maturity.

Return on the notes will be calculated based on the compounded value of the percentage changes (positive or negative) in the level of the basket of indices, measured over each three-month period during the term of the notes, in each case from a starting level to an ending level subject to a maximum positive percentage change in any particular three-month period equal to 8% plus any positive percentage change in the final three-month period in excess of 8%. The actual calculation of return is more fully described below under *"Payment Under the Notes"*.

If certain extraordinary events occur that have a material adverse effect on our ability to perform our obligations under the notes or to maintain a hedge of our position in respect of our obligation to pay return linked to changes in the level of the basket of indices, timing of payment of any return may be accelerated or delayed and the amount of such payment, including the minimum guaranteed aggregate return payable at maturity, may be reduced. Those events which may constitute an extraordinary event are listed under "*Definitions*" and some of the potential consequences of such extraordinary events are summarized below under *"Answers to Frequently Asked Questions"* and *"Payment Under the Notes"*.

The amount of return, if any, payable on the notes will not be identical to the return that would be received by a holder of the securities that comprise or track the performance of the three indices.

Notes will evidence direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada and by their terms will be fungible. **Holders of notes will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*.**

The Toronto Stock Exchange has conditionally approved the listing of the notes under the trading symbol "BDB.H", subject to the fulfilment of all of the requirements of the exchange by no later than January 8, 2003.

Notes provide opportunities for investment but may pose risks. Certain of these risks result from the possibility of fluctuations in interest rates and the levels of the indices. Notes are subject to certain risks that are distinct from a direct investment in the securities that comprise or track the performance of the three indices. You should carefully consider the risks involved in purchasing notes before reaching an investment decision and you should discuss with your advisors the suitability of purchasing notes in light of your particular investment objectives and after reviewing all available information, including the information provided in this Information Statement.

The notes will be represented by a global note which will be held by The Canadian Depository for Securities Limited or its nominee and which will represent beneficial ownership of individual notes.

Business Development Bank of Canada

Principal Protected Global Index Linked Notes, Series 5

SUMMARY

*The following is a summary of the basic terms of the Principal Protected Global Index Linked Notes, Series 5 (individually a "**Note**" and collectively the "**Notes**"). All references to the Notes and a Note contained in this Information Statement will include the Global Note. References to "$" are to Canadian dollars. Capitalized terms which are not otherwise defined in this Summary are defined under "Definitions".*

Issuer:	Business Development Bank of Canada ("**BDC**", "**we**", "**our**" or "**us**"). Our head office is located at 5 Place Ville Marie, Suite 400, Montreal, Quebec, H3B 5E7.
Indices:	S&P 500 Index, EuroSTOXX 50 Index, FTSE 100 Index.
Issue Date:	On or about November 22, 2002.
Maturity Date and Term:	On or about February 26, 2008 (resulting in a term to maturity of approximately 5.25 years).
Index Basket	A portfolio comprised of the Indices.
Index Basket Level:	The level of the Index Basket will be calculated as described under "*The Index Basket*").
Amount Payable:	The amount payable on each Note upon maturity will be equal to the sum of (a) the $10 Principal Amount of the Note, plus (b) any Variable Return. The amount and method of determining the amount of Variable Return and the timing of the payment of Variable Return may be affected by certain Extraordinary Events. On the maturity of a Note, Variable Return payable will equal at least the Base Amount, being $1.00 or 10% of the $10 Principal Amount of the Note, subject to any Extraordinary Hedging Costs. **In all cases, the $10 Principal Amount is payable only at maturity.**
Variable Return:	Variable Return will equal $10 x Percentage Change. Variable Return may not be less than zero and may be reduced for any Extraordinary Hedging Costs.
Percentage Change:	Percentage Change will equal the greater of (a) 10% and (b) an amount, expressed as a percentage and rounded to 3 decimal places, determined based on the compounded values of the Capped Periodic Percentage Changes (positive or negative) for each three-month period during the term of the Notes, plus any positive Final Period Outperformance Percentage for the final three-month period.

Capped Periodic Percentage Change:	Capped Periodic Percentage Change, calculated for each three-month period during the term of the Notes, will equal the lesser of (a) 8% and (b) the percentage change (positive or negative) in the Index Basket Level during such three-month period, rounded to three decimal places and expressed as a percentage. **Accordingly, Capped Periodic Percentage Change for a three-month period will not be greater than 8% and may be a negative number.**
Final Period Outperformance Percentage:	Final Period Outperformance Percentage will equal the positive percentage change, if any, in excess of 8% in the Index Basket Level during the last three-month period occurring during the term of the Notes.
Extraordinary Hedging Costs:	If certain Extraordinary Events occur, we may choose, or be required, to directly or indirectly dispose of, terminate, settle or liquidate securities, futures contracts, forward contracts, option contracts, currencies or other instruments relating to one or more of the Indices, or shares of the individual companies constituting one or more of the Indices, in order to offset or meet all or a portion of our exposure under the Notes. Extraordinary Hedging Costs are actual costs, if any, incurred by us directly or indirectly in disposing of, terminating, settling, liquidating or otherwise unwinding our hedging arrangements as a consequence of the occurrence of an Extraordinary Event. In the event that we incur Extraordinary Hedging Costs, Variable Return payable to the holders of Notes will be reduced accordingly. In certain circumstances we may choose to pay return prior to maturity as a result of the occurrence of an Extraordinary Event. In such a circumstance, Extraordinary Hedging Costs will include a discount to the minimum guaranteed return.
Registered Account Eligibility:	Notes, if issued on the date of this Information Statement, would be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans within the meaning of the *Income Tax Act* (Canada) (other than a deferred profit sharing plan to which payments are made by BDC or a corporation with which BDC does not deal at arm's length) and would not constitute foreign property within the meaning of the *Income Tax Act* (Canada).

ANSWERS TO FREQUENTLY ASKED QUESTIONS

How are returns linked to the indices?

At the outset, each index will comprise a set proportion of the basket of indices – the S&P 500 Index at 50%, the Euro STOXX 50 Index at 35% and the FTSE 100 Index at 15%. A notional number will be calculated for each index based on the issue size multiplied by the set proportion and dividing the total by the closing level of such index on November 25, 2002. This notional number is set at issuance and does not change. The level for the basket of indices at any point is calculated by multiplying the notional number for each index by the current level for that index and summing the results. At the end of each three-month period, the level of the index basket will be calculated and compared to the level of the index basket at the end of the immediately preceding period to determine the percentage change for that period. The return on the Notes will be based on the compounded value of the three-month percentage changes (positive and negative), except that if the percentage change during a three-month period exceeds 8%, the rise in the level of the index basket for that period taken into account in determining return on the Notes will be limited to 8%.

What is the minimum return I should expect?

If return is paid at maturity, the worst a purchaser can do is to receive $11, being the $10 principal amount plus the minimum guaranteed return of $1 (subject to any Extraordinary Hedging Costs – see *"Is there a possibility that a noteholder will not receive any amount other than principal at maturity"* below), representing a total aggregate return of 10% in respect of the entire 5.25-year term of the Notes.

What happens if there is never a three-month period in which the 8% cap is applicable?

If the percentage change in the level of the basket of indices during each three-month period is less than or equal to 8%, then the percentage change on which return will be based will equal the overall percentage change in the level of the basket of indices during the term of the Notes. In this scenario, the 8% cap will not function to limit return.

What happens if the 8% cap is applicable in one or more three-month periods?

If the actual percentage change in the level of the basket of indices is greater than 8% in one or more three-month periods then, for the purpose of calculating return, the percentage change for such three-month periods will be limited to 8% and the result of compounding all of the percentage changes for the three-month periods, including those which are capped at 8%, will be less than the actual percentage change in the level of the basket of indices during the term of the Notes. In this scenario, the 8% cap will reduce the amount of return payable.

Could return be limited to the minimum guaranteed amount of 10% even if the level of the basket of indices at maturity is greater than on issuance?

The appreciation in the level of the basket of indices that a noteholder may benefit from in any three-month period is capped at 8%. There is, however, no limit to the exposure of a noteholder to depreciation in the level of the basket of indices. For example, should the level of the basket of indices drop significantly during one three-month period and then recover at an equally significant rate during a subsequent three-month period, the amount of any recovery during the subsequent three-month period that will be used to calculate the percentage change in the level of the basket of indices during that three-month period will be limited by the 8% cap. This could result in an index basket level that is higher at maturity than at issuance, but a return for the note at maturity that is equal only to the $1 minimum guaranteed return per note. See "*Sample Calculations of the Payment Amount*" and "*Payment Under the Notes*".

How does the 8% cap per three-month period limit my opportunity to benefit from an appreciation in the level of the basket of indices?

The Notes may provide less opportunity for appreciation than a direct investment in the securities comprising the indices because return will ultimately be based on the percentage changes for each three-month period, which will be capped at 8% per three-month period. The cap operates to prevent a noteholder from benefiting from the portion of any appreciation during the three-month period in the level of the basket of indices which is over 8%, but does not limit exposure to any depreciation thereof, subject to the obligations of BDC to repay the principal amount and the minimum guaranteed return of $1 for each $10 Note (minus any Extraordinary Hedging Costs). Noteholders who hold Notes to maturity will be entitled to full participation in the appreciation, if any, in the level of the basket of indices during the final three-month period.

Will I be able to direct my investment in the Notes?

The Notes do not permit the noteholder to divest or concentrate his or her investment in any particular index. The Notes provide for returns based on the percentage changes in the level of the basket of indices.

Is it possible that the amount payable at maturity would be less than $10?

No. The principal amount is assured at maturity, whether or not the level of the basket of indices rises or falls and regardless of whether the 8% cap is exceeded in any three-month period or not.

How will the calculation of return depend on the levels of the indices?

Increases or decreases in the levels of the indices may increase or decrease the amount of return payable at maturity. The actual calculation of return is described more fully below under *"Payments Under the Notes"*. The change in the level of the basket of indices will depend upon the change in the level of each of the indices. A positive change in the level of one index may be offset by a negative change in another index, leading to an overall negative change in the basket of indices.

You should recognize that it is impossible to know whether the levels of the indices and consequently the level of the basket of indices will rise or fall. You should familiarize yourself with the basic features of the indices as summarized under *"Summary Information Concerning the Indices"*, and the method of calculating the level of the basket of indices and the percentage change over the term of the Notes as described under *"Payments Under the Notes"*.

What if I need my money early?

The Notes may be sold in any secondary market that may develop. The Notes will be listed on the Toronto Stock Exchange (the "**TSX**"), subject to meeting the TSX's initial and ongoing listing requirements. If, contrary to expectations, the Notes are not listed on the TSX, it is expected (although not assured) that they would trade through an over-the-counter market. There is no provision for the early redemption of Notes by noteholders and there is no guarantee that any secondary market that does develop will be liquid. Consequently the Notes should not be viewed as trading instruments.

If I decided to sell my Notes, could I get less than the principal amount?

Yes, the price of the Notes in any secondary market will be set by such market. Prior to maturity, the Notes could trade above or below the principal amount.

What factors may affect the trading value of my Notes in any secondary market?

The value of the Notes in a secondary market, if any, will be affected by a number of complex and inter-related factors. The effect of any one factor may be offset or magnified by the effect of another factor. The following list, although not exhaustive, describes some of the factors that may impact the trading value of the Notes:

- levels of the indices
- level of interest rates in the U.S., Canada and other markets in which securities underlying the indices trade
- dividend yields on the shares underlying the indices
- index volatility or degree to which the level of the indices change
- time remaining until maturity.

What is an Extraordinary Event?

An Extraordinary Event is an event which could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. An Extraordinary Event could include, among other things, the suspension of or a limitation on trading on any relevant principal exchange with respect to an index in securities that comprise 20% or more of the level of such index, any court or governmental order prohibiting us from performing our obligations or any governmental action which has a material adverse effect on relevant financial markets. An Extraordinary Event may delay the time at which percentage changes for a three-month period are determined and may allow us the option of crystalizing the amount of return payable and paying such amount before maturity by way of a payment of "Alternative Variable Return" in lieu of paying return, if any, at maturity. In the event that such an early payment is made, the amount paid will be subject to a reduction for our Extraordinary Hedging Costs. Despite an early payment of Alternative Variable Return in lieu of return at maturity, the principal amount will still be payable only at maturity.

Is there a possibility that a noteholder will not receive any amount other than principal at maturity?

The guaranteed minimum return of 10% of the principal amount could be substantially reduced by Extraordinary Hedging Costs as a result of an Extraordinary Event. If such Extraordinary Hedging Costs were to equal or exceed the minimum guaranteed amount, the noteholder would only be entitled to payment of the principal amount at maturity.

Will I have any right to vote or deal with securities of the companies underlying the indices as a result of owning Notes?

The Notes will not entitle you to any interest in such securities and you will not be entitled to the rights and benefits of a shareholder, including the right to receive dividends and vote at or attend meetings of shareholders.

How is an investment in the Notes different from a direct investment in the securities of the companies underlying the indices from an economic perspective?

Owning the Notes is different from owning securities of the underlying companies. The Notes do not represent a direct substitute for an investment in such securities. Investing in the Notes provides the opportunity to participate in a percentage increase in the level of the indices (subject to the 8% cap per three-month period as discussed above under *"What happens if the 8% cap is applicable in one or more three-month periods"* and subject to the fact that the significance of a percentage change in an index during a three-month period will depend in part on its level at the relevant time) while guaranteeing at maturity repayment of the principal amount and a minimum aggregate return of $1 for each $10 Note in respect of the entire term of the Notes, subject to any Extraordinary Hedging Costs. The Notes serve as a way of participating in the appreciation (subject to a cap) or depreciation in the levels of the Indices while assuring the ultimate return of the principal amount invested.

What About Tax?

A purchaser of Notes should consult with his or her own tax advisor with respect to his or her individual tax positions. General tax issues relevant to an initial purchaser are summarized under "*Canadian Federal Income Tax Considerations*". The Notes are RRSP, RRIF, RESP and DPSP eligible and are not foreign property for purposes of the *Income Tax Act* (Canada).

Am I entitled to CDIC protection on these investments?

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

Are there any special considerations regarding indices which I need to be aware of?

Return, if any, will ultimately depend on the level of the basket of indices (subject to the 8% cap on percentage change per three-month period). The level of a particular index will be based primarily on the trading prices of the shares included in it. The general method of calculation of the level of an index can significantly influence the relationship between changes in the value of or level of such index and price movements in the shares comprising it. For example, a "price-weighted" index reflects only the prevailing prices of its underlying shares, while a "capitalization-weighted" index is based on both the price and the number of outstanding shares of each underlying share. Thus, in a "capitalization-weighted" index (in contrast to a "price-weighted" index), changes in the share price of an underlying issuer with a large market capitalization will generally have a greater influence on the value or level of the index than changes in the share price of an underlying issuer with a small market capitalization.

The levels of the indices are typically updated continually during each trading day for the applicable equity trading market, with updated levels disseminated at frequent intervals. However, the level of an index may continue to be reported on a current basis even when trading is interrupted in some of the underlying shares. In that event, the reported level of an index may be based on the current market prices of those underlying shares that are still being traded (if any) and the last reported prices of those shares that are not currently trading. As a result, reported levels of the index may at times be based on non-current price information with respect to some or even all of the underlying shares. As well, for purposes of the Notes, it will be the closing level of an index on the relevant day which will be used as the index level for calculation purposes.

What factors will determine the levels of the indices?

The trading prices of the underlying shares of each index will determine its level. Noteholders should recognize that it is impossible to know whether the level of an index will rise or fall. Trading prices of the underlying shares will be influenced by the complex and inter-related political, economic, financial and other factors that can effect the capital markets generally or the equity trading markets on which the shares are trading, and by the various circumstances that can influence the values of these shares in a specific market segment or in particular shares. In addition, a foreign index based on shares issued by non-Canadian companies will be influenced by foreign, political, economic, financial and other developments. Noteholders should consider such developments which, may not be as well known or as rapidly or thoroughly reported in Canada as comparable Canadian developments. Noteholders should be aware of such possible lack of availability of important information that can effect the level of an index, and should be prepared to make special efforts to obtain such information on a timely basis.

SAMPLE CALCULATIONS OF THE PAYMENT AMOUNT

The examples set out below are included for illustration purposes only. In Examples 1 and 2, the Initial Level and the official closing level, respectively, used to illustrate the calculation of the Weighted Index Level and consequently the Index Basket Level, are not estimates or forecasts of the actual levels of the Indices.

Examples 3 to 6 assume that a Noteholder has purchased Notes with an aggregate Principal Amount of $10,000 and that no Extraordinary Event has occurred. In examples 3 to 6, the Reset Dates are the 25th day of February, May, August, and November of each year, except where such day is anticipated not to be an Exchange Day, commencing November 25, 2002.

As demonstrated by some of the examples below, the possibility exists that an investment in the Notes will not result in a return greater than the Base Amount even if the Percentage Change is positive during one or more Reset Periods.

Example #1 — Calculation of the initial Starting Index Basket Level. It is assumed that the Aggregate Issue Amount is $50,000,000 and the hypothetical Initial Levels of the Indices comprising the Index Basket on the first day of the initial Reset Period are as illustrated in the table below.

Index	Initial Level	Component Weight	Notional Number	Weighted Index Level
S&P 500 Index	798.55	50%	31,307	25,000,000
Euro STOXX 50 Index	2,142.94	35%	8,166	17,500,000
FTSE 100 Index	3,740.70	15%	2,005	7,500,000
Starting Index Basket Level				50,000,000

Based on those assumptions, the initial Starting Index Basket Level would be the sum of the Weighted Index Levels for each Index, being 50,000,000.

Example #2 — Calculation of the Ending Index Basket Level. The following illustrates the manner of calculating the Ending Index Basket Level in respect of a hypothetical Reset Period. The official closing levels for the Indices on the relevant ending date are hypothetical.

Index	Official Closing Level	Notional Number	Weighted Index Level
S&P 500 Index	974.23	31,307	30,500,000
Euro STOXX 50 Index	2,614.39	8,166	21,350,000
FTSE 100 Index	3,553.67	2,005	7,125,000
Ending Index Basket Level			58,975,000

Based on those assumptions, the Ending Index Basket Level for the hypothetical Reset Period would be the sum of the Weighted Index Levels for each Index, being 58,975,000.

Example #3 — Calculation of Percentage Change. The following example assumes the percentage changes per Reset Period are less than or equal to the Capped Periodic Percentage Change of 8% and that the Final Period Outperformance Percentage is 0%:

RESET DATES							
	Feb-25-03	May-25-03	Aug-25-03	Nov-25-03	Feb-25-04	May-25-04	Aug-25-04
Percentage Change per Reset Period	5.000%	3.000%	-2.000%	-4.000%	6.000%	8.000%	6.000%
Capped Periodic Percentage Change per Reset Period	5.000%	3.000%	-2.000%	-4.000%	6.000%	8.000%	6.000%

RESET DATES							
	Nov-25-04	Feb-25-05	May-25-05	Aug-25-05	Nov-25-05	Feb-25-06	May-25-06
Percentage Change per Reset Period	2.000%	-2.000%	0.000%	1.000%	3.000%	8.000%	-3.000%
Capped Periodic Percentage Change per Reset Period	2.000%	-2.000%	0.000%	1.000%	3.000%	8.000%	-3.000%

RESET DATES							
	Aug-25-06	Nov-25-06	Feb-25-07	May-25-07	Aug-25-07	Nov-25-07	Feb-25-08
Percentage Change per Reset Period	4.000%	-5.000%	3.000%	8.000%	2.000%	-8.000%	5.000%
Capped Periodic Percentage Change per Reset Period	4.000%	-5.000%	3.000%	8.000%	2.000%	-8.000%	5.000%

Final Period Outperformance Percentage = 0.000%

Percentage Change = the greater of (a) 10.000% and (b) [(1.00+0.05000) X (1.00+0.03000) X (1.00-0.02000) X (1.00-0.04000) X (1.00+0.06000) X (1.00+0.08000) X (1.00+0.06000) X (1.00+0.02000) X (1.00-0.02000) X (1.00+0.00000) X (1.00+0.01000) X (1.00+0.0300) X (1.00+0.08000) X (1.00-0.03000) X (1.00+0.04000) X (1.00-0.05000) X (1.00+0.03000) X (1.00+0.08000) X (1.00+0.02000) X (1.00-0.08000) X (1.00+0.0500)] –1 + 0.00000
= the greater of (a) 10.000% and (b) 0.45658 or 45.658%
= 45.658%

Variable Return = $10,000 x 45.658% = $4,565.80
Payment Amount = $10,000 + $4,565.80 = $14,656.80

The foregoing example demonstrates that if the Capped Periodic Percentage Change for each Reset Period is less than or equal to 8%, then the 8% cap will not function to limit Percentage Change and Variable Return.

Example #4 — Calculation of Percentage Change where 8% cap becomes relevant. The following example assumes that the percentage changes per Reset Period are greater in certain cases than the Capped Periodic Percentage Change of 8% and that the Final Period Outperformance Percentage is 2%:

RESET DATES							
	Feb-25-03	May-25-03	Aug-25-03	Nov-25-03	Feb-25-04	May-25-04	Aug-25-04
Percentage Change per Reset Period	5.000%	3.000%	-2.000%	-4.000%	**12.000%**	8.000%	6.000%
Capped Periodic Percentage Change per Reset Period	5.00%	3.00%	-2.00%	-4.00%	**8.00%**	8.00%	6.000%

RESET DATES							
	Nov-25-04	Feb-25-05	May-25-05	Aug-25-05	Nov-25-05	Feb-25-06	May-25-06
Percentage Change per Reset Period	2.000%	-2.000%	0.000%	**14.000%**	3.000%	8.000%	-3.000%
Capped Periodic Percentage Change per Reset Period	2.000%	-2.000%	0.000%	**8.000%**	3.000%	8.000%	-3.000%

RESET DATES							
	Aug-25-06	Nov-25-06	Feb-25-07	May-25-07	Aug-25-07	Nov-25-07	Feb-25-08
Percentage Change per Reset Period	4.000%	-5.000%	3.000%	8.000%	2.000%	6.000%	**10.000%**
Capped Periodic Percentage Change per Reset Period	4.000%	-5.000%	3.000%	8.000%	2.000%	6.000%	**8.000%**

Final Period Outperformance Percentage = 2.000%

Percentage Change = the greater of (a) 10.000% and (b) [(1.00+0.05000) X (1.00+0.03000) X (1.00-0.02000) X (1.00-0.04000) X (1.00+0.08000) X (1.00+0.08000) X (1.00+0.06000) X (1.00+0.02000) X (1.00-0.02000) X (1.00+0.00000) X (1.00+0.08000) X (1.00+0.03000) X (1.00+0.08000) X (1.00-0.03000) X (1.00+0.04000) X (1.00-0.05000) X (1.00+0.03000) X (1.00+0.08000) X (1.00+0.02000) X (1.00+0.06000) X (1.00+0.0800)] –1 + 0.02000
= the greater of (a) 10.000% and (b) 0.90065 or 90.065%
= 90.065%

Variable Return = $10,000 X 90.065%= $9,006.50
Payment Amount = $10,000 + $9,006.50=$19,006.50

If the Variable Return was calculated based on the overall percentage change of the Index Basket over the term of the Notes, the calculated amount of Variable Return would be $10,967.80. The difference between this amount and the hypothetical Variable Return payable in accordance with the actual calculations of Percentage Change is $1,961.30. Based on this hypothetical example, this difference is an indication of the impact of the 8% cap on the amount payable to a Noteholder.

Example #5 — Calculation of Percentage Change Where Minimum Guaranteed Return Applies. The following example assumes that the percentage changes per Reset Period are less than the Capped Periodic Percentage Change of 8% and result in a negative Percentage Change for the Note. The Final Period Outperformance Percentage is zero.

RESET DATES							
	Feb-25-03	May-25-03	Aug-25-03	Nov-25-03	Feb-25-04	May-25-04	Aug-25-04
Percentage Change per Reset Period	5.000%	-2.000%	3.000%	-4.000%	-5.000%	1.000%	-3.000%
Capped Periodic Percentage Change per Reset Period	5.000%	-2.000%	3.000%	-4.000%	-5.000%	1.000%	-3.000%

RESET DATES							
	Nov-25-04	Feb-25-05	May-25-05	Aug-25-05	Nov-25-05	Feb-25-06	May-25-06
Percentage Change per Reset Period	-2.000%	1.000%	-10.000%	2.000%	7.000%	3.000%	4.000%
Capped Periodic Percentage Change per Reset Period	-2.000%	1.000%	-10.000%	2.000%	7.000%	3.000%	4.000%

RESET DATES							
	Aug-25-06	Nov-25-06	Feb-25-07	May-25-07	Aug-25-07	Nov-25-07	Feb-25-08
Percentage Change per Reset Period	-2.000%	-8.000%	3.000%	8.000%	2.000%	-8.000%	-4.000%
Capped Periodic Percentage Change per Reset Period	-2.000%	-8.000%	3.000%	8.000%	2.000%	-8.000%	-4.000%

Final Period Outperformance Percentage = 0.000%

Percentage Change = the greater of (a) 10.000% and (b) [(1.00+0.05000) X (1.00-0.02000) X (1.00+0.03000) X (1.00-0.04000) X (1.00-0.05000) X (1.00+0.01000) X (1.00-0.03000) X (1.00-0.02000) X (1.00+0.01000) X (1.00-0.10000) X (1.00+0.02000) X (1.00+0.07000) X (1.00+0.03000) X (1.00+0.04000) X (1.00-0.02000) X (1.00-0.08000) X (1.00+0.03000) X (1.00+0.08000) X (1.00+0.02000) X (1.00-0.08000) X (1.00-0.0400)] - 1 + 0.000
= the greater of (a) 10.000% and (b) -0.10891 or –10.891%
= 10.000%

Variable Return = $10,000 x 10.000% = $1,000
Payment Amount = $10,000 + $1,000.00 = $11,000

The foregoing example indicates that even where there are a number of Reset Periods in which the Capped Periodic Percentage Change is negative, resulting in a negative overall Percentage Change, Variable Return will equal the Base Amount, assuming that there are no Extraordinary Hedging Costs.

Example #6 — Calculation of Percentage Change Where Index Basket Level Rises by More Than 10% but Minimum Guaranteed Return is Paid. The following example assumes that there are dramatic swings, positive and negative, in the Index Basket Level over the term of the Notes, and that the Final Period Outperformance Percentage is 0.

RESET DATES							
	Feb-25-03	May-25-03	Aug-25-03	Nov-25-03	Feb-25-04	May-25-04	Aug-25-04
Percentage Change per Reset Period	5.000%	3.000%	-2.000%	-30.000%	-18.000%	8.000%	**20.000%**
Capped Periodic Percentage Change per Reset Period	5.000%	3.000%	-2.000%	-30.000%	-18.000%	8.000%	**8.000%**

RESET DATES							
	Nov-25-04	Feb-25-05	May-25-05	Aug-25-05	Nov-25-05	Feb-25-06	May-25-06
Percentage Change per Reset Period	2.000%	**15.000%**	**11.000%**	-14.000%	**16.000%**	3.000%	**17.000%**
Capped Periodic Percentage Change	2.000%	**8.000%**	**8.000%**	-14.000%	**8.000%**	3.000%	**8.000%**

RESET DATES							
	Aug-25-06	Nov-25-06	Feb-25-07	May-25-07	Aug-25-07	Nov-25-07	Feb-25-08
Percentage Change per Reset Period	1.000%	0.000%	-1.000%	-2.000%	-3.000%	-4.000%	-2.000%
Capped Periodic Percentage Change per Reset Period	1.000%	0.000%	-1.000%	-2.000%	-3.000%	-4.000%	-2.000%

Final Period Outperformance Percentage = 0.0%

Percentage Change = the greater of (a) 10.000% and (b) [(1.00+0.05000) X (1.00+0.03000) X (1.00-0.02000) X (1.00-0.30000) X (1.00-0.18000) X (1.00+0.08000) X (1.00+0.08000) X (1.00+0.02000) X (1.00+0.0800) X (1.00+0.0800) X (1.00-0.1400) X (1.00+0.0800) X (1.00+0.0300) X (1.00+0.0800) X (1.00+0.01000) X (1.00+0.0000) X (1.00-0.01000) X (1.00-0.02000) X (1.00-0.03000) X (1.00-0.04000) X (1.00-0.0200)] - 1 + 0.000
= the greater of (a) 10.000% and (b) –0.22 or –22%
= 10.000%

Variable Return = $10,000 x 10.000% = $1,000
Payment Amount = $10,000 + $1,000.00 = $11,000

The foregoing example demonstrates that even if there are Reset Periods during which the percentage change in the Index Basket Level is significant and positive, the effect of the Capped Periodic Percentage Change is to stop a holder of Notes from benefiting from any appreciation over 8% per Reset Period. Conversely, a Noteholder's exposure to depreciation in the Index Basket Level is not limited, no matter how dramatic such depreciation may be. Even though the level of the Index Basket rose by more than 10%, the calculation of Percentage Change results in return of only the Base Amount.

SUMMARY INFORMATION CONCERNING THE INDICES

The Equity Indices

Equity Index	Country	Principal Exchange(s)	Related Exchange(s)	Index Source	Number of Companies	Method of Calculation	Current Level
S&P 500 Index	United States	New York Stock Exchange; American Stock Exchange; The Nasdaq Stock Market	Chicago Mercantile Exchange; Chicago Board Options Exchange	Standard & Poor's (S&P)	500	Capitalization Weighted	897.65
EURO STOXX 50SM Index	Netherlands, Belgium, Italy, Germany, France, Finland, Spain,	Brussels Stock Exchange (Belgium), Frankfurt Stock Exchange (Germany), Continuous Markets (S.I.B.E.) (Spain), Helsinki Stock Exchange (Finland), Paris Bourse (France), London Stock Exchange (Great Britain), Milan Stock Exchange (Italy), Amsterdam Stock Exchange (The Netherlands), Lisbon Stock Exchange (Portugal), Xetra7 (Exchange Electronic Trading) (Pan European)	Eurex Deutschland	STOXX Limited	50	Capitalization Weighted	2,456.91
FTSE 100 Index	United Kingdom	London Stock Exchange	London Futures Exchange	FTSE International Limited	100	Capitalization Weighted	4,051.10

Information in this Table is provided as at October25. 2002.

The S&P 500 Index

We have obtained all information regarding the S&P 500 Index contained in this Information Statement, including its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by S&P. We do not assume any responsibility for the accuracy or completeness of such information. S&P has no obligation to continue to publish, and may discontinue publication of, the S&P 500 Index. The S&P 500 Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the S&P 500 Index, discussed below in further detail, is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of September 30, 2002, 423 companies or 87.1% of the S&P 500 Index traded on the New York Stock Exchange (''NYSE''), 75 companies or 12.7% of the S&P 500 Index traded on The Nasdaq Stock Market, and 2 companies or 0.2% of the S&P 500 Index traded on the American Stock Exchange. At September month end, the S&P 500 Index represented approximately 80% of the market value of S&P's internal database of over 7178 equities. S&P chooses companies for inclusion in the S&P 500 Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of it's stock guide database which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the S&P 500 Index with the number of companies currently included in each group indicated in parentheses: Consumer Discretionary (88), Consumer Staples (34), Energy (23), Financials (81), Health Care (46), Industrials (69), Information Technology (76), Materials (34), Telecommunication Services (12), and Utilities (37). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the S&P 500 Index to achieve the objectives stated above. S&P calculates the S&P 500 Index by reference to the prices of the S&P Constituent Stocks without taking account of the value of dividends paid on such stocks.

Computation of the S&P 500 Index

S&P currently computes the S&P 500 Index as of a particular time as follows: the product of the market price per share and the number of then outstanding shares of each component stock is determined as of that time (referred to as the ''market value'' of that stock); the market values of all component stocks as of that time are aggregated; the mean average of the market values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined; the mean average market values of all these common stocks over the base period are aggregated (the aggregate amount being referred to as the ''base value''); the current aggregate market value of all component stocks is divided by the base value; the resulting quotient, expressed in decimals, is multiplied by ten. While S&P currently employs the above methodology to calculate the S&P 500 Index, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the amount payable at maturity to beneficial owners of the Notes. S&P adjusts the foregoing formula to offset the effects of changes in the market value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. These changes may result from causes such as the issuance of stock dividends; the granting to shareholders of rights to purchase additional shares of stock; the purchase of shares by employees pursuant to employee benefit plans; consolidations and acquisitions; the granting to shareholders of rights to purchase other securities of the issuer; the substitution by S&P of particular component stocks in the S&P 500 Index; or other reasons. In these cases, S&P first recalculates the aggregate market value of all component stocks, after taking account of the new market price per share of the particular component stock or the new number of outstanding shares of that stock or both, as the case may be, and then determines the new base value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the base value is adjusted in proportion to any change in the aggregate market value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of these causes upon the S&P 500 Index.

The Dow Jones EURO STOXX 50SM Index

The Dow Jones EURO STOXX 50SM Index is published by STOXX Limited, a joint venture between Deutsche Börse AG, Dow Jones & Company, Euronext Paris SA and SWX Swiss Exchange.

As a member of the Dow Jones STOXXSM family, the Dow Jones EURO STOXX 50SM Index represents the performance of 50 companies representing the market sector leaders in the Eurozone. The following countries are included: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. Like all Dow Jones STOXXSM indices, it is a free float market capitalization-weighted index. Component weightings are based on the number of free float shares; i.e. those shares that are available for trading. Only common shares and others with similar characteristics are included.

The Dow Jones EURO STOXX 50SM Index is reviewed annually. If the number of shares changes by more than 10% (due to extraordinary corporate actions, e.g. initial public offerings, mergers and takeovers, spin-offs, delistings or bankruptcy), the number of shares are adjusted immediately. Changes of less than 10% will be implemented at the next quarterly review. Index divisors are adjusted to maintain the continuity of the Index across changes due to corporate actions. If the free float weighting of a blue chip component is more than 10% of the total free float market capitalization of the Dow Jones EURO STOXX 50SM Index at a quarterly review, then it is reduced to 10% by a weighting cap factor that is fixed until the next quarterly review.

The Index is calculated with the Laspeyres formula which measures price changes against a fixed base quantity weight. The Dow Jones EURO STOXX 50SM Index has a base value of 1,000 on the base date December 31, 1991. The closing value of the index is calculated at 20.00 CET (Central European Time) based on the closing/adjusted price of the shares in the Dow Jones EURO STOXX 50SM Index. If a stock did not trade all day, then the previous day's closing/adjusted price is used. The same applies in case of a suspended quotation or stock exchange holiday.

STOXX Limited and Dow Jones & Company, Inc. have no relationship to BDC, other than the licensing of Dow Jones EURO STOXX 50SM Index and the related trademarks for use in connection with the Notes.

STOXX Limited and Dow Jones & Company, Inc. do not:

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- Recommend that any person invest in the Notes or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of Notes.
- Have any responsibility or liability for the administration, management or marketing of the Notes.
- Consider the needs of the Notes or the owners of the Notes in determining, composing or calculating the Dow Jones EURO STOXX 50SM Index or have any obligation to do so.

STOXX Limited and Dow Jones & Company will not have any liability in connection with the Notes. Specifically,

- STOXX Limited and Dow Jones & Company, Inc. do not make any warranty, express or implied and disclaim any and all warranty about:

- The results to be obtained by the Notes, the owner of the Notes or any other person in connection with the use of the Dow Jones EURO STOXX 50^{SM} Index and the data included in the Index;

- The accuracy or completeness of the Dow Jones EURO STOXX 50^{SM} Index and its data;

- The merchantability and the fitness for a particular purpose or use of the Dow Jones EURO STOXX 50^{SM} Index and its data;

- STOXX Limited and Dow Jones & Company, Inc. will have no liability for any errors, omissions or interruptions in the Dow JonesEURO STOXX 50^{SM} Index or its data;

- Under no circumstances will STOXX Limited or Dow Jones & Company, Inc. be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX Limited or Dow Jones & Company, Inc. knows that they might occur.

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The FTSE 100 Index

The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The FTSE 100 Index is designed to measure the performance of the largest blue chip companies in the UK market.

The FTSE 100 Index represents approximately 80% of the total UK market capitalization and is suitable as the basis for investment products, such as derivatives and exchange-traded funds. The FTSE 100 Index was developed with a base level of 1000 as of January 3, 1984 and is reviewed quarterly by an independent committee in March, June, September and December. The FTSE 100 Index is calculated throughout the day, from 8:00 a.m. to 4:30 p.m. with values published every 15 seconds on major data vendors.

The FTSE 100 Index represents the largest capitalized companies in the FTSE All-Share Index. The FTSE All-Share is composed of the FTSE 100 Index, FTSE 250 (combined to form the FTSE 350) and the FTSE SmallCap. The FTSE All-Share Index represents approximately 98% of the total UK equity market.

The indices are continuously monitored for corporate actions such as initial public offerings, mergers and takeovers, spin-offs, etc. and resulting shares in issue changes are adjusted when an aggregate change of 1% or more has been reached. The indices are free float adjusted for restricted holdings such as trade investments, significant long-term holdings, employee share schemes, government holdings and/or other portfolio investments subject to lock-in clauses. The liquidity screen stipulates that a security must turnover at least 0.5% of it's shares in issue, after the application of any free float restrictions, per month in at least ten of the twelve months prior to the annual review by the independent committee.

An independent steering committee keeps the FTSE 100 Index under quarterly review. It adds and deletes stocks from the FTSE 100 Index based on the current market capitalization of their issuers. Changes in the constituent companies are kept to a minimum in order to reduce turnover in the index. A company will usually be replaced only if it has fallen below 110th in ranking and if the replacement company has moved into the top 90, in terms of market capitalization. At all times there is a reserve list of companies ready to fill any vacancy in the FTSE 100 Index.

The FTSE 100 Index is calculated and distributed by FTSE International Limited ("FTSE"), the independent global index company. "FTSE" and "Footsie®" are registered trade marks of the London Stock Exchange Limited and The Financial Times Limited and are used by FTSE International Limited under license.

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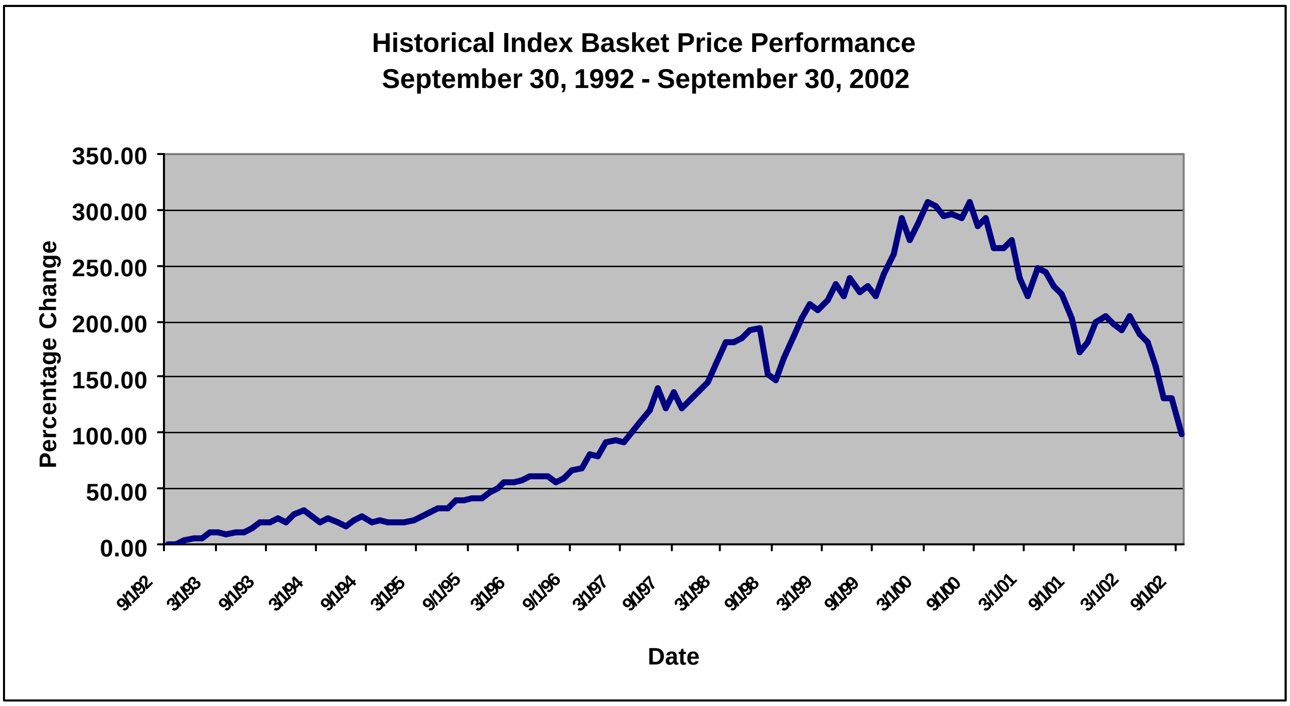
Historical Performance of the Index Basket

The following chart shows the notional percentage change of the Index Basket for the period from September 30, 1992 to September 30, 2002. There can be no assurances that the Percentage Changes in the Index Basket Level used to calculate the Variable Return payable on the Notes will bear any relationship to the historical percentage changes in the level of the Index Basket shown below. Historical performance will not necessarily predict future performance. Investors are also cautioned that the chart set out below does not represent the impact of the 8% cap per Reset Period.



THE INDEX BASKET

The Index Basket

The Variable Return, if any, payable on the Notes is linked to the performance of the Index Basket. The "**Index** Basket" is comprised of the S&P 500 Index, EuroSTOXX 50 Index and FTSE 100 Index

The Index Basket Level

The level of the Index Basket will be represented, from time to time, by the "**Index Basket Level**", which in turn will equal the sum of the Weighted Index Levels for each Index as of the relevant time.

The "**Weighted Index Level**" for an Index on an Exchange Day will be the product of (a) the Notional Number and (b) the official closing level (or deemed closing level, as the case may be) of such Index on such Exchange Day.

The "**Notional Number**" in respect of an Index will, be determined by the following formula, rounded to the nearest whole number:

$$\frac{\text{Aggregate Issue Amount x Component Weight}}{\text{Initial Level}}$$

where:

"**Aggregate Issue Amount**" is the aggregate principal amount of all Notes issued on the Issue Date expressed in Canadian Dollars;

"**Component Weight**" for each Index is as follows:

Index	Component Weight
S&P 500 Index	50%
EuroSTOXX 50 Index	35%
FTSE 100 Index	15%

and

"**Initial Level**" is the official level (or deemed level, as the case may be) of such Index on the Exchange Day for such Index immediately following the Issue Date, subject to delay in the circumstances described under *"Payment under the Notes – Delay in Determination of Starting Levels and Ending Levels*.

The initial weighting of each Index within the Index Basket is represented by the Component Weight. Thereafter, the relative importance of an individual Index in the calculation of return will depend on the change in its level from time to time, with those Indices whose levels have appreciated representing an increased overall portion of the basket.

Date of Calculation of Index Basket Level

If an Extraordinary Event in respect of an Index (a "**Disrupted Index**") occurs, and is continuing on a day on which the Weighted Index Level of the Disrupted Index (and in turn the Index Basket Level) is otherwise scheduled to be determined, then, unless we elect to make an early payment of Alternative Variable Return, the Weighted Index Level for the Disrupted Index for such day will be determined based on the official closing level (or deemed closing level, as the case may be) of the Disrupted Index on the next Exchange Day on which there is no such Extraordinary Event in respect of the Disrupted Index, except that if the Extraordinary Event is continuing with respect to the Disrupted Index on the 20th Exchange Day following the Exchange Day on which the Weighted Index Level of the Disrupted Index is otherwise scheduled to be determined, we or Calculation Experts, as the case may be, will determine the Weighted Index Level of the Disrupted Index as of such 20th Exchange Day.

If an Extraordinary Event has not occurred with respect to other Indices, the date in respect of which the Weighted Index Level is to be determined for each such Index will be the scheduled Exchange Day and such determination with respect to each Index in respect of which no Extraordinary Event has occurred will be determined without regard to the occurrence of any unrelated Extraordinary Event.

Despite any delay in determining the Weighted Index Level of a Disrupted Index, the Index Basket Level will be calculated as of the day initially scheduled as the day on which the Index Basket Level was to be determined, even though such calculation cannot be made until the Weighted Index Level of the Disrupted Index is determined in accordance with the foregoing.

PAYMENT UNDER THE NOTES

The following is a summary description of the basis for the calculation of the amount payable under the Notes.

Payment Amount on Maturity

A Noteholder's payment entitlement at maturity, or **"Payment Amount"** will be calculated by us or by the Calculation Agent based on the following formula:

Payment Amount = $10 Principal Amount + Variable Return

In some circumstances, an amount in lieu of Variable Return may be payable prior to maturity. This possibility is described under "*— Early Payment Due to an Extraordinary Event*". Variable Return will otherwise be paid on maturity and will equal at least the **"Base Amount"**, being $1.00, or 10% of the $10 Principal Amount of the Note less any Extraordinary Hedging Costs.

Calculation of Variable Return

"Variable Return" payable on a Note will be an amount, not less than zero, calculated based on the following formula:

Variable Return = $10 Principal Amount x Percentage Change – Extraordinary Hedging Costs

In no event will Variable Return be less than zero. Variable Return will represent the return on the Notes for the entire period that the Notes are issued and outstanding. Once finally determined, Variable Return in respect of each day during which the Notes are outstanding will be the total Variable Return divided by the number of days the Notes are outstanding.

Calculation of Percentage Change

"Percentage Change" will equal the greater of (a) 10% and (b) an amount, expressed as a percentage and rounded to 3 decimal places, determined based on the compounded value of the Capped Periodic Percentage Changes ("**CPPC**"), positive or negative, as the case may be, calculated for each Reset Period during the term of the Notes, plus any positive Final Period Outperformance Percentage. Specifically, Percentage Change will equal the greater of:

(a) 10%; and

(b) $[(1 + CPPC_{FIRST}) \times (1 + CPPC_{SECOND}) \times \ldots (1 + CPPC_{Nth}) \times \ldots (1 + CPPC_{LAST})] - 1$ + Final Period Outperformance Percentage

where "$CPPC_{FIRST}$", "$CPPC_{SECOND}$", "$CPPC_{Nth}$" and "$CPPC_{LAST}$" are the Capped Periodic Percentage Changes for the first, second, "Nth" and last Reset Periods, respectively.

The **"Capped Periodic Percentage Change"** for a Reset Period will equal the **lesser of** (a) 8% and (b) the following amount (positive or negative), expressed as a percentage, rounded to 3 decimal places and determined for such Reset Period as follows:

$$\frac{\text{(Ending Index Basket Level – Starting Index Basket Level)}}{\text{Starting Index Basket Level}}$$

where:

"**Starting Index Basket Level**" will equal, in the case of the initial Reset Period, the Index Basket Level on the first day of the initial Reset Period, and in the case of each subsequent Reset Period, the Index Basket Level on the last day of the immediately preceding Reset Period, in each case subject to postponement in the case of an Extraordinary Event; and

"**Ending Index Basket Level**" for a Reset Period will be the Index Basket Level on the last day of the Reset Period, except that the Ending Index Basket Level for the last Reset Period will be the Index Basket Level on the last Exchange Day for all Indices immediately preceding the Maturity Date, in each case subject to acceleration or postponement in the case of an Extraordinary Event.

In no circumstance may the CPPC for a Reset Period be greater than 8% and the CPPC for a Reset Period may be negative.

Subject to the occurrence of an Extraordinary Event:

(a) the first **"Reset Period"** will begin on (and include) the first day following the Issue Date which is an Exchange Day for each Index and will end on (and include) the 25th day of February, 2003, provided that if such ending day is not an Exchange Day for each Index, then such day will be the next succeeding day which is an Exchange Day for each Index;

(b) the second **"Reset Period"** will begin on (and include) the first day following the last day of the first Reset Period and end on (and include) the 25th day of May, 2003, provided that if such ending day is not an Exchange Day for each Index, then such day will be the next succeeding day which is an Exchange Day for each Index;

(c) the "Nth" **"Reset Period"** will begin on (and include) the first day following the last day of the immediately preceding Reset Period and end on (and include) the next to occur of the 25th day of August, November, February and May, provided that if such ending day is not an Exchange Day for each Index, then such day will be the next succeeding day which is an Exchange Day for each Index; and

(d) the last **"Reset Period"** will begin on (and include) the first day following the last day of the immediately preceding Reset Period and end on (but exclude) the Maturity Date, provided that if such ending day is not an Exchange Day for each Index, then such ending day will be the next succeeding day which is an Exchange Day for each Index.

Final Period Outperformance Percentage

The **"Final Period Outperformance Percentage"** will equal the following amount, expressed as a percentage and determined in respect of the last Reset Period as follows:

$$\frac{(\text{Ending Index Basket Level} - \text{Starting Index Basket Level})}{\text{Starting Index Basket Level}} - 8\%$$

In no circumstances will the Final Period Outperformance Percentage be less than zero.

Early Payment Due to an Extraordinary Event

If we determine at any time that an Extraordinary Event in respect of an Index has occurred and is continuing and if such Extraordinary Event has continued for at least five consecutive days that would have been Exchange Days but for the occurrence of the Extraordinary Event, then we may, at our option, elect to determine and pay, in lieu of the payment of Variable Return at maturity, Alternative Variable Return on all, but not part, of the Notes then issued and outstanding effective the close of business on the effective date notice of such election is given by us through CDS to the Noteholders. If Notes are subject to early payment in these circumstances, Noteholders will be entitled to receive the **"Alternative Variable Return"**, being an amount equal to the amount that would be the Variable Return as if determined based on the compounded value of Capped Periodic Percentage Changes calculated to that time, except that the calculation of Alternative Variable Return will be made on the basis that the Final Period Outperformance Percentage will be zero. Alternative Variable Return will also be reduced by our Extraordinary Hedging Costs, which will be determined by us.

Payment of Alternative Variable Return will be made on the later of (a) the tenth Business Day after the effective date notice of the election to pay Alternative Variable Return is given by us through CDS, or (b) if any calculation is determined, made or confirmed by the Calculation Experts, the tenth Business Day after such calculation is so determined, made or confirmed.

In such circumstances, the Principal Amount remains payable only at maturity. Noteholders will have no further entitlement to receive any return on their investment, including in respect of Variable Return.

In the case of early payment of Alternative Variable Return, the Ending Index Basket Level for the last Reset Period will be the Index Basket Level on the day that notice of early payment is given by us through CDS to Noteholders, except that where such notice is given on a day which is not an Exchange Day for some or all of the Indices, the Ending Index Basket Level for the last Reset Period will be the Index Basket Level on the first day which is an Exchange Day for each Index immediately following the day on which such notice of early payment is given.

Delay in Determination of Starting Levels and Ending Levels

If an Extraordinary Event in respect of the Index Basket occurs and is continuing on a day scheduled to be a day on which a Starting Index Basket Level or Ending Index Basket Level is to be determined, then, unless we elect to make an early payment of Alternative Variable Return, the date on which the Starting Index Basket Level and/or Ending Index Basket Level will be determined will be the earlier of (a) the next day which is an Exchange Day and on which there is no such Extraordinary Event and (b) the day which is the 20^{th} Exchange Day following the Maturity Date. If an Extraordinary Event in respect of an Index occurs and is continuing on a day on which the Weighted Index Level of the Index (and in turn the Index Basket Level) is otherwise scheduled to be determined, such Weighted Index Level will be determined on the basis described under *"The Index Basket - Date of Calculation of Index Basket Level"*. If the date on which the Ending Index Basket Level for the last Reset Period is to be determined is postponed due to an Extraordinary Event in respect of the Index Basket or one or more of the Indices, the payment of amounts owing under the

Notes will be made on (a) the first Business Day after such Ending Index Basket Level is determined if the level of the Index Basket Level is calculated or determined by us, or (b) as soon as practicable after such date if the Index Basket Level is determined or confirmed by the Calculation Experts.

Extraordinary Hedging Costs

We may choose, or may be required, to unwind, dispose of, terminate, settle or liquidate any hedge as a consequence of the occurrence of an Extraordinary Event. The term "hedge" means a position or positions, directly or indirectly, in securities relating to one or more of the Indices or in one or more of the securities underlying the Indices or in futures contracts, forward contracts, option contracts, currencies, other securities or instruments taken or committed to directly or indirectly by us to offset or meet all or a portion of our exposure under the Notes.

"Extraordinary Hedging Costs" are actual costs, if any, incurred by us directly or indirectly in disposing of, terminating, settling, liquidating or otherwise unwinding our arrangements to hedge our market exposure to the Indices or any one or more of them, or the individual securities underlying the Indices as a consequence of the occurrence of an Extraordinary Event and, if applicable, to reflect the investment earning potential of any payment before maturity of Alternative Variable Return. In effect, holders of Notes compensate us for these amounts through a reduction in the amount of return otherwise payable to them.

In the case of an election by us to pay Alternative Variable Return in lieu of paying Variable Return at maturity and to reflect the investment earning potential of any payment made before maturity of Alternative Variable Return, Extraordinary Hedging Costs will include the following discount of the Base Amount, being an **"Early Discount"**:

$$\textbf{Early Discount} = 10.000\% \times \left(1 - \frac{1}{(1+i)^t}\right)$$

where:

> **i** is the Canadian dollar interbank offered side annually compounded zero coupon fixed interest rate swap rate as determined by the Calculation Agent, acting in good faith, on the effective date that we elect to pay Alternative Variable Return for a term approximating the period from the effective date of our election to the Maturity Date.
>
> **t** is the term expressed in years and fractions of years from the effective date of our election to the Maturity Date.

In effect, Early Discount reduces the Base Amount otherwise payable under the Notes to reflect the investment earning potential of the early payment for the period from the effective date of our election to maturity.

Extraordinary Hedging Costs may also include an amount that reflects the fact that the potential benefit from any prior positive compounded CPPCs may be reduced to the extent of the full amount of any future decline in the Index Basket Level, while potential future benefits from further increases in the Index Basket Level will be limited by the 8% cap per Reset Period. This amount would be expected to adversely impact on the value of our hedge upon an early unw ind and, consequently, could be included as an Extraordinary Hedging Cost in the event of payment of Alternative Variable Return.

Available Information Respecting Percentage Change

A Noteholder may obtain current information with respect to the amount that would be the "Percentage Change" at a point in time from its CDS participant or by contacting a representative of the Calculation

Agent. Such amount will be calculated on the basis described under "*Payment Under the Notes – Calculation of Percentage Change*" as if the date on which the information is provided were the Maturity Date, except that the calculation will not take into account the Final Period Outperformance Percentage.

Neither we nor the Calculation Agent assume responsibility for the accuracy or completeness of such information. In particular, if an Extraordinary Event or other circumstance occurs which would otherwise require the appointment of Calculation Experts, prior to the time when we are required to do so, we (including through the Calculation Agent) will use our best efforts to determine the Percentage Change. However, we and the Calculation Agent do not and will not assume any liability to Noteholders for such calculations or for any actions, including a sale of the Notes, taken by Noteholders in reliance upon our calculations.

METHOD OF PAYMENT

The Principal Amount and Variable Return (if any), or Alternative Variable Return (if any), as the case may be, payable under the Notes will be made available at our option either through our Paying and Transfer Agent or through CDS (or the Nominee) in accordance with arrangements between us and the Paying and Transfer Agent and/or CDS or if we, in our sole discretion determine, directly to Noteholders. The Paying and Transfer Agent or CDS (or the Nominee) will agree that, upon receipt of any such amount, they will facilitate payment to the Noteholders' CDS participants. Our responsibility and liability in respect of Notes is limited to making payment of any amount due to CDS (or the Nominee).

Neither we nor 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 beneficial ownership of any Notes or for maintaining, supervising or reviewing any records relating to such ownership so long as the Notes are represented by a Global Note.

Payments of the Principal Amount and Variable Return or Alternative Variable Return, as the case may be, on Notes if issued in definitive form (which will only occur in certain exceptional circumstances) will be made by cheque mailed to the Noteholder at the address of the Noteholder appearing in a register which we will maintain or cause to be maintained or, if requested in writing by the Noteholder at least five Business Days before the date of the payment and agreed to by us, by electronic funds transfer to a bank account designated by the Noteholder with a bank in Canada. Payment under any Note in definitive form is conditional upon the Noteholder first delivering the Note to us.

We reserve the right, in the case of payment of Alternative Variable Return prior to maturity, to mark on the Global Note or the Notes, if represented in definitive form, as the case may be, that Alternative Variable Return has been paid in full and only the Principal Amount remains payable at maturity.

Neither we nor the Paying and Transfer Agent nor CDS (or the Nominee) 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.

RELATED MATTERS

The following is a summary of other information relevant to your decision to purchase Notes.

Registration

All Notes will be represented in the form of a 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.

Except in limited circumstances, purchasers of beneficial interests in the Global Note ("**Noteholders**") will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented in book-entry form only. Beneficial interests in the Global Note, constituting ownership of Notes, will be represented through book-entry accounts of institutions acting on behalf of Noteholders, as direct and indirect participants of CDS.

Calculation by Independent Calculation Experts

Ordinarily, all calculations and determinations to be made in connection with the Notes will be made by us or by the Calculation Agent, on our behalf. Whenever the Calculation Agent is required to act, it will do so in good faith, and its determinations will be binding in the absence of manifest error. The Calculation Agent does not warrant the accuracy or completeness of information made available with respect to the Indices or of calculations made by it in connection with the Notes.

However, if any of the following circumstances arise in determining or making a required calculation in determining the Variable Return or Alternative Variable Return for the Notes, we will appoint three independent and active participants in significant markets relating to the Indices (each, a **"Calculation Expert"** and together, the "**Calculation Experts**") to make or confirm applicable calculations:

(a) if we elect to make an early payment of Alternative Variable Return, as discussed above, as a result of the occurrence of an Extraordinary Event in respect of the Index Basket;

(b) if one or more of the Indices is not calculated by its Index Source and an independent third party does not calculate the level of such Index or Indices; or

(c) if a material determination required in calculating the Percentage Change, involves the application of material discretion by us or our agent or is based, in whole or in part, on information which is not compiled by, or derived from, sources that are independent of us.

Calculation Experts will only be appointed to make or confirm calculations required to be made to determine Variable Return at maturity or in connection with an election by us to make an early payment of Alternative Variable Return. Calculation Experts will not necessarily be appointed to make or confirm calculations prior to such time, even if an Extraordinary Event occurs.

Promptly following the appointment of Calculation Experts, we or our agent will request them to confirm (such confirmation requiring a majority vote of such Calculation Experts) any determination by us or our agent that an Extraordinary Event has occurred and is continuing.

Each Calculation Expert will be an active participant in the equity markets relevant to the Index or Indices in question, will act as an independent expert, and will not assume any obligation or duty to, or any relationship of agency or trust with, Noteholders or BDC. Noteholders will be entitled to rely on any valuations, calculations, determinations or confirmations made by the Calculation Experts and such valuations, calculations, determinations and confirmations will (except in the case of manifest material error) be final and binding on us and the Noteholders. The Calculation Experts will not be responsible for good faith errors or omissions in calculating, determining, announcing or disseminating information regarding an Index or any adjustments or calculations, as applicable, and we will not be responsible in any way for the calculations or determinations of the Calculation Experts. The Calculation Experts may, with our consent, delegate any of their obligations and functions to a third party as they deem appropriate, but acting honestly and reasonably at all times.

Promptly following the appointment of Calculation Experts, we or our agent will give notice to Noteholders through CDS disclosing the reason for the appointment; the identity and qualifications of the Calculation Experts; any past, present or anticipated relationships between the Calculation Experts and us; and that calculations, determinations and confirmations made by the Calculation Experts will be available to Noteholders on request, without charge, from us. We will also give notice to Noteholders upon the confirmation or determination of a valuation or other calculation, determination or confirmation by the Calculation Experts.

Discontinuance or Modification of an Index

If the level of an Index is not calculated and published by its Index Source, but is calculated and publicly announced by another independent authoritative person or independent party acceptable to a majority of the Calculation Experts (the "**Third Party**") appointed as a result of the discontinuance of the calculation of such Index by its Index Source, the remaining Weighted Index Levels of such Index will be determined by reference to the closing level of the Index as so calculated and announced by such Third Party.

If, prior to the determination of any Weighted Index Level, we determine in good faith that an Index Source or a Third Party materially changes the numerical form of, or the method of calculating, the Index in question or in any other way materially modifies such Index, we will engage Calculation Experts to make such calculations as they may deem appropriate so that the Variable Return due is as near as practicable to that which would have been payable had such change or modification not taken effect.

If at any time an Index Source or a Third Party ceases calculation and dissemination of an Index, either temporarily or permanently, and does not provide a successor index, we may, at our option, designate another third party equity index to replace such Index, provided that we reasonably determine that the successor index substantially tracks the market performance of the broad local market in which the companies whose shares are represented or included in such Index participate, and subject to appropriate adjustments being made to the terms and provisions of the Notes which the Calculation Experts determine to be necessary or appropriate to preserve the economic value of the Notes as of the effective date of replacement. Otherwise, the Calculation Experts will make such calculations as they may deem appropriate to determine the Variable Return using, to the extent possible, the formula and method of calculating the Index as of the date it was last so calculated.

Neither we, the Calculation Experts nor any Third Party will be responsible for good faith errors or omissions in calculating or disseminating information regarding an Index, any successor index thereto or replacement index therefor, or for adjustments or calculations by the Calculation Experts or any Third Party in order to arrive at a calculation of a stock average approximating an Index, or the Variable Return, as applicable.

Plan of Distribution

Each Note will be issued at $10, being 100% of the Principal Amount of the Note.

The Notes will be offered from time to time by us through selling agents, who have agreed to use their best efforts to solicit purchases of the Notes. We may choose to pay each selling agent a commission, varying as a percentage of the $10 Principal Amount of any Note sold through such selling agent. The commission applicable to the sale of any Note may be determined by reference to a commission schedule established by us and agreed to by the selling agent from time to time. We may also sell Notes to a selling agent, acting as principal, for resale to one or more investors at varying prices related to prevailing market prices at the time of such resale to be determined by such selling agent. We also reserve the right to sell Notes to investors directly on our own behalf in those jurisdictions in which we are authorized to do so.

Unless the Notes are sold by us to a selling agent acting as principal, no part of any commission paid by us to the selling agent may be reallocated, directly or indirectly, to the purchaser of the Notes or to others, and the selling agent will not be entitled to receive any commission from any other party in respect of initial sales of the Notes.

Any selling agent may from time to time purchase and sell Notes in the secondary market, but 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 relevant selling agent.

We will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. A selling agent will have the right, in its discretion reasonably exercised, without notice to us, to reject any offer to purchase Notes received by it in whole or in part.

The Notes have not been and will not be registered under the *United States Securities Act of 1933* and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the *United States Securities Act of 1933*. Terms used in this paragraph have the meanings given to them by Regulation S under the *United States Securities Act of 1933*.

Further Issuance of Notes

We reserve the right to issue Notes in additional tranches and may issue other note obligations. Such other note obligations may have terms substantially similar to the terms of the Notes and may be offered by us concurrently with the offering of this or other tranches of Notes.

Notices to Noteholders

If notice is required to be given to Noteholders such notice will be made through CDS by us or our agent publishing for circulation to CDS participants a notice or bulletin setting forth the information specified or contemplated to be included in such notice. Noteholders will have access to such information through the CDS participants through which Notes are held. We will have no obligation to notify Noteholders or CDS participants in any other manner.

Modifications of the Notes

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of Noteholders holding Notes representing not less than 66 2/3% of the outstanding aggregate Principal Amount of the Notes represented for the purpose of considering the resolution. Each Noteholder is entitled to one vote per $10 of Principal Amount held for the purpose of voting at meetings convened for this purpose. The Notes do not carry the right to vote in any other circumstances.

Purchases by BDC or RBC DS

We, RBC Dominion Securities Inc., or any of our or their affiliates, associates or successors, may at any time, subject to applicable laws and the policies of any stock exchange on which the Notes may be listed, purchase Notes at any price in the open market or by private agreement.

Secondary Trading of Notes

RBC DS may, from time to time, purchase and sell Notes in any secondary market which may develop for the Notes, but will not be obliged to do so. RBC DS will have the right, in its sole discretion, to cease to offer to purchase or sell Notes.

The trading price of a Note at any time will be dependent on, among other things, (i) how much the closing level of the Index has risen or fallen during the Reset Periods since the date of issue of the Notes, (ii) the fact that the $10 Principal Amount of the Note is payable on the Maturity Date regardless of the closing level of the Index at any time, (iii) the Base Amount, and (iv) a number of other interrelated factors, including, without limitation, volatility in the closing level of the Index, prevailing interest rates in the United States and Canada, the dividend yields of the securities comprising the Index, the time remaining to the Maturity Date, and 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.

Purchasers should not assume that a secondary market will develop for the Notes. If a secondary market does develop, there can be no assurance that there will be liquidity in the secondary market. If the secondary market for the Notes is limited, there may be a limited number of buyers for Notes if a purchaser does not wish to hold an investment until maturity. This may affect the price which a purchaser may receive on any resale.

The Noteholder may wish to 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.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a Noteholder who purchases Notes at the time of their issuance and who, for the purposes of the *Income Tax Act* (Canada) (the "**Act**") is a resident of Canada, deals at arm's length with BDC and holds a Note as capital property. This summary does not apply to a Noteholder that is a "financial institution" as defined for the purposes of the rules in the Act governing securities held by financial institutions. This summary is based on the Act and the regulations made thereunder (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 positions or assessing practices of The Canada Customs and Revenue Agency (the "**CCRA**") as made publicly available. Except for the Proposals, this summary does not take into account or anticipate any changes to the law or the CCRA's administrative positions or assessing practices whether by legislative, governmental or judicial action. Provincial, territorial and foreign income tax considerations are not addressed and this summary is not intended to constitute, nor should it be relied upon as, tax advice to any particular Noteholder. **All Noteholders should consult their own tax advisors with respect to their tax positions.** In particular, Noteholders 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 Noteholder is eligible for and should file an election under subsection 39(4) of the Act to treat every "Canadian security" owned by the Noteholder, including the Notes, as capital property.

Base Amount

A Noteholder 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 Base Amount on a

Note that accrues to the Noteholder 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 Noteholder, including an individual, will be required to include in computing its income for a taxation year the Base Amount 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 Noteholder's income for the taxation year or a preceding taxation year.

For these purposes, the "anniversary day" in respect of a Note to a Noteholder 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 on which the Note is disposed of by such Noteholder.

BDC intends to treat the Base Amount for reporting purposes as accruing at the rate of 1.83201% per annum compounding annually.

On a disposition or a deemed disposition of a Note, including a payment on maturity, a Noteholder will generally also be required to include in income the amount of any Base Amount accrued on the Note to the date of disposition to the extent that such amount has not otherwise been included in the Noteholder's income for the taxation year or a previous taxation year. Any amount included in the income of a Noteholder 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 Noteholder disposes of a Note, whether at maturity or otherwise, for an amount equal to its fair market value, the Noteholder will generally be entitled to a deduction in computing the Noteholder'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 Noteholder's income as interest for the year of disposition or a preceding year in respect of the Base Amount exceeds the amount that was received or became receivable by the Noteholder in that taxation year or a preceding taxation year in respect of such Base Amount.

Variable Return

If a Noteholder holds a Note to maturity, the full amount of Variable Return, if any, generally will be included in the Noteholder's income in the Noteholder's taxation year that includes the Maturity Date except to the extent that the Base Amount or any other portion of such Variable Return has already been included in the Noteholder's income for that or a preceding taxation year. In the event that payment of Alternative Variable Return is made, the full amount of such payment will be included in the Noteholder's income in the Noteholder's taxation year in the which Alternative Variable Return becomes calculable except to the extent that the Base Amount or any other portion of such Alternative Variable Return has already been included in the Noteholder'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 Base Amount as described above.

Disposition of Notes

On any disposition or deemed disposition of a Note by a Noteholder prior to the date on which the amount of Variable Return or Alternative Variable Return becomes calculable, while the matter is not free from doubt, the Noteholder 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 Noteholder 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 Noteholder.

Registered Account Eligibility

The Notes will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans within the meaning of the Act (other than a deferred profit sharing plan to which payments are made by BDC or a corporation with which BDC does not deal at arm's length) and would not constitute "foreign property" within the meaning of the Act.

DEFINITIONS

The following capitalized terms are used frequently in this Information Statement and have the respective meanings set forth below

"**Act**" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"Aggregate Issue Amount" has the meaning attributed thereto under the "*The Index Basket*".

"Alternative Variable Return" has the meaning attributed thereto under "*Payment Under the Notes—Early Payment Due to an Extraordinary Event*".

"Base Amount" has the meaning attributed thereto under "*Payment Under the Notes—Payment Amount on Maturity*".

"BDC" means Business Development Bank of Canada.

"**Business Day**" means a day on which commercial banks are open for business in Toronto, Ontario and on which BDC is open for business in Montreal, Quebec and a day on which book-entry transfers may be effected through CDS. If any date on which any action is otherwise required to be taken in respect of the Notes is not a Business Day, the date on which such action shall be taken shall, except as otherwise indicated, be the next following Business Day and, if the action involves the payment of any amount, no interest or other compensation shall be paid as a result of any such delay.

"**Calculation Agent**" means the calculation agent for the Notes appointed by BDC from time to time. The Calculation Agent initially will be RBC Dominion Securities Inc., whose address is P.O. Box 50, Royal Bank Plaza, 2nd Floor, South Tower, Toronto, Ontario, Canada M5J 2W7; Attention: Global Equity Derivatives.

"Calculation Expert" has the meaning attributed thereto under "*Related Matters—Calculation by Independent Calculation Experts*".

"Capped Periodic Percentage Change" has the meaning attributed thereto under "*Payment Under the Notes—Calculation of Percentage Change*".

"CCRA" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"CDS" means The Canadian Depository for Securities Limited.

"Component Weight" has the meaning attributed thereto under the "*The Index Basket—The Index Basket Level*".

"Disrupted Index" has the meaning attributed thereto under "*The Index Basket—Date of Calculation of Index Basket Level*".

"Early Discount" has the meaning attributed thereto under *"Payment Under the Notes—Extraordinary Hedging Costs"*.

"Ending Index Basket Level" has the meaning attributed thereto under *"Payment Under the Notes—Calculation of Percentage Change"*.

"**Exchange Day**" means, in respect of an Index, a day which is (or, but for the occurrence of an Extraordinary Event, would have been) a trading day on the Principal Exchange and Related Exchanges for the shares underlying the Index, other than a day on which trading on such an exchange is scheduled to close prior to its regular closing time.

"**Extraordinary Event**" in respect of the Index Basket means any event, circumstance or cause which BDC determines and the Calculation Experts confirm has or will have a material adverse effect on the ability of BDC to perform its obligations under the Notes or to hedge its position in respect of its obligation to make payment of amounts owing thereunder and more specifically includes the following events to the extent that they have such effect:

(a) the occurrence or existence on any Exchange Day during the one-half hour period that ends at the close of trading of any suspension of or limitation on trading (by reason of movements in price exceeding limits permitted by any relevant Principal Exchange or otherwise) on any relevant Principal Exchange in securities that comprise 20% or more of the level of an Index or a general limitation on prices for such securities on any relevant Principal Exchange;

(b) a suspension, absence or material limitation of trading in futures contracts, forward contracts or options contracts related to an Index or the securities underlying an Index on any relevant Principal Exchange or Related Exchange or a limitation on trading in futures, forward or options contracts on any relevant Principal Exchange or Related Exchange on any one day by reason of movements in prices that exceed the level permitted by such exchanges;

(c) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other government authority which would make it unlawful or impracticable for BDC to perform its obligations under the Notes or for dealers to execute, maintain or modify a hedge in a position in respect of an Index or the Index Basket;

(d) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada, the United States of America, Switzerland, the United Kingdom, any country in which a Principal Exchange or Related Exchange is located, any jurisdiction in which a company whose shares are included in an Index conducts its business, or any political subdivision of any of the foregoing which has a material adverse effect on the financial markets of any of the foregoing; or

(e) 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 a dealer to execute, maintain or modify a hedge of a position with respect to an Index, or on the economy of Canada, the United States of America, Switzerland, the United Kingdom, any country in which a Principal Exchange or Related Exchange is located, any jurisdiction in which a company whose shares are included in an Index conducts its business, or any political subdivision of any of the foregoing, or on the trading of securities, contracts or other instruments generally on any Principal Exchange or Related Exchange.

An "Extraordinary Event" in respect of a particular Index means any event, circumstance or cause which we determine has or will have a material adverse effect on our ability to hedge positions in or in respect of such Index or in respect of shares underlying such Index, and includes the events described under paragraphs (a), (b), (c), (d) and (e) above to the extent that they have such effect.

For the purpose of determining whether an Extraordinary Event exists at any time, a limitation on the hours or number of days of trading shall not constitute an Extraordinary Event if it results from an announced change in the regular business hours of the Exchange, and an "absence" or "limitation on trading" of or on the Exchange will not include any time when the Exchange itself is closed for trading under ordinary circumstances.

"Extraordinary Hedging Costs" has the meaning attributed thereto under *"Payment Under the Notes—Extraordinary Hedging Costs"*.

"Final Periodic Outperformance Percentage" has the meaning attributed thereto under *"Payment Under the Notes—Final Periodic Outperformance Percentage"*.

"Global Note" has the meaning attributed thereto under *"Related Matters – Registration"*.

"Index" means any of the Indices.

"Index Basket" has the meaning attributed thereto under *"The Index Basket—The Index Basket"*.

"Index Source" means for the S&P 500 Index, Standard and Poor's; for the EuroSTOXX 50 Index, STOXX Limited; and for the FTSE 100 Index, FTSE International Limited.

"Indices" means the S&P 500 Index; the EuroSTOXX 50 Index and the FTSE 100 Index.

"Initial Level" has the meaning attributed thereto under *"The Index Basket—The Index Basket Level"*.

"Issue Date" means on or about November 22, 2002.

"Maturity Date" means February 26, 2008.

"Nominee" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"Note" and **"Notes"** have the meaning attributed thereto under *"Summary"*.

"Noteholders" has the meaning attributed thereto under *"Related Matters—Registration"*.

"Notional Number" has the meaning attributed thereto under *"The Index Basket—The Index Basket Level"*.

"**Paying and Transfer Agent**" means the paying and transfer agent for the Notes appointed by us from time to time. The Paying and Transfer Agent will initially be RBC Dominion Securities Inc. whose address is P.O. Box 50, Royal Bank Plaza, 6th Floor, South Tower, Toronto, Ontario, Canada M5J 2W7; Attention: National Operations.

"Payment Amount" has the meaning attributed thereto under *"Payment Under the Notes—Payment Amount on Maturity"*.

"Percentage Change" has the meaning attributed thereto under *"Payment Under the Notes—Calculation of Percentage Change*".

"**Principal Amount**" for each Note means $10.

"Principal Exchange" for the Indices means the exchanges and quotation systems listed under the heading *"Principal Exchanges"* in the chart under *"Summary Information Concerning the Indices—The Equity Indices"* and any successor to each such exchange and quotation system.

“Proposal” has the meaning attributed thereto under “*Canadian Federal Income Tax Considerations*”.

“RBC DS” means RBC Dominion Securities Inc.

“**Related Exchange**”, in relation to an Index, is an exchange in respect of which futures contracts, forward contracts or options contracts are traded and through which BDC expects to effect, directly or indirectly, transactions to hedge its position in respect of the Notes, and any successor to each such exchange. As of the date of this Information Statement the Related Exchanges with respect to the Indices are set out in the chart under *“Summary Information Concerning the Indices—The Equity Indices”*.

Regulations” has the meaning attributed thereto under “*Canadian Federal Income Tax Considerations*”.

“Reset Period” has the meaning attributed thereto under *“Payment Under the Notes—Calculation of Percentage Change”*.

“S&P” means Standard and Poor’s.

“Starting Index Basket Level” has the meaning attributed thereto under *“Payment Under the Notes—Calculation of Percentage Change”*.

“Third Party” has the meaning attributed thereto under *“Related Matters—Discontinuance or Modification of the Index”*.

“Variable Return” has the meaning attributed thereto under *“Payment Under the Notes—Calculation of Variable Return*”.

“Weighted Index Level” has the meaning attributed thereto under *“The Index Basket—The Index Basket Level”*.