

March, 2006



Business Development Bank of Canada
Banque de développement du Canada

**Information
Memorandum**

**Short-Term
Promissory Notes**

This Information Memorandum has been prepared for use in connection with the sale in Canada of Short-Term Promissory Notes of Business Development Bank of Canada.

This Information Memorandum does not in any way obligate Business Development Bank of Canada to accept an offer to purchase any of these Short-Term Promissory Notes.

For additional information, please contact:

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NOTICE:

Business Development Bank of Canada ("BDC") has taken all reasonable care to ensure that the facts stated in this Information Memorandum in relation to the issuance and sale of its Short-Term Promissory Notes (the "Notes") in Canada are true and accurate in all material aspects and that there are no other material facts in relation to the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading.

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

- (a) this Information Memorandum;
- (b) any amendments made from time to time to this Information Memorandum, or;
- (c) any supplementary terms and conditions provided in any global or definitive Note,

in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Information Memorandum nor the issue of the Notes nor any sale thereof shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of BDC since the date hereof. This Information Memorandum does not constitute an offer or invitation by anyone in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation.

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

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

In this Information Memorandum, capitalized terms will have the meanings ascribed to them.

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.

DESCRIPTION OF BUSINESS DEVELOPMENT BANK OF CANADA

Under the *Business Development Bank of Canada Act* (the "Act"), an Act of the Parliament of Canada, proclaimed in force on July 13, 1995, the Federal Business Development Bank ("FBDB") was continued under the name Business Development Bank of Canada ("BDC"). FBDB was established by the *Federal Business Development Bank Act*, an Act of the Parliament of Canada, on October 2, 1975. Prior to that date, FBDB's business had been carried on by the Industrial Development Bank. The BDC has been established to support Canadian entrepreneurship by providing financial and management services with particular consideration to be given to the needs of small and medium-sized business enterprises.

BDC has been duly established and validly exists as a federal Crown corporation by virtue of the Act and is for all purposes of the Act an agent of Her Majesty in right of Canada.

Through offices across Canada, BDC provides the following services to a wide variety of Canadian business enterprises:

Financial Services

Loans -- the provision of term loans and guarantees of loans for a variety of business uses, such as the acquisition of fixed assets, market development, product research and development, working capital and to finance changes of ownership and refinancing.

Subordinated Financing -- combining elements of both debt financing and equity financing, which is offered to more mature businesses with excellent growth potential.

Venture Capital -- BDC's role is to act as a catalyst in stimulating the creation of risk capital for small and medium-sized business by using its own capital as leverage to encourage private sector participation.

Management Services

Through its national network of private sector consultants, BDC Consulting Group offers small business entrepreneurs affordable, customized and effective solutions to enhance their management skills.

BDC's head office is located at 5 Place Ville Marie, Suite 400, Montreal, Quebec, H3B 5E7.

This Information Memorandum supersedes prior ones in relation to BDC's issuance of its Short-Term Promissory Notes in Canada.

DESCRIPTION OF SHORT-TERM PROMISSORY NOTES

Maturities of the Notes

Not more than one year from the date of issue, or such other maturities as may be authorized from time to time.

Authority and Status

Issuance and sale of the Notes by BDC have been approved by or on behalf of the Minister of Finance as required by the *Financial Administration Act* (Canada), and by all necessary corporate actions taken by BDC.

The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct obligations of Her Majesty in right of Canada. Payment of principal and interest on the Notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund of Canada is the aggregate of all public moneys, such as tax revenues, which are on deposit at the credit of the Receiver General for Canada, the public officer who receives or collects public moneys for and on behalf of Canada.

The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will be payable rateably without any preference or priority.

Purpose

The net proceeds from the sale of the Notes will be used for the general corporate purposes of BDC.

Form of Notes

The Notes may be issued in bearer or fully registered form. BDC reserves the right to issue Notes in definitive form or via a book-entry system of a recognized depository for securities. If issued via a book-entry system, a beneficial owner will not receive any document from BDC evidencing ownership of Notes. The Notes will be either interest bearing or issued at a discount to mature at the principal amount.

Denominations and Currencies

The Notes will be issued in multiples of Cdn.\$1,000 (or the equivalent thereto if denominated in another currency), subject to such minimum denomination as BDC may authorize for any series of Notes, and may be issued in Canadian, United States or other foreign currencies.

Rates and Terms

Available upon request.

Delivery and Settlement

The Notes will be issued for delivery upon payment by certified cheque or bank draft payable to BDC or by such other method of payment and at such place of delivery as BDC may direct.

Payment

Payment of the Notes at maturity will be made on behalf of BDC upon surrender of the Notes at such place of delivery as BDC may direct.

Governing Law

The Notes shall be deemed to have been made under and shall be governed by the laws of Ontario.