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Important Highlights About This Year's Campaign

Sales Campaign Period Changes

The sales for the 2011 Campaign will begin on Monday October 3, 2011 and will end at the close of business December 1, 2011. For each of these two months, both Canada Savings Bonds (CSB) and Canada Premium Bonds (CPB) will be offered. Rate announcements for the January to April series due for re-pricing in 2012 will be posted on our website (www.csb.gc.ca) in advance of their respective anniversary dates. A monthly email will also be sent to sales agents notifying them of the re-priced interest rates.

Sales Campaign Dates

The sale of CSBs and CPBs for the 2011 Campaign will begin on October 3, 2011.

2011 CAMPAIGN SERIES SCHEDULE

| <i>Series</i> | <i>Sales Period</i> | <i>Issue Date</i> | <i>Maturity Date</i> |
|--------------------|-------------------------------------|-------------------|----------------------|
| CSB S128 / CPB P78 | October 3, 2011 – November 1, 2011 | November 1, 2011 | November 1, 2021 |
| CSB S129 / CPB P79 | November 2, 2011 – December 1, 2011 | December 1, 2011 | December 1, 2021 |

In the event the Government of Canada withdraws a series from sale, the Bank of Canada will notify the Sales Agents before 10:00 a.m. (ET) that the sale of the withdrawn series will terminate at the close of business that day. The next available series number may be offered for sale commencing as early as the next day.

Series Maturity

A number of CSB and CPB series will be maturing this Campaign period and beyond (January 1 – April 1). Maturity notices for series maturing from November 2011 to April 2012 will be mailed in the fall to bondholders who own these series. As usual, beginning November 1st, 2011, certificate holdings will not earn interest after the maturity date. CSB/CPB products held in CDSX will automatically redeem (cash out) after the close of business on the last business day prior to maturity. Settlement will occur on the maturity date (e.g. November 1, December 1, etc.) or the first business day thereafter, whichever is first.

The series of CSBs and CPBs set to mature within the next 6 months are outlined in the following tables:

MATURING CSB SERIES

| Series Number | Issue Date | Maturity Date |
|---------------|------------------|------------------|
| S72 | November 1, 2001 | November 1, 2011 |
| S73 | December 1, 2001 | December 1, 2011 |
| S74 | January 1, 2002 | January 1, 2012 |
| S75 | February 1, 2002 | February 1, 2012 |
| S76 | March 1, 2002 | March 1, 2012 |
| S77 | April 1, 2002 | April 1, 2012 |

MATURING CPB SERIES

| Series Number | Issue Date | Maturity Date |
|---------------|------------------|------------------|
| P21 | November 1, 2001 | November 1, 2011 |
| P22 | December 1, 2001 | December 1, 2011 |
| P23 | January 1, 2002 | January 1, 2012 |
| P24 | February 1, 2002 | February 1, 2012 |
| P25 | March 1, 2002 | March 1, 2012 |
| P26 | April 1, 2002 | April 1, 2012 |

Canada RSP/RIF Changes

Existing Canada RSP owners can still make ongoing contributions or transfers to their Canada RSP accounts, or convert their plan to a Canada RIF. Existing Canada RIF owners can also make transfers from other RRSP or RRIF plans to their Canada RIF accounts. Sales Agents are asked to direct customers wanting to add to their plans to visit the CSB Website at csbonline.csb.gc.ca or call 1 888 773-9999.

Commission Payment Changes

Effective for the upcoming fall 2011 Campaign, remittances for certificated bond sales (i.e. non-CDS) will be submitted to the Bank of Canada net of commissions. Non-certificated sales (i.e. CDS) commissions will be paid in the November and December timeframe. The payment schedule for outstanding trailer fees has not changed from last year.

S40 Redemption Value Tables

The S40 Redemption Value Tables are now available on the csb.gc.ca website in two formats; by Series as well as by Redemption Month/Redemption Window.

S5 Correction Form

Please note that the sample of the S5 correction form found under the Redemptions section is a sample only. You are required to order the form from our csborders.ca website. The correction form is not to be printed or replicated as it has a carbon copy. Please send in only the original otherwise it will be rejected.

Material Order Website - Contact Information

Sales Agents can now update their contact information directly by accessing the following website csborders.ca

Branch Administration Tool (replacing S17)

Last year we introduced a new web application which allows sales agents (authorized head office contacts) to update branch address listings directly with us. This improves the distribution process and reduces printed materials.

The tool allows you to view, edit, delete and add branch information any time of day from any computer. This year we are adding a "Contact Information" field that allows you to enter some branch specific information, which will appear on the shipping label. The addresses on file will receive shipments from Retail Debt, such as marketing & administration materials and rate release information.

The website address, user credentials, and user guide have been emailed to every organization. Please contact us if you do not have them.

Reminder

\$10,000 denomination of Canada Premium Bonds should be redeemed only after confirming their validity. Please call our Sales Agent Support line at 1 888 646-2626 to verify the bond status in our register.

Bond Shipments

Certificate inscription and distribution occurs on a weekly basis. In order to ensure customers receive their bonds for Christmas, files will need to be submitted by December 2nd.

A fax is sent to members on the day the bond shipment is sent out indicating that they should receive delivery within two days. If the bonds are not received within the two day period, members should contact the Canada Savings Bond Office at 1800 575-2626 so that they can track the delivery. Refer to the Certificate Delivery Section in the S42 on

the CSB website for more information. Members are asked to notify the Canada Savings Bond Office if their contact information has changed.

Key Dates

| Activity | Date |
|--|---|
| Last day on which certificated applications are to be accepted by Processing Service Providers without accrued interest, subject to earlier termination of sales | First business day after the closing of the sales for a specific series |
| Remit to Bank of Canada proceeds from all cash sales made up to and including the closing day of the series | Last day of Sales Period of a series for purchases (for example, October 3 – Nov 1 and first business day following that day (i.e. sales for November 1) |
| Submit purchase data for cash sales to the Canada Savings Bonds Office | Starting November 1 each year throughout the Campaign up to December 10 |
| Commission Payments | Remittances for certificated bond sales (i.e. non-CDS) will be submitted to the Bank of Canada net of commissions. Non-certificated sales (i.e. CDS) commissions will be paid in the November and December timeframe. Trailer fees for Non-Certificated (CDS) products will be paid once in the month of April. Trailer fees for certificated products will be paid in the month of June. |
| Forward unclaimed bonds to Canada Savings Bonds Office | Thirty (30) days after the date of the notice to the purchaser or owner |
| Last day for customers to notify the Canada Savings Bonds Office of a change of address and direct deposit information to ensure delivery of annual interest payment | Two months prior to the payment of interest date (e.g., August 31 for November 1 interest payments) |
| Last day to transfer current series of R Bonds to current series of C Bonds | Prior to 10 months following the issue date |
| Certificate inscription and distribution | Weekly between November 1 st to January 31 st |
| Bond Shipment Notifications | A fax is sent to members on the day the bond shipment is sent |
| Members to notify the Canada Savings Bond Office if contact information changes | As required, and as soon as possible |
| Purchase File Testing | Testing is set to begin in August and is required to be completed by the end of September |

Type of Products

Canada Savings Bonds products are on sale each year from early October to December 1st and offers two types of products: The Canada Savings Bond (CSB) and The Canada Premium Bond (CPB).

The Canada Savings Bond is a safe, secure investment currently held by millions of Canadians. The CSB offers maximum flexibility and security and is available in either regular interest or compound interest form.

The CSB:

- offers minimum guaranteed interest rates (which will increase should market conditions warrant, but will never fall below the posted rates during the priced period);
- is cashable at any time, so your money is never locked in and comes fully backed by the Government of Canada

The Canada Premium Bond is a safe, secure investment, which provides a guaranteed return in both regular interest and compound interest form. The CPB has the same general features as the CSB, but has a higher rate of interest at the time of issue than the CSB on sale at the same time and is cashable once a year. If you're looking for higher interest, and don't require the instant cashability of a CSB, consider the Canada Premium Bond.

The CPB:

- offers a guaranteed rate of return;
- offers higher interest rates at the time of issue than the CSB on sale at the same time;
- can be redeemed once a year (on the anniversary of the issue date and 30 days thereafter) and comes fully backed by the Government of Canada

Eligibility to Own Bonds

Every bona fide Canadian resident, adult or minor can own bonds. Refer to the Certificated Purchases section for registration types.

Residency Requirements

Applications are not to be accepted from Canadian residents for bonds to be registered in the names of non-residents, nor from non-residents of Canada, unless the non-resident is purchasing for a Canadian resident. To qualify as a Canadian resident, an individual must normally reside in Canada for the major part of the year (minimum of 6 months) and have a Canadian address. Employees of Canadian governments (federal or provincial) stationed outside of Canada, including members of the armed forces, and their immediate families, continue to have the status of Canadian residents. The restriction on the residential status does not apply in the case of previously issued bonds acquired by inheritance or to bonds held by Canadian residents who subsequently become non-residents.

Definitions

Anniversary Date

The annual anniversary of the Issue Date of a Bond, until maturity.

Authorized Redemption Agent

Schedule 1 banks and other financial institutions authorized by the Bank of Canada to present bonds on a “said to contain” basis for immediate settlement.

Authorized Sales Agent

Any Agent having the authority to sell Canada Savings Bonds.

BIC

Bank Identification Code

Block

A “block” of coupons consists of compound interest certificate(s) plus the appropriate attached coupons for the Canada Savings Bond series which paid compound interest on coupon bonds. The Bank of Canada booklet “Redemption Tables - S40” contains tables which show the total value of each block of coupons, i.e., value of all coupons (simple interest) plus value of compound interest certificates for each applicable series.

Bond Head

The upper portion of a Regular Interest R Bond or Compound Interest C Bond (CSB series 32-50 only) which is detached by the Authorized Redemption Agent upon redemption of the bond. **The Bond Head has no value.**

Bonds

Government of Canada retail debt products, such as Canada Savings Bonds and Canada Premium Bonds.

Business Day

A day (other than Saturday, Sunday or statutory holiday) on which commercial banks and other financial institutions are open for business.

CRA

Canada Revenue Agency

Canada Premium Bond (CPB)

Bond issued by the Government of Canada that is redeemable annually on the Anniversary Date (and during the 30 days thereafter).

Available in Compound Interest C Bond and Regular Interest R Bond. This product is registered as principal and interest. It is certificated unless held in The Canada RSP and The Canada RIF in which case it is a Non-Certificated security.

Canada Savings Bond (CSB)

Bond issued by the Government of Canada that is redeemable any time.

Available in Compound Interest C Bond and Regular Interest R Bond. This product is registered as principal and interest. It is certificated unless held in The Canada RSP and The Canada RIF in which case it is a Non-Certificated security.

Cash Bonus

A cash bonus is a payment to which the registered owner(s) is entitled for such Bond series as announced by the Government of Canada.

Central Branch

The main branch of a Processing Service Provider or a branch of such institution so designated by its head office. The Bank of Canada will deal only with this designated branch of the institution.

Closed Book Period

The two-month period prior to the Anniversary Date of a certificated Regular Interest Bond.

Compound Interest C Bond

A Bond which pays to the registered owner(s) applicable simple and compound interest upon redemption of the Bond.

Coupon Bond

A Bond which pays interest by means of attached coupons. This form of Bond was last issued with the series dated November 1, 1976. Some Coupon Bonds also had a compound interest option which pays compound interest by means of attached compound interest certificates. **Compound interest certificates are payable only when presented with the appropriate “block” of matured coupons.**

Eligible Bonds

Bonds held in a RRSP/RRIF (regardless of whether it is under The Canada RSP or The Canada RIF or a Self-Directed RRSP/RRIF).

FC/IA Code

Financial Consultant/Investment Analyst (Representative).

Fully Registered Bond

A Bond on which interest was paid from the Bank of Canada register to the registered owner(s) by cheque. This form of Bond was last issued with the series dated November 1, 1976.

Generic Bond

In 1996, a generic certificate format for Canada Savings Bonds and subsequently Canada Premium Bonds was introduced. The generic certificate allows for improved efficiency and flexibility in issuing and servicing retail debt and contributes to a reduction in the cost of producing the certificate stock. The “generic” design permits a single certificate stock to be used for all series and denominations of a same Bond (e.g., CSB or CPB) both Regular Interest R Bonds and Compound Interest C Bonds. As well, the generic bond facilitates continuity across the family of certificated Bonds while allowing each product to be unique and easily distinguishable.

Hardship Criteria

List of acceptable reasons for redeeming Canada Premium Bonds at times other than the Redemption Window.

Home Buyers Plan (HBP)

The HBP allows an Owner to withdraw money from an RRSP to buy or build a qualifying home. If conditions of the HBP are met, the Owner does not have to pay withholding tax on the money when it is withdrawn. The money must be repaid to the Owner's RRSP over a 15-year period.

Issue Date

The date on which a Bond is issued.

Lifelong Learning Plan (LLP)

The LLP allows an Owner to withdraw money from an RRSP to pay for his/her own education or a spouse's education. If certain conditions are met, the Owner does not have to pay withholding tax on the money when it is withdrawn. The money must be repaid to the Owner's RRSP over a 10-year period.

LVTS

Large Value Transfer System.

Non-Certificated Security

Includes a Bond for which no physical certificate is issued and a certificated security held within a security clearing and settlement system in the custody of a custodian or nominee.

NSP

Network Service Provider.

Original Issue (OI) Correction

For cash sales, a minor registration correction made within 6 months of the Issue Date, a cross-product transfer made within 90 days of the Issue Date, or a Bond type change made within 6 months of the Issue Date. If a Sales Agent has signed a blanket letter of indemnity with the Bank of Canada, OI corrections may be submitted using [Form S5](#).

Processing Service Provider

An Authorized Sales Agent with authority to process the appropriate purchase application forms.

Purchaser

The individual purchasing bonds as the bondowner or for others.

RDMS

Retail Debt Management System.

Reconciliation Date

The Reconciliation Date is the date that funds and data received are balanced for a specified order date.

Redemption Certificate

The lower portion of a Regular Interest R Bond or Compound Interest C Bond (CSB series 32-50 only) which is endorsed by the registered owner(s) in the space provided on the reverse upon redemption of the Bond.

Redemption Window

The Anniversary Date and the 30-day period following the Anniversary Date of the Canada Premium Bonds. CPBs are redeemable only during the Redemption Window and any time after maturity.

Regular Interest R Bond

A Bond whereby interest is paid on the Anniversary Date or at redemption to the registered owner(s) by cheque or by direct deposit until the earlier of maturity or redemption.

Special Fully Registered Bond

A Bond which had a compound interest feature and which pays simple interest plus compound interest upon redemption of the Bond. This form of Bond was last issued with the CSB series dated November 1, 1973.

UOD

Unit of Debt.