



**New Issue December 2006**

# RBC Global Innovators Yield Deposit Notes, Series 1

due January 31, 2013

Selling Period: December 11, 2006 – January 26, 2007

CONFIDENTIAL INFORMATION MEMORANDUM

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# RBC Global Innovators Yield Deposit Notes, Series 1

## TARGET INVESTORS

› Equity, GIC and fixed income investors looking for safety of capital and the potential to earn an enhanced annual coupon.

## INVESTMENT HIGHLIGHTS

- › Year 1: 6% Guaranteed coupon
- › Years 2-6: variable annual coupon linked to the performance of a global share basket
  - All positive performers within the share basket as measured from the Issue Date are recorded as 10% while all others are recorded as their actual performance, provided that if the Percentage Change is less than -25%, the Percentage Change or such Share shall be -25%
  - Maximum annual coupon of 10% minimum annual coupon of 0%
- › No foreign currency exposure, all coupons paid in Canadian dollars
- › 100% Principal Protection guaranteed by RBC at maturity
- › 100% RSP eligible

**GLOBAL INNOVATORS SHARE BASKET:** The global innovators share basket is comprised as follows:

Company	Symbol	Exchange	Company	Symbol	Exchange
Florida Power and Light Inc.	FPL	NYSE	Oramat Technologies Inc.	ORA	NYSE
Portland General Electric Co.	POR	NYSE	Toyota Motor Corp.	TM*	NYSE
Transcanada Corp.	TRP	TSX	Siemens AG	SI*	NYSE
Sasol Ltd.	SSL*	NYSE	Norfolk Southern Corp.	NSC	NYSE
Archer Daniels Midland Co.	ADM	NYSE	Veolia Environment	VE*	NYSE
Bunge Ltd.	BG	NYSE	Pentair Inc.	PNR	NYSE
Denison Mines Corp.	DML	TSX	Sabesp	SBS*	NYSE
General Electric Co.	GE	NYSE	Watts Water Technology Inc.	WTS	NYSE
Cameco Corp.	CCO	TSX	Praxair Inc.	PX	NYSE
Suntech Power Holdings	STP*	NYSE	Technip SA	TKP*	NYSE

\* Denotes that the underlying securities are American Depositary Receipts (“ADRs”) in respect of the common shares of the specified Company

## AVAILABLE ON FUNDSERV UNDER CODE RBC902

## CONTACT INFORMATION

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## Terms of the notes

For complete details, please refer to the Information Statement — RBC Global Innovators Yield Deposit Notes, Series 1.

Issuer:	Royal Bank of Canada (“RBC”).
Designation:	RBC Global Innovators Yield Deposit Notes, Series 1.
Denominations:	\$100 issued in minimum increments of 10 Notes or \$1,000.
Minimum Subscription:	\$5,000 or 50 Notes.
Issue Price:	Notes will be issued at par for a price equal to their Principal Amount.
Commission:	3.50% of the \$100.00 purchase price.
Issue Date:	On or about January 31, 2007.
Maturity Date and Term:	January 31, 2013, equivalent to a term of approximately 6 years.

Equity Basket: An initially equally weighted basket of the common shares or depository receipts (\*) of the following Companies (each an “Underlying Equity”):

Company	Symbol	Exchange	Company	Symbol	Exchange
Florida Power and Light Inc.	FPL	NYSE	Oramat Technologies Inc.	ORA	NYSE
Portland General Electric Co.	POR	NYSE	Toyota Motor Corp.	TM*	NYSE
Transcanada Corp.	TRP	TSX	Siemens AG	SI*	NYSE
Sasol Ltd.	SSL*	NYSE	Norfolk Southern Corp.	NSC	NYSE
Archer Daniels Midland Co.	ADM	NYSE	Veolia Environment	VE*	NYSE
Bunge Ltd.	BG	NYSE	Pentair Inc.	PNR	NYSE
Denison Mines Corp.	DML	TSX	Sabesp	SBS*	NYSE
General Electric Co.	GE	NYSE	Watts Water Technology Inc.	WTS	NYSE
Cameco Corp.	CCO	TSX	Praxair Inc.	PX	NYSE
Suntech Power Holdings	STP*	NYSE	Technip SA	TKP*	NYSE

\* Denotes that the underlying securities are American Depositary Receipts (“ADRs”) in respect of the common shares of the specified Company

Interest: Subject to the occurrence of certain extraordinary events, interest on the Notes will be payable as follows:

- (a) in respect of the first Annual Period, interest will be payable in arrears at a per annum rate equal to 6.00%; and
- (b) in respect of each Annual Period other than the first Annual Period, Variable Interest will be payable in an amount determined by reference to the performance of the Shares in the Equity Basket, subject to certain limitations described under “Payments under the Notes– Calculation of Variable Interest” in the Information Statement.

Variable Interest: Variable Interest will be an amount equal to the \$100 Principal Amount of the Note times the average of the Share Return Percentages calculated for each Share in the Equity Basket in respect of the applicable Annual Period. If the average of the Share Return Percentages on the relevant Valuation Date is negative, Variable Interest for the related Annual Period will be zero. The amount and method of determining Variable Interest and the timing of the payment of Variable Interest may be affected by certain Extraordinary Events. See “*Payments under the Notes– Extraordinary Events*” in the Information Statement.

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Share Return Percentages: The Share Return Percentage for a share in the Equity Basket in respect of a particular annual period will be either:

- (a) 10% (being the “Per Share Fixed Percentage”), If the Percentage Change in the price of such Share is greater than zero, regardless of the extent that the Percentage Change is positive, or
- (b) otherwise, the Percentage Change (which, in some circumstances, will be zero or a negative percentage) provided that if the Percentage Change is less than -25%, the Percentage Change for such Share shall be -25%.

If the average of the Share Return Percentages on the relevant Valuation Date is negative, Variable Interest for the related Annual Period will be zero.

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Percentage Change: Percentage Change for a Share in respect of an annual period will equal an amount, expressed as a percentage and rounded to two decimal places, as follows:

$$\frac{\text{(Annual Valuation Price – Original Valuation Price)}}{\text{Original Valuation Price}}$$

Where: “Original Valuation Price” for a Share in respect of an Annual Period is, subject to delay in the circumstances described under “*Payments under the Notes– Extraordinary Events*” in the Information Statement, the official closing price (or deemed closing price, as the case may be) of such Share on the applicable Valuation Date, rounded to two decimal places.

“Annual Valuation Price” for a Share in respect of an Annual Period is, subject to delay in the circumstances described under “*Payments under the Notes – Extraordinary Events*” in the Information Statement, the official closing price (or deemed closing price, as the case may be) of such Share on the applicable Valuation Date, rounded to two decimal places.

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Fees and Expenses: Selling agents who sell the Notes will receive, from our own funds, an initial selling commission of 3.50% of the \$100 Principal Amount of each Note and Royal Bank will pay the Agent an amount equal to 1.00% of the aggregate principal amount of the Notes on the Issue Date for the performance by the Agent of its obligations under the Agency Agreement. For further information, see “*Related Matters – Fees and Expenses*” in the Information Statement.

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Extraordinary Events: 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, a Market Disruption Event in respect of any Share such as the suspension of or a limitation on trading on any applicable Principal Exchange or Related Exchange or in the Share; 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 the Percentage Change is determined in respect of a Share for a Valuation Date and delay the time of any related interest payment, and may allow us the option of crystallizing the amount of interest payable and (if positive) paying such amount as a single, one-time final payment of Alternative Interest, in which case no further interest would be payable for or in respect of the remaining term of the Notes. See “*Payments under the Notes – Extraordinary Events*”.

**Book-Entry**

**Registration:** Record of ownership and transfers of beneficial interests in Notes will be effected through records maintained by The Canadian Depository for Securities Limited (“CDS”) with respect to interests of CDS participants and on the records of CDS participants with respect to interests of Noteholders. Except in certain limited circumstances, Noteholders will not be entitled to receive certificates evidencing the Notes in definitive form. RBC Dominion Securities Inc. will represent the full interest at CDS.

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**Agent:** Meadowbank Asset Management

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**Status:** The Notes will constitute deposit liabilities of RBC, will be issued on an unsubordinated basis and, as among themselves, will rank pari passu and will be payable rateably without any preference or priority. The Notes will not constitute deposits that are insured under the Canada Deposit Insurance Corporation Act.

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**Liquidity:** Notes purchased via the FundSERV network may be sold daily at the NAV determined by the Calculation Agent less a Deferred Sales Charge as per the following schedule:

Sales Date (Days from Issue)	Charge	Sales Date (Days from Issue)	Charge
1-180	3.00%	361-450	1.00%
181-270	2.00%	451-540	0.50%
271-360	1.50%	thereafter	0.00%

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**Registered Account**

**Eligibility:** Notes, if issued on the date of the 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 Royal Bank or a person or partnership with which Royal Bank does not deal at arm’s length).

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**Tax:** If the Notes are held to maturity in a taxable account by a holder who treats the Notes as capital property and the Variable Return is paid at maturity, such Variable Return is taxable as interest income in the taxation year in which the Maturity Date falls. There is no tax on accrued interest in intervening taxation years while the Variable Return is still uncertain. Although it is not free from doubt, any gain or loss on a disposition of a Note prior to maturity should generally be treated on account of capital i.e. it should be treated as a capital gain or loss as the case may be. A more complete tax disclosure appears under “Canadian Federal Income Tax Considerations” in the Information Statement. Holders should consult their own tax advisors.

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**Restrictions:** Offering and sale of the Notes are restricted within Canada and to Canadian residents. The Notes may not be offered, sold or delivered within the United States or to United States persons.

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**Right of Rescission:** A person may rescind any order to buy a Note (or its purchase if issued) within 48 hours of the earlier of actual receipt and deemed receipt of the Information Statement. Upon rescission, the person is entitled to a refund of the Principal Amount and any fees relating to the purchase that have been paid by the person. This rescission right does not extend to purchasers buying a Note in the secondary market. A person will be deemed to have received the Information Statement (i) on the day recorded as the time of sending by the server or other electronic means, if provided by electronic means; (ii) on the day recorded as the time of sending by fax machine, if provided by fax; (iii) five days after the postmark date, if provided by mail, and (iv) when it is received, in any other case.

# Investment highlights

## INVESTMENT OBJECTIVES

1. Principal protection;
2. The potential to earn an annual coupon greater than that which is available through traditional fixed income investments;
3. A return based on the performance of 20 global innovators.

## PAYMENT UNDER THE NOTE

**Coupon Year 1:** 6% per annum (guaranteed)

**Coupon Years 2-6:** 0-10% (variable) based on the performance of the Equity Basket. For each Equity Basket component, positive performance of any amount as measured from the Issue Date will be recorded as 10% while flat or negative performance will be recorded as the actual amount, provided that if the Percentage Change is less than -25%, the Percentage Change for such Share shall be -25%.

# Noteholder's options

As a Noteholder, an investor may choose one of the following courses of action:

### 1. Hold the Note until the Maturity Date:

The Noteholder could hold the Note until the Maturity Date. The full Principal Amount, together with Variable Return (if any) on the full Principal Amount, would be payable on the Maturity Date.

### 2. Sell the Note:

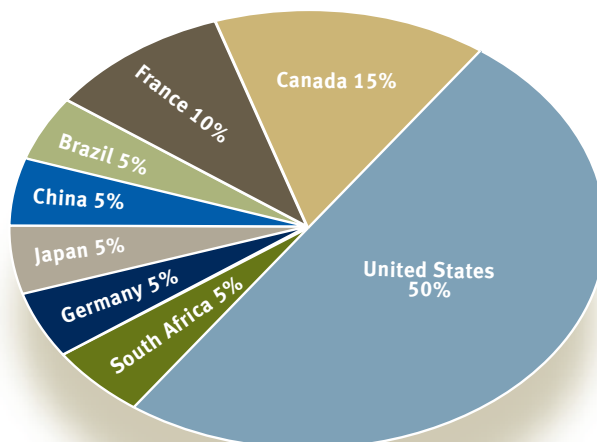
A Noteholder could sell the Note in whole or in part. The Net Bid Price would be set by market conditions, but would generally be based on the total of (a) the present value of the Principal Amount (priced like a zero coupon bond), plus (b) an amount equal to the implied Variable Return to date plus (c) an additional amount reflecting the potential that the Variable Return payable might increase prior to or on the Maturity Date (i.e., the remaining time value of the right to receive Variable Return) less any applicable Deferred Sales Charge.

## Equity Basket

Interest payable in respect of Annual Periods other than the first Annual Period will be determined by reference to the performance of the common shares and/or depository receipts evidencing common shares included in an equally-weighted basket of the following 20 global innovators:

Company Name	Exchange	Symbol	Primary Country of Business	Primary Business Description
Florida Power and Light	NYSE	FPL	USA	Electric Utility- including wind power
Portland General Electric	NYSE	POR	USA	Electric Utility- including hydro and geothermal power
Transcanada Corp.	TSX	TRP	Canada	Natural Gas and energy efficient power producer
Sasol	NYSE	SSL*	South Africa	Biofuels
Archer Daniels Midland	NYSE	ADM	USA	Agri-business- including biofuels
Bunge	NYSE	BG	USA	Agri-business
Denison Mines Corp.	TSX	DML	Canada	Uranium production
General Electric	NYSE	GE	USA	International Conglomerate
Cameco	TSX	CCO	Canada	Uranium, nuclear energy
Suntech Power Holdings	NYSE	STP	China	Solar power
Oramat Technology	NYSE	ORA	USA	Geothermal power generation
Toyota	NYSE	TM	Japan	Automobiles including hybrid automobiles
Siemens	NYSE	SI	Germany	International Conglomerate
Norfolk Southern	NYSE	NSC	USA	Railroads and natural resources
Veolia	NYSE	VE	France	Water Utility
Pentair	NYSE	PNR	USA	Diversified manufacturing
Sabesp	NYSE	SBS	Brazil	Water Infrastructure
Watts Water Technology	NYSE	WTS	USA	Water Infrastructure
Praxair	NYSE	PX	USA	Atmospheric Gas production and distribution
Technip	NYSE	TKP	France	Refinery Design and Construction

**Primary Country of Business**





# Sample calculation of the payment amount

The examples set out below are included for illustration purposes only. The prices of the Shares included in the Equity Basket used to illustrate the calculation of interest are not estimates or forecasts of the prices of the Shares on which the Original Valuation Price, the Annual Valuation Prices, and/or the calculation of the Share Return Percentages, and in turn Variable Interest, will depend. All examples assume that no Extraordinary Event has occurred.

## Example #1 – Hypothetical calculation of Variable Interest in respect of one annual period where the interest paid is positive.

Company Name	Symbol	Original Valuation Price	Annual Valuation Price	Percentage Change	Share Return Percentage
Florida Power and Light	FPL	52.81	105.46	99.70%	10.00%
Portland General Electric	POR	28.16	25.98	-7.74%	-7.74%
Transcanada Corp.	TRP	38.69	52.68	36.16%	10.00%
Sasol	SSL*	34.52	78.59	127.67%	10.00%
Archer Daniels Midland	ADM	33.53	34.25	2.15%	10.00%
Bunge	BG	69.54	57.89	-16.75%	-16.75%
Denison Mines Corp.	DML	12.00	21.00	75.00%	10.00%
General Electric	GE	35.69	49.87	39.73%	10.00%
Cameco	CCO	41.38	51.32	24.02%	10.00%
Suntech Power Holdings	STP	28.88	24.75	-14.30%	-14.30%
Oramat Technology	ORA	37.89	35.62	-5.99%	-5.99%
Toyota	TM	118.61	159.86	34.78%	10.00%
Siemens	SI	97.54	154.75	58.65%	10.00%
Norfolk Southern	NSC	49.77	58.69	17.92%	10.00%
Veolia	VE	67.02	98.63	47.17%	10.00%
Pentair	PNR	33.30	35.69	7.18%	10.00%
Sabesp	SBS	29.80	32.56	9.26%	10.00%
Watts Water Technology	WTS	42.55	52.36	23.06%	10.00%
Praxair	PX	63.54	98.69	55.32%	10.00%
	TKP	71.45	72.45	1.40%	10.00%
Average of Share Return Percentages					5.76%
Interest for Annual Period					5.76%

In respect of the foregoing hypothetical example, Variable Interest for the annual period would be determined as follows:

**Average of the Share Return Percentages =**

$$\frac{(10\% + -7.74\% + 10\% + 10\% + 10\% + -16.75\% + 10\% + 10\% + 10\% + -14.30\% + -5.99\% + 10\% + 10\% + 10\% + 10\% + 10\% + 10\% + 10\% + 10\% + 10\%)}{20} = 5.76\%$$

**Variable Return = \$100 x 5.76% = \$5.76**

## Example #2 – Hypothetical calculation of Variable Interest in respect of one annual period where the interest paid is negative.

Company Name	Symbol	Original Valuation Price	Annual Valuation Price	Percentage Change	Share Return Percentage
Florida Power and Light	FPL	52.81	98.56	86.63%	10.00%
Portland General Electric	POR	28.16	15.69	-44.28%	-25.00%
Transcanada Corp.	TRP	38.69	49.86	28.87%	10.00%
Sasol	SSL*	34.52	32.56	-5.68%	-5.68%
Archer Daniels Midland	ADM	33.53	26.59	-20.70%	-20.70%
Bunge	BG	69.54	45.89	-34.01%	-25.00%
Denison Mines Corp.	DML	12.00	20.30	69.83%	10.00%
General Electric	GE	35.69	32.59	-8.69%	-8.69%
Cameco	CCO	41.38	38.24	-7.59%	-7.59%
Suntech Power Holdings	STP	28.88	26.59	-7.93%	-7.93%
Oramat Technology	ORA	37.89	42.59	12.40%	10.00%
Toyota	TM	118.61	125.36	5.69%	10.00%
Siemens	SI	97.54	145.69	49.36%	10.00%
Norfolk Southern	NSC	49.77	38.69	-22.26%	-22.26%
Veolia	VE	67.02	62.02	-7.46%	-7.46%
Pentair	PNR	33.30	28.69	-13.84%	-13.84%
Sabesp	SBS	29.80	27.56	-7.52%	-7.52%
Watts Water Technology	WTS	42.55	38.36	-9.85%	-9.85%
Praxair	PX	63.54	85.67	34.83%	10.00%
	TKP	71.45	58.96	-17.48%	-17.48%
Average of Share Return Percentages					-5.45%
Interest for Annual Period					0.00%

In respect of the foregoing hypothetical example, Variable Interest for the annual period would be determined as follows:

**Average of the Share Return Percentages =**

$$\frac{(10\% + -44.28\% + 10\% + -5.68\% + -20.70\% + -34.01\% + 10\% + -8.69\% + -7.59\% + -7.93\% + 10\% + 10\% + 10\% + -22.26\% + -7.46\% + -13.84\% + -7.52\% + -9.85\% + 10.00\% + -17.48\%)}{20} = -5.45\%$$

**Variable Return = \$100 x -5.45% = \$0.00**

## Sample calculation of the payment amount (continued)

**Example #3 – Hypothetical example of interest payments.** It is assumed that the Original Valuation Price and Annual Valuation Price for each Share are as illustrated below (hypothetical). The Share Return Percentages used to calculate interest payable in respect of an Annual Period would be calculated as follows:

Company Symbol	Original Valuation Price	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
		Annual Valuation Price	Share Return Percentage	Annual Valuation Price	Share Return Percentage	Annual Valuation Price	Share Return Percentage	Annual Valuation Price	Share Return Percentage	Annual Valuation Price	Share Return Percentage	Annual Valuation Price	Share Return Percentage
FPL	52.81	55.86	First Annual Period Interest Rate 6%	98.56	10.00%	105.46	10.00%	97.56	10.00%	94.26	10.00%	73.26	10.00%
POR	28.16	38.96		15.69	-25.00%	25.98	-7.74%	26.12	-7.24%	19.56	-25.00%	26.45	-6.07%
TRP	38.69	32.65		49.86	10.00%	52.68	10.00%	55.68	10.00%	45.62	10.00%	47.23	10.00%
SSL*	34.52	35.21		32.56	-5.68%	78.59	10.00%	74.56	10.00%	65.24	10.00%	61.23	10.00%
ADM	33.53	42.59		26.59	-20.70%	34.25	10.00%	36.56	10.00%	41.52	10.00%	44.15	10.00%
BG	69.54	58.36		45.89	-25.00%	57.89	-16.75%	71.45	10.00%	60.25	-13.36%	66.81	-3.93%
DML	12.00	8.98		20.38	10.00%	21.00	10.00%	18.95	10.00%	26.35	10.00%	18.26	10.00%
GE	35.69	36.85		32.59	-8.69%	49.87	10.00%	45.26	10.00%	41.32	10.00%	43.26	10.00%
CCO	41.38	59.86		38.24	-7.59%	51.32	10.00%	62.35	10.00%	76.25	10.00%	72.36	10.00%
STP	28.88	31.26		26.59	-7.93%	24.75	-14.30%	32.57	10.00%	33.06	10.00%	29.56	10.00%
ORA	37.89	39.68		42.59	10.00%	35.62	-5.99%	32.65	-13.83%	28.62	-24.47%	34.26	-9.58%
TM	118.61	125.62		125.36	10.00%	159.86	10.00%	165.35	10.00%	174.23	10.00%	163.24	10.00%
SI	97.54	186.54		145.69	10.00%	154.75	10.00%	150.24	10.00%	125.61	10.00%	129.86	10.00%
NSC	49.77	51.62		38.69	-22.26%	58.69	10.00%	52.63	10.00%	51.23	10.00%	50.24	10.00%
VE	67.02	78.96		62.02	-7.46%	98.63	10.00%	69.56	10.00%	63.02	-5.97%	66.25	-1.15%
PNR	33.30	20.56		28.69	-13.84%	35.69	10.00%	39.65	10.00%	32.15	-3.45%	35.14	10.00%
SBS	29.80	20.96		27.56	-7.52%	32.56	10.00%	34.58	10.00%	35.24	10.00%	36.95	10.00%
WTS	42.55	47.95		38.36	-9.85%	52.36	10.00%	55.32	10.00%	38.62	-9.24%	43.23	10.00%
PX	63.54	69.85		85.67	10.00%	98.69	10.00%	101.26	10.00%	106.23	10.00%	107.59	10.00%
TKP	71.45	86.35		58.96	-17.48%	72.45	10.00%	65.32	-8.58%	63.23	-11.50%	76.31	10.00%
Average of Share Return Percentages			6.00%		-5.45%		5.76%		7.02%		1.85%		6.96%
Interest for Annual Period			6.00%		0.00%		5.76%		7.02%		1.57%		6.96%

