

PROSPECTUS SUPPLEMENT

To Short Form Base Shelf Prospectus dated January 5, 2006

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus dated January 5, 2006 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated January 5, 2006 from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's Department, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-6785 and are also available electronically at www.sedar.com. For the purposes of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Corporate Secretary's Department at the above mentioned address and telephone number and is also available electronically at www.sedar.com.

New Issue

September 28, 2007



\$250,000,000

Non-Cumulative Perpetual Class B Preferred Shares, Series 14 (10,000,000 Shares)

The Non-Cumulative Perpetual Class B Preferred Shares Series 14 (the "Preferred Shares Series 14") of Bank of Montreal (the "Bank") will be entitled to non-cumulative preferential cash dividends, payable quarterly on the 25th day of February, May, August and November in each year, or if such day is not a business day, on the next business day, as and when declared by the board of directors of the Bank. The initial dividend, if declared, shall be payable on February 25, 2008 and shall be \$0.49983 per share, based on the anticipated closing date of October 9, 2007. Thereafter, quarterly dividends shall be at a rate of \$0.328125 per share. See "Details of the Offering".

Subject to the provisions of the *Bank Act* (Canada) (the "Bank Act"), including any requirement of prior consent of the Superintendent of Financial Institutions (the "Superintendent"), on or after November 25, 2012, the Bank may redeem the Preferred Shares Series 14, in whole or in part, by the payment in cash of a sum equal to the issue price per share plus, if redeemed before November 25, 2016, a premium, together with declared and unpaid dividends to the date fixed for redemption.

The principal executive offices of the Bank are located at 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario M5X 1A1. The Bank's head office is located at 129 Rue St. Jacques, Montreal, Quebec H2Y 1L6.

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Preferred Shares Series 14 subject to the Bank fulfilling all of the requirements of the TSX on or before December 24, 2007.

PRICE: \$25.00 per Preferred Share Series 14

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch (Canada) Inc., Laurentian Bank Securities Inc. and Trilon Securities Corporation (collectively, the "Underwriters"), as principals, conditionally offer the Preferred Shares Series 14, subject to prior sale if, as and when issued by the Bank and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Bank by Osler, Hoskin & Harcourt LLP and on the Underwriters' behalf by McCarthy Tétrault LLP.

	Price to the Public	Underwriters' Fees ⁽¹⁾	Net Proceeds to the Bank ⁽²⁾
Per Preferred Shares Series 14	\$25.00	\$0.75	\$24.25
Total ⁽³⁾	\$250,000,000	\$7,500,000	\$242,500,000

(1) The underwriters' fee is \$0.25 for each share sold to institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the underwriters' fees and net proceeds assuming no shares are sold to institutions.

(2) Before deduction of expenses of the offering, estimated at \$350,000 which, together with the Underwriters' fee, are payable by the Bank.

(3) The Underwriters have been granted an option to purchase up to an additional 2,000,000 Preferred Shares Series 14 (the "Option Shares") at the offering price hereunder, exercisable up to 48 hours prior to the time of closing of this offering. This prospectus also qualifies the distribution of the Option Shares. If the Underwriters purchase all of the Option Shares, the total offering price, Underwriters' fees and net proceeds to the Bank will be \$300,000,000, \$9,000,000 and \$291,000,000, respectively (assuming no shares are sold to those institutions referred in Note 1 above). See "Plan of Distribution".

BMO Nesbitt Burns Inc. is a wholly owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. See "Plan of Distribution".

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 14. Such transactions, if commenced, may be discontinued at any time.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Preferred Shares Series 14 distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on closing of this offering which is expected to be on or about October 9, 2007. A purchaser of Preferred Shares Series 14 will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares Series 14 are purchased.

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Unless otherwise indicated, all dollar amounts appearing in this Prospectus Supplement are stated in Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Short Form Base Shelf Prospectus of the Bank dated January 5, 2006 (the "Prospectus") solely for the purpose of the Preferred Shares Series 14 offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars. In addition, the following documents of the Bank filed with the Superintendent and the various securities regulatory authorities in Canada are incorporated by reference into this Prospectus Supplement:

- (a) the Annual Information Form dated December 18, 2006;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2006 with comparative consolidated financial statements as at and for the year ended October 31, 2005, together with the auditors' report thereon and the auditors' report on internal control over financial reporting under Standards of the Public Company Accounting Oversight Board (United States) and Management's Discussion and Analysis as contained in pages 22 to 133 of the Bank's Annual Report for the year ended October 31, 2006;
- (c) material change report dated December 5, 2006 with respect to the retirement of Tony Comper from the position of President and Chief Executive Officer of BMO Financial Group and the appointment of Bill Downe to such position effective March 1, 2007;
- (d) the Bank's Management Proxy Circular dated January 11, 2007 in connection with the annual meeting of shareholders of the Bank held on March 1, 2007;
- (e) amended and restated material change report dated April 27, 2007 with respect to the mark-to-market commodity trading losses to be recorded by the Bank in the second quarter of its 2007 fiscal year;
- (f) material change report dated May 17, 2007 with respect to an update of the mark-to-market commodity trading losses to be recorded by the Bank in the first and second quarters of its 2007 fiscal year; and
- (g) unaudited consolidated interim financial statements as at and for the three-month and nine-month periods ended July 31, 2007 and July 31, 2006 and Management's Discussion and Analysis, as contained in pages 5 to 37 of the Bank's Third Quarter 2007 Report to Shareholders for the three-month and nine-month periods ended July 31, 2007.

Any statement contained in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel for the Bank, and in the opinion of McCarthy Tétrault LLP, counsel to the Underwriters, the Preferred Shares Series 14 offered hereby, if issued on the date of this Prospectus Supplement, would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, and deferred profit sharing plans.

DETAILS OF THE OFFERING

Description of Preferred Shares Series 14 as a Series

The following is a summary of certain provisions attaching to the Preferred Shares Series 14, as a series.

Issue Price

The Preferred Shares Series 14 will have an issue price of \$25.00 per share.

Dividends

The holders of the Preferred Shares Series 14 will be entitled to receive a quarterly non-cumulative preferential cash dividend on the 25th day of February, May, August and November in each year or, if such day is not a business day, the next business day, as and when declared by the board of directors of the Bank (the "Board of Directors"), at a quarterly rate equal to \$0.328125 per share. The first of such dividends, if declared, shall be payable on February 25, 2008 and shall be \$0.49983 per share, based on the anticipated closing date of October 9, 2007.

If the Board of Directors does not declare the dividends, or any part thereof, on the Preferred Shares Series 14 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 14 to receive such dividends, or to any part thereof, for such quarter shall be forever extinguished.

The Bank is restricted from paying dividends on the Preferred Shares Series 14 in certain circumstances. See "Bank Act Restrictions and Approvals" and "Additional Restrictions on Declaration of Dividends" in the Prospectus and "Restrictions on Dividends and Retirement of Shares" below.

Redemption

The Preferred Shares Series 14 will not be redeemable prior to November 25, 2012. On and after November 25, 2012, but subject to the provisions of the Bank Act, including, if required, the consent of the Superintendent as described in the Prospectus under "Bank Act Restrictions and Approvals", and to the provisions described below under "Restrictions on Dividends and Retirement of Shares", the Bank may redeem at any time all, or from time to time any part, of the outstanding Preferred Shares Series 14, at the Bank's option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share if redeemed prior to November 25, 2013; (ii) \$25.75 per share if redeemed on or after November 25, 2013 and prior to November 25, 2014; (iii) \$25.50 per share if redeemed on or after November 25, 2014 and prior to November 25, 2015; (iv) \$25.25 per share if redeemed on or after November 25, 2015 and prior to November 25, 2016; or (v) \$25.00 per share if redeemed on or after November 25, 2016, plus, in each case, all declared and unpaid dividends up to but excluding the date fixed for redemption.

Written notice of any redemption will be given by the Bank at least 30 and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 14 are at any time to be redeemed, the shares to be redeemed will be selected by lot or pro rata disregarding fractions or in such other manner as the Bank may determine.

Conversion into Another Series of Preferred Shares at the Option of the Holder

The Bank may, by resolution of the Board of Directors, constitute a further series of Class B Preferred Shares (the "New Preferred Shares") having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Preferred Shares as risk-based Tier 1 Capital or equivalent of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent. In such event, the Bank may, with the consent of the Superintendent, give holders of the Preferred Shares Series 14 written notice that they have the right, pursuant to the terms of the Preferred Shares Series 14, at their option, to convert their Preferred Shares Series 14 on the date specified in the notice into fully-paid New Preferred Shares on a share for share basis. Notice shall be given by the Bank in writing at least 30 and not more than 60 days prior to such conversion date.

Upon exercise by the holder of a right to convert Preferred Shares Series 14 into New Preferred Shares, the Bank reserves the right not to issue New Preferred Shares to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See “Restrictions on Bank Shares Under the Bank Act” in the Prospectus.

Purchase for Cancellation

Subject to the provisions of the Bank Act, the provisions described below under “Restrictions on Dividends and Retirement of Shares” and to the consent of the Superintendent, the Bank may at any time, by private contract or in the market or by tender, purchase for cancellation any Preferred Share Series 14 at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Presentation for Conversion, Redemption or Sale

A conversion, redemption or sale to the Bank of Preferred Shares Series 14 will be effected by the holder transferring such holder’s Preferred Shares Series 14 to be converted, redeemed or sold, as the case may be, to the account of the Bank in CDS (or, in the event that the Preferred Shares Series 14 are not then issued in book-entry only form, by depositing with the transfer agent for the Preferred Shares Series 14, at one of its principal offices, certificates representing such Preferred Shares Series 14).

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 14 shall be entitled to receive \$25.00 per share, together with the amount of declared and unpaid dividends to the date of payment, before any amount shall be paid or any assets of the Bank distributed to the holders of the common shares of the Bank (the “Bank Common Shares”) or any other shares ranking junior to the Preferred Shares Series 14. The holders of the Preferred Shares Series 14 shall not be entitled to share in any further distribution of the property or assets of the Bank.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 14 are outstanding, the Bank will not, without the approval of the holders of the Preferred Shares Series 14 given as specified below:

- (a) declare any dividend on the Bank Common Shares or any other shares ranking junior to the Preferred Shares Series 14 (other than stock dividends on shares ranking junior to the Preferred Shares Series 14); or
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Preferred Shares Series 14 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 14); or
- (c) redeem, purchase or otherwise retire: (i) less than all the Preferred Shares Series 14; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, any other shares ranking on a parity with the Preferred Shares Series 14;

unless, in each case, all dividends up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable, shall have been declared and paid or set apart for payment in respect of each series of cumulative preferred shares of the Bank (the “Preferred Shares”) then issued and outstanding and ranking prior to or on a parity with the Preferred Shares Series 14 and on all other cumulative shares ranking on a parity with the Preferred Shares and there shall have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative preferred shares of the Bank (including the Preferred Shares Series 14) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Preferred Shares and in respect of which the rights of holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or on a parity with the Preferred Shares Series 14 have been declared and paid or set apart for payment.

Issue of Additional Series of Preferred Shares

Subject to the restrictions described in the Prospectus under “Description of Preferred Shares — Certain Provisions of the Class B Preferred Shares as a Class — Creation and Issue of Shares”, the Bank may issue other series of preferred shares ranking on a parity with the Preferred Shares Series 14 without the authorization of the holders of the Preferred Shares Series 14.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 14 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Preferred Shares Series 14 at which a majority of the outstanding Preferred Shares Series 14 is represented or, if no quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply.

In addition to the aforementioned approval, any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 14 that affects the classification afforded to the Preferred Shares Series 14 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder can only be made with the consent of the Superintendent.

Voting Rights

Subject to the provisions of the Bank Act, the holders of the Preferred Shares Series 14 as such will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 14 in any quarterly period. In that event, the holders of the Preferred Shares Series 14 will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Preferred Shares Series 14 shall forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 14 to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the Board of Directors may again fail to declare the whole dividend on the Preferred Shares Series 14 for any quarterly period, such voting rights shall become effective again and so on from time to time.

Book-Entry Only Issue

Except in limited circumstances, the Preferred Shares Series 14 will be issued in “book-entry only” form and must be purchased, held and transferred through participants in the depository service of CDS. See “Book-Entry Only Securities” in the Prospectus.

CONSOLIDATED CAPITALIZATION OF THE BANK

The selected financial data set out below is extracted from the Bank's consolidated financial statements as at and for the year ended October 31, 2006 and the nine-month period ended July 31, 2007, and has been adjusted to give effect to the issuance of \$350 million of Non-Cumulative Perpetual Class B Preferred Shares, Series 13 (the "Series 13 Issuance") on January 17, 2007, the repayment at maturity of U.S.\$300 million 7.80% Notes on April 1, 2007, the issuance of \$1,200 million Series D Medium-Term Notes, Second Tranche on June 21, 2007, the redemption of \$150 million 7.92% Debentures, Series 22 on July 31, 2007, the redemption of \$200 million of Non-Cumulative Class B Preferred Shares, Series 4 on August 27, 2007 and the issuance of the Preferred Shares Series 14 (assuming the Option Shares are not issued). This table should be read in conjunction with (i) the Bank's annual consolidated financial statements and the Bank's Management's Discussion and Analysis for the year ended October 31, 2006, and (ii) the Bank's interim consolidated financial statements and the Bank's Management's Discussion and Analysis for the nine-month period ended July 31, 2007 incorporated by reference in this Prospectus Supplement.

	As at October 31, 2006	As at July 31, 2007
(in millions of Canadian dollars)		
Non-Controlling Interest in Subsidiaries⁽¹⁾		
BMO BOaTS — Series D ⁽²⁾	\$ 595	\$ 595
BMO BOaTS — Series E ⁽²⁾	447	447
Non-Controlling Interest in Other Subsidiaries	317	299
Total Non-Controlling Interest in Subsidiaries	1,359	1,341
Subordinated Debt	3,443	3,446
Preferred Share Liability	250	250
Capital Trust Securities		
BMO BOaTS — Series A	350	350
BMO BOaTS — Series B	400	400
BMO BOaTS — Series C	400	400
Total Capital Trust Securities	1,150	1,150
Shareholders' Equity		
Preferred Shares ⁽³⁾	1,196	1,196
Common Shares	4,231	4,372
Contributed Surplus	49	56
Accumulated Other Comprehensive Loss	(789)	(1,212)
Retained Earnings	10,974	11,158
Total Shareholders' Equity	15,661	15,570
Total Capitalization	\$21,863	\$21,757

Notes:

- (1) For more information on the classification of Capital Trust Securities, please refer to Note 18 of the audited consolidated financial statements of the Bank for the year ended October 31, 2006 incorporated by reference in this Prospectus Supplement.
- (2) Amounts shown for BMO BOaTS — Series D and BMO BOaTS — Series E are net of external issuance costs of \$5 million and \$3 million, respectively.
- (3) Preferred Share Liability consists of Class B Preferred Shares Series 6, and Preferred Shares classified under Shareholders' Equity consist of Class B Preferred Shares Series 5, 10 and 13. For more information on the classification of Preferred Shares, please refer to Note 20 of the audited consolidated financial statements of the Bank for the year ended October 31, 2006 incorporated by reference in this Prospectus Supplement.

EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2006 and the 12 months ended July 31, 2007, reflect the Series 13 Issuance, the repayment at maturity of U.S.\$300 million 7.80% Notes on April 1, 2007, the issuance of \$1,200 million Series D Medium-Term Notes, Second Tranche on June 21, 2007, the redemption of \$150 million 7.92% Debentures, Series 22 on July 31, 2007, the redemption of \$200 million of Non-Cumulative Class B Preferred Shares, Series 4 on August 27, 2007, and the issuance of \$800 million of 5.75% Trust Subordinated Notes due 2022 by the non-consolidated BMO Subordinated Notes Trust on September 26, 2007, and give effect to the issuance of the Preferred Shares Series 14 (assuming the Option Shares are not issued):

	October 31, 2006 ⁽¹⁾	July 31, 2007 ⁽¹⁾
Grossed-up dividend coverage on Preferred Shares classified as equity	49.44 times	44.92 times
Interest coverage on subordinated indebtedness, Preferred Share Liabilities and Capital Trust Securities	11.08 times	9.01 times
Interest and grossed-up dividend coverage on subordinated indebtedness, Preferred Shares and Capital Trust Securities	9.05 times	7.51 times

Note:

(1) As at October 31, 2006 and July 31, 2007, there were no Class A Preferred Shares outstanding.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using rates of exchange as at the end of each month. For the 12-month periods ending October 31, 2006 and July 31, 2007, the averages of such exchange rates were \$1.1322 per U.S.\$1.00 and \$1.1223 per U.S.\$1.00, respectively.

The Bank's dividend requirements on all of its preferred shares, after giving effect to the Series 13 Issuance and the issue of the Preferred Shares Series 14 (assuming the Option Shares are not issued), and adjusted to a before-tax equivalent using an effective tax rate of 20.74%, amounted to \$73.795 million for the 12 months ended October 31, 2006 and, using an effective tax rate of 13.5%, amounted to \$67.451 million for the 12 months ended July 31, 2007. The Bank's interest requirements for its long-term debt for the 12 months ended October 31, 2006 amounted to \$329.349 million and amounted to \$336.203 million for the 12 months ended July 31, 2007. The Bank's earnings before interest and income tax for the 12 months ended October 31, 2006 amounted to \$3,648.663 million, which is 9.05 times the Bank's aggregate dividend and interest requirements for this period. The Bank's earnings before interest and income tax for the 12 months ended July 31, 2007 amounted to \$3,029.573 million, which is 7.51 times the Bank's aggregate dividend and interest requirements for this period.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Preferred Shares Series 14 pursuant to this prospectus and who, for purposes of the *Income Tax Act* (Canada) (the "Act") and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Bank and holds the Preferred Shares Series 14 as capital property. Generally, the Preferred Shares Series 14 will be capital property to a holder provided the holder does not acquire or hold those Preferred Shares Series 14 in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders, whose Preferred Shares Series 14 might not otherwise be capital property, may, in certain circumstances, be entitled to have the Preferred Shares Series 14 and all other "Canadian securities", as defined in the Act, owned by such holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Act. This summary is not applicable to a purchaser an interest in which is a "tax shelter investment" as defined in the Act or that is a "financial institution" as defined in the Act for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules). Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser

that is a “specified financial institution” (as defined in the Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate dividends in respect of more than 10% of the Preferred Shares Series 14 outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Preferred Shares Series 14 are listed on a prescribed stock exchange in Canada (as defined in the Act) at such times as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the current provisions of the Act, the regulations thereunder (the “Regulations”), and counsel’s understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and, except as otherwise noted, assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account any changes in law or administrative or assessing practice, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

Dividends

Dividends (including deemed dividends) received on the Preferred Shares Series 14 by an individual (other than certain trusts) will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Bank as eligible dividends in accordance with the provisions of the Act. Dividends (including deemed dividends) on the Preferred Shares Series 14 received by a corporation will be included in computing income and will generally be deductible in computing the taxable income of the corporation.

The Preferred Shares Series 14 will be “taxable preferred shares” as defined in the Act. The terms of the Preferred Shares Series 14 require the Bank to make the necessary election under Part VI.1 of the Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by the Bank on the Preferred Shares Series 14.

A “private corporation”, as defined in the Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Preferred Shares Series 14 to the extent such dividends are deductible in computing its taxable income for the year.

Dispositions

Generally, on a disposition of a Preferred Share Series 14 (which includes the redemption of the shares for cash but not a conversion), the holder will realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to the holder thereof immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Bank of a Preferred Share Series 14 will generally not be included in a holder’s proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such share (see “Redemption” below).

If the shareholder is a corporation, the amount of any capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and in the manner provided for in the Act. Similar rules may apply where a Preferred Share Series 14 is

owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such holders should consult their own advisors.

Generally, one-half of any capital gain will be included in computing the holder's income as a taxable capital gain and one-half of any capital loss will be deducted from the holder's net taxable capital gains. Any excess of allowable capital losses over taxable capital gains of the holder may be carried back up to three years and forward indefinitely and deducted against net taxable capital gains of the holder in those other years in accordance with the detailed rules in the Act.

Canadian-controlled private corporations may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on their "aggregate investment income" (which is defined in the Act to include an amount in respect of taxable capital gains, but not dividends or deemed dividends that are deductible in computing taxable income).

Redemption

If the Bank redeems for cash or otherwise acquires a Preferred Share Series 14 (other than on a conversion or by a purchase in the manner in which shares are normally purchased by a member of the public in the open market), the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such share at such time. Generally, the difference between the amount paid by the Bank and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share (see "Dispositions" above). In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Preferred Share Series 14 into a New Preferred Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of a New Preferred Share received on the conversion will be deemed to be equal to the holder's adjusted cost base of the Preferred Share Series 14 immediately before the conversion.

Alternative Minimum Tax

A capital gain realized, or a dividend received or deemed to be received, by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

RATINGS

The Preferred Shares Series 14 are provisionally rated "Pfd-1" by DBRS Limited ("DBRS"). "Pfd-1" is in the highest category available from DBRS for preferred shares.

The Preferred Shares Series 14 are provisionally rated "P-1 (low)" and "A –" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("S&P"), using S&P's Canadian scale for preferred shares and S&P's global scale for preferred shares, respectively. The "P-1" rating is in the highest of the eight categories used by S&P on its Canadian preferred share scale. A reference to "high" or "low" reflects the relative strength within the rating category. The "A –" rating is in the second highest of the nine categories used by S&P on its global preferred share scale. The modifier "–" indicates that the obligation ranks in the lower end of the "A" category.

The Preferred Shares Series 14 are provisionally rated "Aa3" by Moody's Canada Inc. Securities rated "Aa" are judged to be of high quality and are subject to very low credit risk. The modifier "3" indicates that the obligation ranks in the lower end of the "Aa" rating category.

Prospective purchasers of Preferred Shares Series 14 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings. The foregoing ratings should not be construed as recommendations to buy, sell or hold Preferred Shares Series 14. Ratings may be revised or withdrawn at any time by the respective rating organizations.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated September 28, 2007 between the Bank and the Underwriters (the “Underwriting Agreement”), the Bank has agreed to sell and the Underwriters have severally agreed to purchase on October 9, 2007, or such date as may be agreed upon, but not later than October 16, 2007, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the Preferred Shares Series 14 at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Preferred Shares Series 14. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 for each share sold to institutions and \$0.75 for all other shares sold.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Preferred Shares Series 14 if any are purchased under the Underwriting Agreement.

The Bank has granted to the Underwriters an option to purchase the Option Shares at the offering price hereunder, exercisable up to 48 hours prior to the time of closing of this offering. This prospectus also qualifies the distribution of the Option Shares. The Underwriters will be paid an underwriting fee per share equal to \$0.25 with respect to Option Shares sold to certain institutions, and \$0.75 with respect to all other Option Shares.

The Preferred Shares Series 14 have not been, and will not be, registered under the *United States Securities Act of 1933, as amended*, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase any Preferred Shares Series 14. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares Series 14. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Market Regulation Services Inc., relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 14 at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to an Ontario securities rule, the Underwriters may not, beginning two days prior to the date that the offering price was determined and throughout the period of distribution of the Preferred Shares Series 14, bid for or purchase Preferred Shares Series 14. The foregoing restriction is subject to certain exceptions. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities, provided that the bid or purchase does not exceed the lesser of the offering price and the last independent sale price at the time of the entry of the bid or order to purchase, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares Series 14. Pursuant to the first mentioned exception, in connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Preferred Shares Series 14 at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Preferred Shares Series 14 subject to the Bank fulfilling all of the requirements of the TSX on or before December 24, 2007.

BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. The terms of this offering were negotiated at arm’s length between the Bank and the Underwriters (including RBC Dominion Securities Inc., which is an “independent underwriter” pursuant to applicable securities legislation). RBC Dominion Securities

Inc. participated in the drafting of this Prospectus Supplement, the pricing of the Preferred Shares Series 14 and the due diligence process in respect of this offering. BMO Nesbitt Burns Inc. will not receive any benefit in connection with this offering other than a portion of the Underwriters' fee.

USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Preferred Shares Series 14, after deducting estimated expenses of the issue and the Underwriters' fee, will be approximately \$242,150,000 (assuming the Option Shares are not issued and the Underwriters' fee is \$0.75 for all Preferred Shares Series 14 sold). The net proceeds from the offering will be used by the Bank to increase its capital base and for general corporate purposes.

RISK FACTORS

An investment in Preferred Shares Series 14 of the Bank is subject to certain risks.

The value of Preferred Shares Series 14 will be affected by the general creditworthiness of the Bank. The section entitled "Management's Discussion and Analysis" contained in the Bank's Annual Report for the year ended October 31, 2006 is incorporated by reference. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank's business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Preferred Shares Series 14 may affect the market value of the Preferred Shares Series 14. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

The value of the Preferred Share Series 14 may be affected by market value fluctuations resulting from factors which influence the Bank's operations, including regulatory developments, competition and global market activity.

The Preferred Shares Series 14 are non-cumulative and dividends are payable at the discretion of the board of directors of the Bank. See "Earnings Coverage Ratios" in this Prospectus Supplement and "Bank Act Restrictions and Approvals" in the Prospectus, each of which are relevant to an assessment of the risk that the Bank will be unable to pay dividends on the Preferred Shares Series 14.

The Bank has covenanted that if a distribution is not paid on any outstanding Trust Capital Securities of BMO Capital Trust (also known as "BMO BOaTS"), the Bank will not pay dividends on its outstanding common shares or preferred shares, which would include the Preferred Shares Series 14, for a specified period of time unless the required distribution is paid to the holders of BMO BOaTS. See "Additional Restrictions on Declaration of Dividends" in the Prospectus.

The Preferred Shares Series 14 are equity capital of the Bank which rank equally with other preferred shares of the Bank in the event of an insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up, the Bank's assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on Preferred Shares Series 14 and other preferred shares.

Prevailing yields on similar securities will affect the market value of Preferred Shares Series 14. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 14 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Stock market volatility may affect the market price of the Preferred Shares Series 14 for reasons unrelated to the Bank's performance.

There can be no assurance that an active trading market will develop for the Preferred Shares Series 14 after the offering or, if developed, that such a market will be sustained at the offering price of the Preferred Shares Series 14.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Preferred Shares Series 14 is Computershare Trust Company of Canada at its principal office in Toronto.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Preferred Shares Series 14 will be passed upon, on behalf of the Bank, by Osler, Hoskin & Harcourt LLP and, on behalf of the Underwriters, by McCarthy Tétrault LLP. As at September 28, 2007, partners and associates of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP, collectively, beneficially owned, directly or indirectly, less than 1% of any class of outstanding securities of the Bank.

CERTIFICATE OF THE UNDERWRITERS

Dated: September 28, 2007

To the best of our knowledge, information and belief, the short form prospectus dated January 5, 2006, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the *Bank Act* (Canada) and the regulations thereunder and the securities laws of all provinces and territories of Canada. For purposes of the Province of Québec, this simplified prospectus, together with the documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation likely to affect the value or market price of the securities to be distributed.

BMO NESBITT BURNS INC.

By: (Signed) BRADLEY J. HARDIE

RBC DOMINION SECURITIES INC.

By: (Signed) BARRY NOWOSELSKI

CIBC WORLD MARKETS INC.

By: (Signed) DONALD A. FOX

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) MARY ROBERTSON

By: (Signed) JONATHAN BROER

NATIONAL BANK FINANCIAL INC.

By: (Signed) DARIN DESCHAMPS

DESJARDINS SECURITIES INC.

By: (Signed) THOMAS L. JARMAI

HSBC SECURITIES (CANADA) INC.

MERRILL LYNCH (CANADA) INC.

By: (Signed) BRENT LARKAN

By: (Signed) M. MARIANNE HARRIS

LAURENTIAN BANK SECURITIES INC.

TRILON SECURITIES CORPORATION

By: (Signed) PIERRE GODBOUT

By: (Signed) CRAIG NOBLE

APPENDIX "A"

AUDITORS' CONSENT

We have read the prospectus supplement of Bank of Montreal (the "Bank") dated September 28, 2007 relating to the offering of \$250,000,000 Non-Cumulative Perpetual Class B Preferred Shares, Series 14, to the short form base shelf prospectus dated January 5, 2006 relating to the offering of up to \$4,000,000,000 of Debt Securities (subordinated indebtedness), Common Shares and Class A and B Preferred Shares (collectively, the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus, of (i) our report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2006 and October 31, 2005 and the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and (ii) our report on management's assessment of the effectiveness of internal control over financial reporting of the Bank as of October 31, 2006 and on the effectiveness of internal control over financial reporting of the Bank as of October 31, 2006. Our reports are dated November 28, 2006.

(Signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
September 28, 2007