

This 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. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold within the United States or to a U.S. Person. Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada (the permanent information record in Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's Department, Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, M5X 1A1, telephone (416) 867-6785.

Short Form Prospectus

New Issue

December 13, 2001

U.S.\$300,000,000



Bank of Montreal
(12,000,000 shares)

Non-cumulative Perpetual Class B Preferred Shares Series 10

The Non-cumulative Perpetual Class B Preferred Shares Series 10 (the "Preferred Shares Series 10") of Bank of Montreal (the "Bank") will be entitled to non-cumulative preferential cash dividends, payable quarterly as and when declared by the Board of Directors. The initial dividend, payable February 25, 2002, shall be U.S.\$0.27305 per share, based on the anticipated closing date of December 20, 2001. Thereafter, quarterly dividends shall be at a rate of U.S.\$0.371875 per share. Reference is made to "Details of the Offering".

The Preferred Shares Series 10 will not be redeemable by the Bank prior to February 25, 2012. On and after February 25, 2012 but subject to (i) the Bank replacing any redeemed Preferred Shares Series 10 with an equivalent amount of Tier 1 capital, and (ii) the provisions of the *Bank Act* (Canada) (the "Bank Act"), including any requirement of prior consent of the Superintendent of Financial Institutions (the "Superintendent"), the Bank may redeem for cash all, or from time to time any part of the outstanding Preferred Shares Series 10, at U.S.\$25.00 per share plus all declared and unpaid dividends up to but excluding the date fixed for redemption.

The Preferred Shares Series 10 will not be convertible by the Bank prior to February 25, 2012. On and after February 25, 2012 but subject to (i) the provisions of the Bank Act, including any requirement of prior consent of the Superintendent, and (ii) approval of the Toronto Stock Exchange (the "TSE"), the Bank may convert any or all of the Preferred Shares Series 10 into that number of common shares of the Bank ("Common Shares") determined by dividing U.S.\$25.00 per share plus all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of U.S.\$2.50 and 95% of the weighted average trading price in U.S. dollars of such Common Shares on the TSE for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date fixed for conversion. The Preferred Share Series 10 will not be convertible at the option of the holder. Reference is made to "Details of the Offering".

The TSE has conditionally approved the listing of the Preferred Shares Series 10 offered under this prospectus. Listing is subject to the Bank fulfilling all of the requirements of the TSE on or before February 27, 2002.

The outstanding Common Shares are listed on the Toronto, New York and London stock exchanges. On December 12, 2001, the closing price of the Common Shares on the TSE was \$36.00.

In the opinion of counsel, the Preferred Shares Series 10 will be, at the date of issue, eligible for investment under certain statutes as set forth under "Eligibility for Investment".

Price: U.S.\$25.00 per share to yield 5.95%

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and Trilon Securities Corporation (collectively, the "Underwriters"), as principals, conditionally offer the Preferred Shares Series 10, 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 Fraser Milner Casgrain LLP.

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. The Bank is a related issuer of BMO Nesbitt Burns Inc. under applicable securities legislation by virtue of the Bank's interest in BMO Nesbitt Burns Inc. Reference is made to "Plan of Distribution".

	Price to the Public	Underwriting Fee ⁽¹⁾	Net Proceeds to the Bank ⁽²⁾
Per Share	U.S.\$25.00	U.S.\$0.75	U.S.\$24.25
Total	U.S.\$300,000,000	U.S.\$9,000,000	U.S.\$291,000,000

- (1) The underwriting fee is U.S.\$0.25 for each share sold to certain institutions and U.S.\$0.75 per share for all other shares. The total represents the underwriting fee assuming no Preferred Shares Series 10 are sold to such institutions.
- (2) Before deduction of expenses of the issue payable by the Bank estimated at U.S.\$252,500.

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 10 distributed hereunder will be issued in registered form only to the Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on closing of this offering which is expected to be on or about December 20, 2001. A purchaser of Preferred Shares Series 10 will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares Series 10 are purchased.

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Eligibility for Investment

In the opinion of Osler, Hoskin & Harcourt LLP, counsel for the Bank, and Fraser Milner Casgrain LLP, counsel for the Underwriters, subject to compliance with the prudent investment standards and the general investment provisions and the restrictions of the statutes referred to below and, where applicable, the regulations thereunder and, in certain cases, subject to satisfaction of additional requirements relating to investments or lending policies or goals and, in certain cases, the filing of such policies or goals, the Preferred Shares Series 10 to be issued by the Bank hereunder would not, if issued on the date hereof, be precluded as investments under or by the following statutes:

- (i) *Insurance Companies Act* (Canada)
- (ii) *Trust and Loan Companies Act* (Canada)
- (iii) *Pension Benefits Standards Act, 1985* (Canada)
- (iv) *Financial Institutions Act* (British Columbia)
- (v) *Employment Pension Plans Act* (Alberta)
- (vi) *Insurance Act* (Alberta)
- (vii) *Loan and Trust Corporations Act* (Alberta)
- (viii) *The Pension Benefits Act, 1992* (Saskatchewan)
- (ix) *The Pension Benefits Act* (Manitoba)
- (x) *Insurance Act* (Ontario)
- (xi) *Loan and Trust Corporations Act* (Ontario)
- (xii) *Pension Benefits Act* (Ontario)
- (xiii) *Trustee Act* (Ontario)
- (xiv) *Supplemental Pension Plans Act* (Québec)
- (xv) *an Act respecting insurance* (Québec)
- (xvi) *an Act respecting trust companies and savings companies* (Québec)

In the opinion of such counsel, the Preferred Shares Series 10 offered hereby will be at the date of issue qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

Documents Incorporated by Reference

The following documents of the Bank, filed with the Superintendent and the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this prospectus:

- (a) the Annual Information Form dated January 12, 2001;
- (b) audited consolidated financial statements for the fiscal year ended October 31, 2000 with comparatives for the fiscal year ended October 31, 1999, together with the auditors' report thereon, and Management Analysis of Operations as contained on pages 2 to 42 of the Bank's Annual Report for the year ended October 31, 2000;
- (c) the Management Proxy Circular dated January 3, 2001 in connection with the Bank's annual meeting of shareholders held on February 27, 2001 (excluding those portions which, pursuant to National Instrument 44-101, are not required to be incorporated by reference);
- (d) unaudited interim condensed consolidated financial statements for the three-month period ended January 31, 2001 (which include comparative amounts for the corresponding period in the preceding year);
- (e) the material change report dated March 1, 2001 relating to the Bank's common share stock dividend;
- (f) unaudited interim consolidated financial statements for the three-month and six-month periods ended April 30, 2001 (which include comparative amounts for the corresponding periods in the preceding year);
- (g) unaudited interim consolidated financial statements for the three-month and nine-month periods ended July 31, 2001 (which include comparative amounts for the corresponding periods in the preceding year);
- (h) unaudited interim consolidated financial statements for the three-month and twelve-month periods ended October 31, 2001 (which include comparative amounts for the corresponding periods in the preceding year) contained in a press release dated November 27, 2001, together with management's discussion and analysis; and
- (i) unaudited selected consolidated financial information for the fiscal year ended October 31, 2001 (which includes selected comparative amounts for the fiscal year ended October 31, 2000) contained in a press release dated November 27, 2001.

Any documents of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports) filed by the Bank with a securities commission or any similar authority in Canada after the date of this prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus 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 shall not 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 in its unmodified or superseded form shall not be deemed to constitute a part of this prospectus. Copies of the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary's Department, Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario M5X 1A1, telephone (416) 867-6785.

Currency and Accounting Information

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

All amounts appearing under "Share Capital and Subordinated Indebtedness" and "Earnings Coverage" which are derived from the financial statements of the Bank are presented in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent.

Bank of Montreal

The Bank is a Schedule I bank under the *Bank Act* (Canada) (the “Bank Act”), which constitutes its charter. The principal executive offices are located at Bank of Montreal, 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario, Canada M5X 1A1. The Bank’s head office is located at 129 Rue St. Jacques, Montréal, Québec, Canada H2Y 1L6. Certain information regarding the Bank is incorporated by reference into this prospectus. See “Documents Incorporated by Reference”.

The Bank offers, domestically and internationally, a broad range of credit and non-credit products and services to individuals, industry, financial institutions and governments directly and through special-purpose domestic and foreign subsidiaries. The Bank had total assets as at October 31, 2001 of approximately \$239.4 billion.

Details of the Offering

The authorized capital of the Bank consists of an unlimited number of common shares (the “Common Shares”), an unlimited number of Class A preferred shares, issuable in series (the “Class A Preferred Shares”), and an unlimited number of Class B preferred shares, issuable in series (the “Class B Preferred Shares”). As at October 31, 2001, 489,084,527 Common Shares and 42,000,000 Class B Preferred Shares were outstanding. The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Class B Preferred Shares and the Preferred Shares Series 10 as a series.

Certain Provisions of the Class B Preferred Shares as a Class

Issuable in Series

The Class B Preferred Shares may be issued, from time to time, in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine by resolution.

Priority

The Class B Preferred Shares of each series rank on a parity with the Class B Preferred Shares of every other series and with every series of Class A Preferred Shares and are entitled to preference over the Common Shares and over any other shares ranking junior to the Class A Preferred Shares and the Class B Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding-up of the Bank.

Creation and Issues of Shares

Pursuant to the Bank Act, the Bank may not, without the approval of the holders of the Class B Preferred Shares, create any other class of shares ranking equal with or superior to the Class B Preferred Shares. In addition, the Bank may not, without the prior approval of the holders of the Class B Preferred Shares as a class given as specified below under “Shareholder Approvals” (in addition to such approvals as may be required by the Bank Act or any other legal requirement), (i) create or issue any shares ranking in priority to the Class B Preferred Shares; or (ii) create or issue any additional series of Class B Preferred Shares or any shares ranking *pari passu* with the Class B Preferred Shares unless at the date of such creation or issuance all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of cumulative Class B Preferred Shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Class B Preferred Shares then issued and outstanding. Currently, there are no outstanding Class B Preferred Shares which carry the right to cumulative dividends.

Voting Rights

The holders of the Class B Preferred Shares are not entitled to any voting rights as a class except as provided below or by law or with respect to the right to vote on certain matters as specified below under “Shareholder Approvals”.

Shareholder Approvals

Any approval to be given by the holders of the Class B Preferred Shares may be given by a resolution carried by the affirmative vote of not less than 66⅔% of the votes cast at a meeting of holders of Class B Preferred Shares at which a majority of the outstanding Class B Preferred Shares is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum requirements would apply.

Certain Provisions of the Preferred Shares Series 10 as a Series

Issue Price

The Preferred Shares Series 10 will have an issue price of U.S.\$25.00 each.

Dividends

The holders of the Preferred Shares Series 10 will be entitled to receive a quarterly non-cumulative preferential cash dividend, as and when declared by the Board of Directors, on the 25th day of each of February, May, August and November in each year, at a quarterly rate equal to U.S.\$0.371875 per share. The first of such dividends, if declared, shall be payable on February 25, 2002 and shall be U.S.\$0.27305 per share, based on the anticipated closing date of December 20, 2001.

If the Board of Directors of the Bank does not declare the dividends, or any part thereof, on the Preferred Shares Series 10 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 10 to receive such dividends, or to any part thereof, for such quarter shall be forever extinguished.

Redemption

The Preferred Shares Series 10 will not be redeemable prior to February 25, 2012. On and after February 25, 2012, but subject to (i) the Bank replacing any redeemed Preferred Shares Series 10 with an equivalent amount of Tier 1 capital, and (ii) the provisions of the Bank Act, including any requirement of prior consent of the Superintendent of Financial Institutions (the “Superintendent”), the Bank may, on at least 30 days’ and not more than 60 days’ notice, redeem for cash all, or from time to time any part of the outstanding Preferred Shares Series 10, at U.S.\$25.00 per share plus all declared and unpaid dividends up to but excluding the date fixed for redemption.

If less than all the outstanding Preferred Shares Series 10 are at any time to be redeemed, the shares to be redeemed will be selected on a *pro rata* basis, disregarding fractions, or in such other manner as the Bank may determine, subject to the approval of the Toronto Stock Exchange (the “TSE”). Reference is made to “Restrains on Bank Shares Under the Bank Act”.

Conversion into Common Shares at the Option of the Bank

The Preferred Shares Series 10 will not be convertible at the option of the Bank prior to February 25, 2012. On or after February 25, 2012, but subject to (i) the provisions of the Bank Act, including any requirement of prior consent of the Superintendent, and (ii) approval of the TSE, any or all of the Preferred Shares Series 10 will be convertible at the Bank’s option on at least 30 days’ and not more than 60 days’ notice into that number of Common Shares determined by dividing U.S.\$25.00 per share plus all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of U.S.\$2.50 and 95% of the weighted average trading price in U.S. dollars of such Common Shares on the TSE for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date fixed for conversion. Fractional Common Shares will not be issued on any conversion of Preferred Shares Series 10 but in lieu thereof the Bank will make cash payments.

If less than all the outstanding Preferred Shares Series 10 are at any time to be converted, the shares to be converted will be selected on a *pro rata* basis, or in such other manner as the Bank may determine, subject to the approval of the TSE. Reference is also made to “Restrains on Bank Shares Under the Bank Act”.

Preferred Shares Series 10 are not convertible at the option of the holder.

Purchase for Cancellation

Subject to the provisions of the Bank Act and to the prior approval of the Superintendent and to the provisions described below under “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Preferred Shares Series 10 at the lowest price or prices at which in the opinion of the Board of Directors of the Bank such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series 10 shall be entitled to receive U.S.\$25.00 per share together with all dividends declared and unpaid to the date of payment before any amount shall be paid or any assets of the Bank distributed to the holders of any shares ranking junior to the Preferred Shares Series 10. The holders of the Preferred Shares Series 10 shall not be entitled to share in any further distribution of the assets of the Bank.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series 10 are outstanding, the Bank will not, without the approval of the holders of the Preferred Shares Series 10 given as specified below:

- (a) pay any dividends on the Common Shares or any other shares ranking junior to the Preferred Shares Series 10 (other than stock dividends in shares ranking junior to the Preferred Shares Series 10); or
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Preferred Shares Series 10 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series 10); or
- (c) redeem, purchase or otherwise retire (i) less than all the Preferred Shares Series 10; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Preferred Shares, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series 10;

unless, in each case, all dividends on the Preferred Shares Series 10, 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 then issued and outstanding and on all other cumulative shares ranking on a parity with the Class A Preferred Shares and the Class B 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 10) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Class A Preferred Shares and the Class B 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 10, have been declared and paid or set apart for payment.

Issue of Additional Series of Preferred Shares

The Bank may issue other series of Class A Preferred Shares or Class B Preferred Shares ranking on a parity with the Preferred Shares Series 10 without the authorization of the holders of the Preferred Shares Series 10.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 10 may be given by a resolution carried by the affirmative vote of not less than 66²/₃% of the votes cast at a meeting of holders of Preferred Shares Series 10 at which a majority of the outstanding Preferred Shares Series 10 is represented or, if no quorum is present at such meeting, at a meeting following such adjourned meeting at which no quorum would apply.

In addition to the aforementioned approval, the Bank may from time to time with the approval of the Superintendent, make such deletion or variation which might affect the classification afforded to the Preferred Shares Series 10 for capital adequacy requirements pursuant to the Bank Act.

Voting Rights

The holders of the Preferred Shares Series 10 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 rights of such holders to any undeclared dividends have become extinguished as described under “Dividends” above. In that event, the holders of the Preferred Shares Series 10 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 10 shall forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 10 to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Preferred Shares Series 10 have again become extinguished, such voting rights shall become effective again and so on from time to time.

Depository Services

Except as otherwise provided below, the Preferred Shares Series 10 will be issued in “book-entry only” form and must be purchased or transferred through participants (“Participants”) in the depository service of The Canadian Depository for Securities Limited or a successor (collectively “CDS”) or its nominee, which include securities brokers and dealers, banks and trust companies. On the date of closing, the Bank will cause a global certificate representing the Preferred Shares Series 10 to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Preferred Shares Series 10 will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Preferred Shares Series 10 will receive a customer confirmation of purchase from the registered dealer from which the Preferred Shares Series 10 are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book entry accounts for its Participants having interests in the Preferred Shares Series 10.

Neither the Bank nor the Underwriters will assume any liability for (a) any aspect of the records relating to the beneficial ownership of the Preferred Shares Series 10 held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Preferred Shares Series 10; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Preferred Shares Series 10 must look solely to Participants for payments made by or on behalf of the Bank to CDS in respect of the Preferred Shares Series 10.

If (i) the Bank determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the Preferred Share Series 10 and the Bank is unable to locate a qualified successor, or (ii) the Bank at its option elects, or is required by law, to terminate the book-entry system, then certificates representing the Preferred Shares Series 10 will be issued to purchasers thereof or their nominees.

Manner of Effecting Transfer, Redemption or Conversion

A transfer, redemption or conversion of Preferred Shares Series 10 will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of Preferred Shares Series 10 who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Preferred Shares Series 10, may do so only through Participants.

The ability of a purchaser to pledge Preferred Shares Series 10 or otherwise take action with respect to such purchaser’s interest in Preferred Shares Series 10 (other than through a Participant) may be limited due to the lack of a physical certificate.

Payment of Dividends and Other Amounts

Payments of dividends and other amounts in respect of the Preferred Shares Series 10 will be made by the Bank to CDS or its nominee, as the case may be, as registered holder of the Preferred Shares Series 10. As long as CDS or its nominee is the registered owner of the Preferred Shares Series 10, CDS or its nominee, as the case may be, will be considered the sole owner of the Preferred Shares Series 10 for the purposes of receiving payment on the Preferred Shares Series 10.

The Bank expects that CDS or its nominee, upon receipt of any payment in respect of the Preferred Share Series 10, will credit on the date an amount is payable the Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Preferred Shares Series 10 as shown on the records of CDS or its nominee. The Bank also expects that payments by the Participants to the owners of beneficial interests in such Preferred Shares Series 10 held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. The responsibility and liability of the Bank in respect of the Preferred Shares Series 10 issued in book-entry form is limited to making payment of any amount due on such Preferred Shares Series 10 to CDS or its nominee.

Bank Act Restrictions

Under the Bank Act, the Bank, with the prior approval of the Superintendent, may redeem or purchase any of its shares, including the Preferred Shares Series 10, unless there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any direction to the Bank made by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such direction to the Bank has been made to date.

The Bank is also prohibited under the Bank Act from paying or declaring a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any direction to the Bank made by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. As at the date hereof, this limitation would not restrict a payment of quarterly dividends on the Preferred Shares Series 10. Further, no such direction to the Bank has been made to date.

Restraints on Bank Shares Under the Bank Act

The Bank Act contains restrictions on the allotment, transfer, acquisition, holding and voting of all shares of a chartered bank. By way of summary, no person, or persons acting jointly or in concert, shall have a significant interest in any class of shares of a Schedule I bank, including the Bank. For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of:

- (a) any shares of that class beneficially owned by the person; and
- (b) any shares of that class beneficially owned by entities controlled by the person

exceeds 10% of all of the outstanding shares of that class of shares of the Bank or, if such person obtained the prior approval of the Minister of Finance at the time such person acquired the shares, 20% of all of the outstanding shares of any class of voting shares of the Bank, or 30% of all of the outstanding shares of any class of non-voting shares of the Bank.

Purchasers of the Preferred Shares Series 10 may be required to furnish declarations relative to the foregoing in a form prescribed by the Bank.

Common Shares

The holders of Common Shares are entitled to receive dividends as and when declared by the Directors of the Bank, subject to the preference of holders of Class A Preferred Shares and Class B Preferred Shares. Subject to the restrictions set out in "Restraints on Bank Shares Under the Bank Act", a holder of Common Shares is entitled to one vote for each share at all meetings of shareholders except meetings at which only holders of a

specified class or series are entitled to vote. In the event of the liquidation, dissolution, or winding-up of the Bank, after payment of all outstanding debts and subject to the preference of the holders of Class A Preferred Shares and Class B Preferred Shares, the remaining assets of the Bank would be distributed pro rata to the holders of the Common Shares.

Common Share Price Range and Volume

The Common Shares are listed on the Toronto, New York and London stock exchanges. The following table sets forth the market price range and trading volume of the Common Shares on the TSE for the periods indicated.

Price Range and Trading Volume of Common Shares

	High	Low	Daily Average Volume	Total Volume
First Quarter 1998	\$74.00	\$57.25	1,181,429	73,248,622
Second Quarter 1998	\$87.00	\$67.60	922,543	58,120,239
Third Quarter 1998	\$84.80	\$73.60	512,587	32,805,537
Fourth Quarter 1998	\$74.10	\$51.75	1,082,476	68,195,970
First Quarter 1999	\$69.60	\$55.80	783,084	48,551,179
Second Quarter 1999	\$69.00	\$60.30	618,045	39,554,905
Third Quarter 1999	\$61.30	\$52.55	573,727	36,144,778
Fourth Quarter 1999	\$56.70	\$49.35	535,805	33,755,686
First Quarter 2000	\$58.00	\$42.00	823,141	51,857,898
Second Quarter 2000	\$56.80	\$43.15	901,536	56,796,779
Third Quarter 2000	\$66.30	\$53.25	742,740	47,535,388
Fourth Quarter 2000	\$71.60	\$59.80	787,245	51,958,184
First Quarter 2001	\$83.40	\$66.80	798,869	52,725,324
Second Quarter 2001 ⁽¹⁾	\$44.40	\$35.00	1,904,620	119,991,042
Third Quarter 2001	\$43.25	\$34.20	1,307,712	86,308,999
August 2001	\$44.10	\$39.91	1,142,345	26,273,937
September 2001	\$42.74	\$35.30	1,478,221	29,564,419
October 2001	\$39.65	\$32.75	1,673,223	38,484,133
November 2001	\$37.00	\$33.80	1,500,778	33,017,121
December (1-12)	\$36.05	\$33.47	1,884,267	16,958,405

(1) After giving effect to the Bank's two-for-one stock split by way of a common share stock dividend on March 15, 2001.

(2) On December 12, 2001, the closing price of a Common Share on the TSE was \$36.00.

Dividends Paid on Common Shares

The following table sets forth the dividends paid or payable on the Common Shares for the financial periods of the Bank indicated.

	Dividends Paid
1994	\$1.20
1995	\$1.32
1996	\$1.48
1997	\$1.64
1998	\$1.76
1999	\$1.88
2000	\$2.00
2001 ⁽¹⁾	\$1.12

(1) After giving effect to the Bank's two-for-one stock split by way of a common share stock dividend on March 15, 2001.

Shareholder Dividend Reinvestment and Share Purchase Plan

Holders of Preferred Shares Series 10 will be entitled to participate in the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan (the "Plan"). This Plan, subject to restrictions contained in the Bank Act, provides a means for holders of record of Common Shares or of any eligible series of Class A Preferred Shares or Class B Preferred Shares to invest cash dividends and optional cash payments in Common Shares of the Bank. Such shares will be purchased either, at the Bank's option, on the open market or directly from the Bank by an agent who will act on behalf of participants under the Plan.

A participant may purchase Common Shares of the Bank quarterly with cash dividends paid on the Common Shares or on any eligible series of Class A Preferred Shares or Class B Preferred Shares which are registered in the name of the participant. A participant may also purchase Common Shares monthly with optional cash payments up to an aggregate sum of \$40,000 per annum. The price of Common Shares will be the Average Market Price (as defined in the Plan). No commissions or service charges will be payable by participants in connection with any purchase of Common Shares made under the Plan.

Canadian Federal Income Tax Considerations

In the opinion of Osler, Hoskin & Harcourt LLP and Fraser Milner Casgrain LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Preferred Shares Series 10 pursuant to this prospectus who, within the meaning of the *Income Tax Act* (Canada) (the "Act") and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the Bank and holds the Preferred Shares Series 10 as capital property. The Preferred Shares Series 10 acquired by certain "financial institutions" (as defined in subsection 142.2(1) of the Act) will generally not be held as capital property by such holders and will be subject to special "mark-to-market" rules not described herein. Such financial institutions should consult their own tax advisors as to the consequences under the mark-to-market rules of holding Preferred Shares Series 10. This summary does not address the consequences to a purchaser of participating in the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan.

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

This summary is based upon the current provisions of the Act, the regulations thereunder (the "Regulations"), all specific proposals to amend the Act and the Regulations publicly announced by the Minister of Finance prior to the date hereof and counsel's understanding of the current administrative practices published by the Canada Customs and Revenue Agency (the "CCRA"). This summary does not otherwise take into account any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative practices of the CCRA, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

Foreign Currency Translation Issues

For purposes of the Act, all amounts relating to the acquisition, holding or disposition of Preferred Shares Series 10 or Common Shares acquired on the conversion of Preferred Shares Series 10, including dividends, adjusted cost base and proceeds of disposition, must be expressed in Canadian dollars. Amounts denominated in United States dollars must be converted into Canadian dollars based on the United States dollar exchange rate prevailing at the time such amounts arise.

The CCRA takes the position that notwithstanding that the stated capital, for corporate purposes, of Preferred Shares Series 10 will be maintained in U.S. dollars, the paid-up capital for purposes of the Act of the Preferred Shares Series 10 will be the Canadian dollar equivalent of the consideration for which the Preferred Shares Series 10 are issued, computed at the exchange rate prevailing at the time the Preferred Shares Series 10 are issued.

Dividends

Dividends (including deemed dividends) received on the Preferred Shares Series 10 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.

The Preferred Shares Series 10 will be "taxable preferred shares" as defined in the Act. The terms of the Preferred Shares Series 10 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 10.

Dividends (including deemed dividends) on the Preferred Shares Series 10 received by a corporation other than a "specified financial institution" as defined in the Act will be included in computing income, and will generally be deductible in computing the taxable income of the corporation. Where the holder is a specified financial institution, such dividends will also be included in computing income, and will be deductible in computing taxable income provided that the Preferred Shares Series 10 are not "term preferred shares" as defined in the Act or, if "term preferred shares", such shares were not acquired by the specified financial institution in the ordinary course of the business carried on by it. Preferred Shares Series 10 will not be term preferred shares to a specified financial institution where such shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE) and the specified financial institution, alone or together with persons with whom it does not deal at arm's length within the meaning of the Act, does not receive (and is not deemed to receive, including through partnerships and certain trusts) dividends in respect of more than 10% of the issued and outstanding Preferred Shares Series 10. Specified financial institutions to whom the above does not apply should consult their own tax advisors.

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 10 to the extent such dividends are deductible in computing its taxable income.

Disposition

On a disposition of the Preferred Shares Series 10 (which includes the redemption of the shares for cash but not a conversion), the holder will generally 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 shares to the holder thereof. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Bank of the Preferred Shares Series 10 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 shares (see "Redemption" below). If the shareholder is a corporation, any such 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. Analogous rules may apply where a partnership or trust of which a corporation is a member or beneficiary owns Preferred Shares Series 10 or where a trust or partnership is a member of a partnership or a beneficiary of a trust that owns Preferred Shares Series 10.

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. Capital gains realized by an individual may give rise to a liability for minimum tax.

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 the Preferred Shares Series 10 (other than 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 shares at such time. Under the CCRA administrative policy regarding paid-up capital described under “Foreign Currency Translation Issues”, changes in the exchange rate of Canadian and U.S. dollars between the date of issuance of the Preferred Shares Series 10 (relevant to the computation of paid-up capital) and the date of redemption (relevant to the computation of redemption proceeds) will affect the computation of any such deemed dividend. 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 shares (see “Disposition” 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 the Preferred Shares Series 10 into Common Shares will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The holder’s cost of Common Shares received on the conversion will be deemed to be equal to the holder’s adjusted cost base of the Preferred Shares Series 10 immediately before the conversion. In computing the adjusted cost base to a holder of Common Shares so acquired, the cost of such Common Shares will be averaged with the adjusted cost base to the holder of any other Common Shares acquired after 1971 and held by the holder as capital property immediately prior to such acquisition. A holder of the Preferred Shares Series 10 who receives cash not exceeding \$200, in lieu of a fractional Common Share, will have the option of recognizing the capital gain or capital loss arising on the disposition of the fractional Preferred Share Series 10 in computing the holder’s income for the taxation year in which the conversion occurs, or alternatively, of reducing the adjusted cost base of the Common Shares received at the time of the conversion by the amount of cash received by the holder.

The fair market value of Common Shares received on a conversion in respect of declared and unpaid dividends will be included in a holder’s income as a dividend, and will be the cost to the holder of such Common Shares. See “Dividends” above. In computing the adjusted cost base to a holder of Common Shares so acquired, the cost of such Common Shares will be averaged with the holder’s adjusted cost base of any other Common Shares acquired after 1971 and held by the holder as capital property immediately prior to such acquisition.

Ratings

The Preferred Shares Series 10 are provisionally rated “Pfd-1 (low) n” by Dominion Bond Rating Service Limited (“DBRS”). As used by DBRS, “Pfd-1” denotes “high credit quality” and represents the highest category available from DBRS for preferred shares. A reference to “high” or “low” reflects the relative strength within the rating category. The reference to “n” signifies that the preferred shares are non-cumulative.

The Preferred Shares Series 10 are rated “P-1 (Low)” by Standard & Poor’s (“S&P”) using S&P’s Canadian scale for preferred shares and “A” using S&P’s global scale for preferred shares. The “P-1” rating category is the highest of the five categories used by S&P on its Canadian preferred share scale. The “A” rating category is the highest of the three categories used by S&P on its global preferred share scale. A reference to “high” or “low” reflects the relative strength within the rating category.

On October 29, 2001, S&P announced that it had placed its ratings on the Bank and its related entities on “creditwatch with negative implications”. S&P indicated the creditwatch placement reflects S&P’s concerns over the Bank’s credit quality and the outlook for profitability improvement in the medium term.

Prospective purchasers of Preferred Shares Series 10 should consult the relevant rating organizations 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 10. Ratings may be revised or withdrawn at any time by the respective rating organizations.

Share Capital and Subordinated Indebtedness

Certain selected consolidated financial data set forth below has been derived from the Bank's unaudited interim consolidated financial statements for the twelve-month period ended October 31, 2001 or the Bank's audited consolidated financial statements and related notes for the year ended October 31, 2000, as applicable. The following table shows the share capital and subordinated indebtedness of the Bank as at the respective dates shown:

	October 31, 2001	October 31, 2000
	(unaudited)	(audited)
	(\$ millions)	
Subordinated Indebtedness	4,674	4,911
Share Capital		
Preferred	1,050 ⁽¹⁾	1,681
Common	3,375	3,173
Retained Earnings	6,257	7,087

(1) After giving effect to this offering, Share Capital — Preferred would have amounted to \$1.527 billion as at October 31, 2001.

Earnings Coverage

The Bank's dividend requirements on its outstanding Preferred Shares, after giving effect to the issue of the Preferred Shares Series 10 to be distributed under this short form prospectus, and adjusted to a before-tax equivalent using effective income tax rates of 41.0% and 42.2% for the 12 months ended October 31, 2001 and October 31, 2000 respectively, amounted to \$122.4 million for the 12 months ended October 31, 2001 and \$124.8 million for the 12 months October 31, 2000. The Bank's interest requirements for the 12 months ended October 31, 2001 and October 31, 2000, after giving effect to the issue and redemption of all subordinated indebtedness up to the date of this prospectus, amounted to \$318.3 million and \$339.2 million, respectively. The Bank's earnings before interest and income tax for the 12 months ended October 31, 2001 and October 31, 2000 were \$2.359 billion and \$3.210 billion, respectively, which are 5.4 times and 6.9 times the Bank's aggregate dividend and interest requirements for these periods, respectively.

Plan of Distribution

Under an agreement dated November 29, 2001 (the "Underwriting Agreement") between the Bank and BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Capital Inc., National Bank Financial Inc. and Trilon Securities Corporation (collectively, the "Underwriters"), the Bank has agreed to sell and the Underwriters have agreed to purchase on December 20, 2001, or on such later date as may be agreed upon, but in any event not later than December 28, 2001, all but not less than all of the 12,000,000 Preferred Shares Series 10 (the "Offered Shares") at a price of U.S.\$25.00 per share payable in cash to the Bank against delivery of the Preferred Shares Series 10. The Underwriting Agreement provides that the Underwriters will be paid an underwriting fee per share equal to U.S.\$0.25 with respect to Offered Shares sold to certain institutions and U.S.\$0.75 with respect to all other Offered Shares.

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 such Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. The Underwriters have agreed not to offer, sell or deliver the Offered Shares in the United States or to U.S. persons.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Preferred Shares Series 10. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSE relating to market stabilization and passive market making activities and a bid or purchase made for

and on behalf of a customer when the order was not solicited during the period of distribution provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. Pursuant to the first mentioned exception, in connection with this Offering and subject to applicable law, the Underwriters may effect the transactions which stabilize or maintain the market price of such securities at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

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 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 CIBC World Markets Inc., which is an "independent underwriter" pursuant to applicable securities legislation). CIBC World Markets Inc. participated in the drafting of this prospectus, the pricing of the Preferred Shares Series 10 and the due diligence process in respect of this offering. BMO Nesbitt Burns Inc. will not receive any benefit in connection with the Offering other than as described herein.

Use of Proceeds

The net proceeds to the Bank from the sale of the U.S.\$300,000,000 aggregate amount of Preferred Shares Series 10, after deducting estimated total expenses of the issue and the Underwriters' fee, will amount to approximately U.S.\$291,000,000. The proceeds will be added to the Bank's general corporate funds and will be used for general business purposes. Such proceeds will enlarge the Bank's Tier 1 capital base.

After giving effect to this offering the Bank's Tier 1 capital base as at October 31, 2001 would amount to approximately \$11.54 billion.

Risk Factors

An investment in Preferred Shares Series 10 of the Bank is subject to certain risks.

The value of Preferred Shares Series 10 will be affected by the general creditworthiness of the Bank. The section entitled "Management's Analysis of Operations" contained in the Bank's Annual Report for the year ended October 31, 2000, and management's discussion and analysis for the three-month and twelve-month periods ended October 31, 2001 contained in a press release dated November 27, 2001, are incorporated by reference. These analyses discuss, 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 10 may affect the market value of the Preferred Shares Series 10. 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.

See "Earnings Coverage" and "Share Capital and Subordinated Indebtedness", which are relevant to an assessment of the risk that the Bank will be unable to pay dividends on the Preferred Shares Series 10.

The Preferred Shares Series 10 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 10 and other preferred shares.

Prevailing yields on similar securities will affect the market value of Preferred Shares Series 10. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 10 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Legal Matters

Legal matters in connection with the issue and sale of the Preferred Shares Series 10 will be passed upon, on behalf of the Bank, by Osler, Hoskin & Harcourt LLP and, on behalf of the Underwriters, by Fraser Milner

Casgrain LLP. As at December 12, 2001, partners and associates of Osler, Hoskin & Harcourt LLP and Fraser Milner Casgrain LLP, collectively, beneficially owned, directly or indirectly, less than 1% of any class of outstanding securities of the Bank.

Transfer Agent and Registrar

Computershare Trust Company of Canada, at its offices in the cities of Halifax, Montréal, Toronto, Winnipeg, Regina, Calgary and Vancouver will be the transfer agent and registrar for the Preferred Shares Series 10.

Purchaser's Statutory Rights

Securities legislation in several of the provinces and territories of Canada provides a purchaser with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Certificate of Bank of Montreal

Dated: December 13, 2001

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick), by the *Securities Act* (Nova Scotia), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act, 1990* (Newfoundland), by the *Securities Act* (Northwest Territories), by the *Securities Act* (Yukon) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus, as supplemented by the documents incorporated herein by reference, does not contain any misrepresentation that is likely to affect the value of the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

(Signed) F. ANTHONY COMPER
Chairman and
Chief Executive Officer

(Signed) KAREN E. MAIDMENT
Executive Vice-President and
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) BRUCE H. MITCHELL
Director

(Signed) J. BLAIR MACAULAY
Director

Certificate of the Underwriters

Dated: December 13, 2001

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick), by the *Securities Act* (Nova Scotia), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act, 1990* (Newfoundland), by the *Securities Act* (Northwest Territories), by the *Securities Act* (Yukon) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. To the best of our knowledge, information and belief, this prospectus, as supplemented by the documents incorporated herein by reference, does not contain any misrepresentation that is likely to affect the value of the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

By: (Signed) PETER K. MARCHANT

By: (Signed) CATHERINE J. CODE

RBC DOMINION SECURITIES INC.

By: (Signed) JOHN M. GARROW

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) MATTHEW FRANK

By: (Signed) J. DAVID BEATTIE

MERRILL LYNCH CANADA INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) M. MARIANNE HARRIS

By: (Signed) IAN MCPHERSON

TRILON SECURITIES CORPORATION

By: (Signed) TREVOR D. KERR

The following includes the name of every person having an interest, directly or indirectly, to the extent of not less than five percent in the capital of:

BMO NESBITT BURNS INC.: a wholly owned subsidiary of BMO Nesbitt Burns Corporation Limited, an indirect majority owned subsidiary of a Canadian chartered bank;

CIBC WORLD MARKETS INC.: a wholly owned subsidiary of a Canadian chartered bank;

RBC DOMINION SECURITIES INC.: a wholly owned subsidiary of a Canadian chartered bank;

SCOTIA CAPITAL INC.: an indirect wholly owned subsidiary of a Canadian chartered bank;

TD SECURITIES INC.: a wholly owned subsidiary of a Canadian chartered bank;

MERRILL LYNCH CANADA INC.: a wholly owned indirect subsidiary of Merrill Lynch & Co., Inc.;

NATIONAL BANK FINANCIAL INC.: an indirect wholly owned subsidiary of a Canadian chartered bank; and

TRILON SECURITIES CORPORATION: a wholly owned subsidiary of Trilon Financial Corporation.

