



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►  
IRC Sections 354(a), 358(a), 368(a) and 1001.

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18 Can any resulting loss be recognized? ►

The merger was intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). If the merger is respected as a "reorganization" within the meaning of Section 368(a) of the Code, a U.S. Holder (as defined in the attached response to box 15) will not recognize any gain or loss upon receipt of the common stock of Bank of Montreal ("BMO") in exchange for M&I common stock in the merger, except with respect to cash received in lieu of fractional shares of BMO common stock.

A U.S. Holder of M&I common stock who receives cash in lieu of a fractional share of BMO common stock in the merger generally will be treated as having received such fractional share in the merger and then as having received cash in redemption of such fractional share, and may recognize loss as a result of such redemption.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►

The transaction was consummated on July 5, 2011. Consequently, the reportable taxable year of the M&I shareholders for reporting the tax effect of the share exchange is the taxable year that includes the July 5, 2011 date.

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PROTECTIVE FILING. ISSUER UNCERTAIN WHETHER INDICATED TRANSACTION "AFFECTS" SHAREHOLDERS' BASIS IN M&I SHARES, SINCE BASIS CARRIED OVER TO BMO SHARES.

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