

The following statement outlines certain potential conflict of interests as at March 2010 which may arise between you, as an account holder, and us, BMO Nesbitt Burns Inc., as a Canadian investment dealer. If you have any questions about anything in this statement please do not hesitate to contact your investment advisor or relationship manager.

Related and Connected Issuers

Terminology

Where we act as your broker, advise you, or exercise discretion on your behalf with respect to securities issued by us or a related party or a connected party in the course of distribution, we must disclose to you our relationship with the issuer of the securities.

An issuer is **related** to us if we are an influential securityholder of theirs, or they are an influential securityholder of ours, or if we have a common influential securityholder.

An issuer is **connected** to us where a reasonable prospective purchaser of their securities might question the issuer's independence from us, a party related to us, one of our directors or officers or a director or officer of our related party.

A party is **associated** with us if we beneficially own, directly or indirectly, securities carrying more than 10% of the voting rights of the party, or if the party is a trust, if we have a substantial beneficial interest or we, or another party in a close relationship to us such as one of our salespeople, directors or officers serve as trustee.

Bank of Montreal

We are a wholly-owned indirect subsidiary of **Bank of Montreal**¹. Bank of Montreal is a reporting issuer with securities listed and trading on the Toronto Stock Exchange and the New York

¹ Certain of our current and former directors, officers or other employees hold less than 1% of the non-voting shares of Bank of Montreal Securities Canada Limited. Bank of Montreal Securities Canada Limited, through Bank of Montreal Holding Inc., is a subsidiary of Bank of Montreal and through BMO Nesbitt Burns Corporation Limited is our parent company. None of the representatives who trade in our related mutual funds has an interest in excess of 0.5 per cent of the equity shares of Bank of Montreal Securities Canada Limited.

Stock Exchange. Because Bank of Montreal is an influential securityholder of ours it is considered to be a related party and where its securities are being distributed to the public it would be considered to be a connected party under Canadian securities laws.

Issuers and Mutual Funds

The following are also considered to be issuers that are related and/or connected to us:

- the mutual funds in the **BMO Mutual Funds** group of funds which are managed and distributed by our affiliate BMO Investments Inc.;
- the mutual funds in the **BMO Nesbitt Burns Group of Funds** which are managed and distributed by us;
- the mutual funds in the **BMO Guardian Funds** group of funds which are managed and distributed by our affiliate BMO Investments Inc.,;
- the **flow-through limited partnerships** entities managed by our affiliate BMO Investments Inc.,;
- the mutual funds in the **BMO Harris Private Portfolios**, managed by our affiliate BMO Harris Investment Management Inc. and distributed by BMO Investments Inc.;
- the investment funds in the **NORREP** group of funds and the **NORREP** limited partnerships may be related and connected issuers because one of our senior officers is a director and officer and owns all of the outstanding shares of Norrep Inc. which is the manager and promoter of the funds and owns all of the shares of the general partner of each partnership;
- **Coxe Commodity Strategy Fund**, which is managed and administered by us, our affiliate Harris Investment Management, Inc. provides investment management services and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services and we act as promoter;
- **Star Hedge Manager Corp.**, which is managed and administered by us and our affiliate BMO

Asset Management Inc. provides certain valuation and accounting services;

- **T. Boone Pickens Energy Fund**, which is managed and administered by us, our affiliate Harris Investment Management, Inc. provides investment management services and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services and we act as promoter.
- **Star Portfolio Corp.** which is managed and administered by us and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services.
- **Star Yield Trust** which is managed and administered by us and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services.

Additionally, our affiliates, BMO Asset Management Inc., Harris Investment Management, Inc., Pyrford International plc, Pyrford International Limited and HIM Money Inc. are portfolio advisors to certain of these mutual funds and flow-through limited partnerships.

Where to find Information

Where we act for you in transactions involving related and/or connected issuers a conflict between our interest and yours may arise. In such case the potential conflict will be disclosed to you in the following places:

- Where we act as underwriter for an issuance of securities of a related or connected issuer, the **prospectus** (or other document being used to qualify those securities) will contain a description of the nature of our relationship with the issuer.
- Where we buy or sell securities of a related or connected issuer for your account, the **confirmation of the trade** and your **monthly statement** will indicate that the issuer is a related and/or connected party.
- Where we advise you with respect to the purchase or sale of securities of a related and/or connected issuer we will **notify** you of our relationship with the issuer when giving you the advice.
- Where we exercise discretion, under your authority, in the purchase or sale of securities for your account, we will obtain your **prior**

specific and informed written consent before exercising that discretion for transactions involving related and connected issuers.

Acting as Principal

In certain instances where we act as your broker or exercise discretion on your behalf, securities purchased for you may be bought from or sold to us, a party associate with us or, in the course of distribution, a connected party.

Relationships with other members of BMO Financial Group

Disclosure of related registrants

In addition to being our principal shareholder Bank of Montreal is the principal shareholder and certain of our officers and directors are also directors and officers of certain of the following Canadian registrants:

- BMO Capital Markets Corp.,
- BMO Harris Investment Management Inc.,
- BMO Investments Inc.,
- BMO InvestorLine Inc.,
- BMO Nesbitt Burns Ltée/Ltd.,
- Harris Investment Management, Inc.,
- Harris Investor Services, Inc.,
- HIM Money Inc., and
- BMO Asset Management Inc.

In connection with our ongoing business activities we obtain or provide management, administrative, referral and/or other services from or to the following affiliates:

- Bank of Montreal,
- BMO Capital Market Corp.,
- BMO Harris Investment Management Inc.,
- BMO Investments Inc.,
- BMO InvestorLine Inc.,
- BMO Capital Markets Limited
- BMO Nesbitt Burns Ltée/Ltd.,
- BMO Nesbitt Burns Securities Ltd., and
- BMO Asset Management Inc.

Alpha

Alpha is an Alternative Trading System operating in Canada. We are a limited partner of Alpha Trading Systems Limited Partnership which is the sole limited partner of Alpha ATS L.P. (Alpha). We are also a shareholder of Alpha ATS Inc. (Alpha Inc.), which is the general partner of Alpha, and Alpha Trading Systems Inc. One of our officers is a member of the board of directors of both Alpha ATS Inc. and Alpha Trading Systems Inc. Our ownership interest in Alpha Trading Systems Limited Partnership and Alpha Trading Systems Inc. may be re-determined at the end of the first and second year following the launch of Alpha based on our share of trades executed on Alpha. Notwithstanding our interest in Alpha where your trades are executed on Alpha it will always be in accordance with our regulatory obligation to obtain the best execution available.

Insurance

Although we are a subsidiary of Bank of Montreal we are a separate corporation from the Bank. This means that securities sold by us (unless we inform you otherwise concerning a specific security) are:

- (a) not insured by CDIC or any other government deposit insurer;
- (b) not guaranteed by Bank of Montreal; and
- (c) subject to fluctuations in market values.

None of the above represents a change in the way we have operated in the past and cash held in securities accounts continues to be backed, up to prescribed limits by the Canadian Investor Protection Fund of Canada (CIPF).