

*BMO Bank of Montreal is committed to providing complete and concise disclosure to investors interested in purchasing a BMO Progressive GIC.*

## Summary of Investment Terms and Conditions

<b>Term of Series:</b>	5 years (or 3 years if called for early redemption by BMO)
<b>Issue Date of Series:</b>	November 2, 2010
<b>Series Call Date:</b>	November 4, 2013
<b>Interest Rate Per Annum, if Called:</b>	10%
<b>Series Maturity Date:</b>	November 2, 2015
<b>Participation Rate:</b>	65%
<b>Average Closing Value:</b> (number of last months used in calculation)	6
<b>Calculation Date:</b>	October 19, 2015
<b>STIC Rate of Return:</b>	0.75% per annum
<b>Eligible for CDIC coverage:</b>	Yes
<b>Reference Portfolio for the Series:</b>	S&P/TSX Capped Financials Index – 50% <sup>1</sup> S&P/TSX Capped Utilities Index – 50%

- You are guaranteed to receive 100% of the amount you invest in the BMO Callable Equity Linked GIC.
  - Your GIC may be called for redemption on the Series Call Date. If called, you are also guaranteed to receive the “Interest Rate Per Annum, if Called” set out above. In this event, you will no longer be entitled to receive any other return relating to the performance of the Reference Portfolio for the Series.
  - If the GIC is not called for redemption on the Series Call date, on the Series Maturity Date you are also guaranteed to receive the Rate of Return for the Term, if any, on the amount you invest in the GIC. The Rate of Return for the Term payable to investors is the Percentage Growth of the Reference Portfolio for the Series (comprised of the underlying indices in the weightings set out above) during the term of the GIC multiplied by the Participation Rate set out above, but will not be less than zero. You should note that the Rate of Return for the Term is not an annual rate but is the rate of return over the entire term of the GIC. The Percentage Growth is determined by:
    - calculating the percentage difference, for each underlying index in the Reference Portfolio for the Series, between the value of that index on the second business day after the GIC is issued and the average value of that index at or near the end of the month for the last six months before the month in which the GIC matures.
    - multiplying the percentage difference for each underlying index by the weighting for that index; and adding together the weighted percentage differences for all underlying indexes.
  - If market disruptions or other special circumstances affect the calculation of the return, we may extend the Series Call Date, delay the calculation of any return on your investment, delay the payment of any interest until after the Series Maturity Date, and replace the indices within the Reference Portfolio for the Series with other Canadian stock market indices or Canadian securities. These are the only circumstances in which we may amend the terms of the GIC.
- The BMO Callable Equity Linked GIC may be suitable for you if you want an investment for a term of 3 to 5 years and you are prepared to accept the risks set out in the accompanying Terms and Conditions, including those summarized below:
  - The Rate of Return for the Term on the GIC, if any, differs from the return payable on a fixed-rate investment in that (i) it is not based on a fixed rate of interest that is known when the GIC is issued, (ii) it cannot be calculated before the Series Maturity Date, unless the GIC is called for redemption, because it is based on the performance of the Reference Portfolio for the Series over the term of the GIC, (iii) it could be zero, (iv) it will depend on whether or not the GIC is called for redemption, and (v) no part of the return on the GIC is paid before the Series Maturity Date unless the GIC is called for redemption. By law, the Rate of Return cannot exceed an average of 60% per year, regardless of the performance of the BMO Callable Equity Linked Index.
  - The level of the indices in the Reference Portfolio for the Series is unpredictable and will be influenced by complex interrelated factors that affect the markets generally and the specific indices in particular. The historical performance of indices in the Reference Portfolio for the Series does not indicate the future performance of those indices or of the Reference Portfolio for the Series.

<sup>1</sup> “S&P®” is a trademark of The McGraw-Hill Companies, Inc. TSX is a trademark of TSX, Inc. These marks have been licensed for use by Bank of Montreal. The BMO Callable Equity Linked GIC is not sponsored, endorsed, sold or promoted by Standard & Poor’s or the Toronto Stock Exchange and neither party makes any representation regarding the advisability of investing in the BMO Callable Equity Linked GIC.

- Unless we exercise of our Call Right, neither you nor we can redeem the GIC before it matures. You cannot transfer your GIC and there will be no market through which you can sell it.
  - If we exercise our Call Right, your return on the GIC may be less than if we had not exercised our Call Right. In addition, if we exercise our Call Right, you may not be able to reinvest the proceeds received at that time in an investment having a comparative yield.
3. Bank of Montreal and its affiliates may hold interests in or securities of, extend credit to or enter into other business dealings with one or more of the entities whose securities are held in or make up one or more of the indices in the Reference Portfolio for the Series.
  4. There are no fees and expenses applicable to an investment in the GIC.
  5. If you deposit funds with us before the Issue Date of Series, those funds will be invested in a Short Term Guaranteed Investment Certificate or "STIC" until the Issue Date of Series. On the Issue Date of Series, the funds in the STIC, plus interest at an annual rate equal to the STIC Rate of Return, accrued daily, will be invested in the GIC. There are no fees and expenses applicable to an investment in the STIC. If you cancel your order to purchase the GIC, we will return the funds you invested together with interest at the STIC Rate of Return from the date of investment to the earlier of the cancellation date and the Issue Date of Series. The STIC cannot otherwise be redeemed or transferred.
  6. You may cancel your order to purchase the BMO Callable Equity Linked GIC by contacting Bank of Montreal either at a branch or by telephone any time up to the third business day after the later of: (i) today's date; and (ii) receipt of the written Investment Terms and Conditions of the BMO Callable Equity Linked GIC.

You will be deemed to have received the Investment Terms and Conditions of the BMO Callable Equity Linked GIC on the earlier of: (i) the day recorded as the time of sending by the server or other electronic means, if sent to you by electronic means; (ii) the day recorded as the time of sending by the fax machine, if sent to you by fax; (iii) five business days after the postmark date, if sent to you by mail; and (iv) today, if given to you in person.

7. This is only a summary of certain terms of the GIC.
  - You should carefully read the application form for the GIC and the accompanying Terms and Conditions for further details and a more complete discussion of the risk factors associated with an investment in the GIC.
  - We will send a copy of the Terms and Conditions of the GIC to you at your request. Complete information about the GIC may also be found at [www.bmo.com/gic](http://www.bmo.com/gic).
  - An indicative rate of return on the GIC, based on the performance of the indices in the Reference Portfolio for the Series since the Issue Date of Series, will be available at any Bank of Montreal branch or [www.bmo.com/gic](http://www.bmo.com/gic). The indicative rate of return is not a guarantee of the Rate of Return for the Term, if any, payable when the GIC matures.

By signing below, you acknowledge that this summary has been read to you, that you have received a written copy of this summary and that you consent to this summary being read to you and provided to you in writing at any time before you enter into a contract to purchase the GIC.

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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<b>Eligible for CDIC coverage:</b>	Yes
<b>Reference Portfolio for the Series:</b>	S&P/TSX Capped Financials Index – 50% <sup>1</sup> S&P/TSX Capped Utilities Index – 50%

- You are guaranteed to receive 100% of the amount you invest in the BMO Callable Equity Linked GIC.
  - Your GIC may be called for redemption on the Series Call Date. If called, you are also guaranteed to receive the “Interest Rate Per Annum, if Called” set out above. In this event, you will no longer be entitled to receive any other return relating to the performance of the Reference Portfolio for the Series.
  - If the GIC is not called for redemption on the Series Call date, on the Series Maturity Date you are also guaranteed to receive the Rate of Return for the Term, if any, on the amount you invest in the GIC. The Rate of Return for the Term payable to investors is the Percentage Growth of the Reference Portfolio for the Series (comprised of the underlying indices in the weightings set out above) during the term of the GIC multiplied by the Participation Rate set out above, but will not be less than zero. You should note that the Rate of Return for the Term is not an annual rate but is the rate of return over the entire term of the GIC. The Percentage Growth is determined by:
    - calculating the percentage difference, for each underlying index in the Reference Portfolio for the Series, between the value of that index on the second business day after the GIC is issued and the average value of that index at or near the end of the month for the last six months before the month in which the GIC matures.
    - multiplying the percentage difference for each underlying index by the weighting for that index; and adding together the weighted percentage differences for all underlying indexes.
  - If market disruptions or other special circumstances affect the calculation of the return, we may extend the Series Call Date, delay the calculation of any return on your investment, delay the payment of any interest until after the Series Maturity Date, and replace the indices within the Reference Portfolio for the Series with other Canadian stock market indices or Canadian securities. These are the only circumstances in which we may amend the terms of the GIC.
- The BMO Callable Equity Linked GIC may be suitable for you if you want an investment for a term of 3 to 5 years and you are prepared to accept the risks set out in the accompanying Terms and Conditions, including those summarized below:
  - The Rate of Return for the Term on the GIC, if any, differs from the return payable on a fixed-rate investment in that (i) it is not based on a fixed rate of interest that is known when the GIC is issued, (ii) it cannot be calculated before the Series Maturity Date, unless the GIC is called for redemption, because it is based on the performance of the Reference Portfolio for the Series over the term of the GIC, (iii) it could be zero, (iv) it will depend on whether or not the GIC is called for redemption, and (v) no part of the return on the GIC is paid before the Series Maturity Date unless the GIC is called for redemption. By law, the Rate of Return cannot exceed an average of 60% per year, regardless of the performance of the BMO Callable Equity Linked Index.
  - The level of the indices in the Reference Portfolio for the Series is unpredictable and will be influenced by complex interrelated factors that affect the markets generally and the specific indices in particular. The historical performance of indices in the Reference Portfolio for the Series does not indicate the future performance of those indices or of the Reference Portfolio for the Series.

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- Unless we exercise of our Call Right, neither you nor we can redeem the GIC before it matures. You cannot transfer your GIC and there will be no market through which you can sell it.
  - If we exercise our Call Right, your return on the GIC may be less than if we had not exercised our Call Right. In addition, if we exercise our Call Right, you may not be able to reinvest the proceeds received at that time in an investment having a comparative yield.
3. Bank of Montreal and its affiliates may hold interests in or securities of, extend credit to or enter into other business dealings with one or more of the entities whose securities are held in or make up one or more of the indices in the Reference Portfolio for the Series.
  4. There are no fees and expenses applicable to an investment in the GIC.
  5. If you deposit funds with us before the Issue Date of Series, those funds will be invested in a Short Term Guaranteed Investment Certificate or "STIC" until the Issue Date of Series. On the Issue Date of Series, the funds in the STIC, plus interest at an annual rate equal to the STIC Rate of Return, accrued daily, will be invested in the GIC. There are no fees and expenses applicable to an investment in the STIC. If you cancel your order to purchase the GIC, we will return the funds you invested together with interest at the STIC Rate of Return from the date of investment to the earlier of the cancellation date and the Issue Date of Series. The STIC cannot otherwise be redeemed or transferred.
  6. You may cancel your order to purchase the BMO Callable Equity Linked GIC by contacting Bank of Montreal either at a branch or by telephone any time up to the third business day after the later of: (i) today's date; and (ii) receipt of the written Investment Terms and Conditions of the BMO Callable Equity Linked GIC.

You will be deemed to have received the Investment Terms and Conditions of the BMO Callable Equity Linked GIC on the earlier of: (i) the day recorded as the time of sending by the server or other electronic means, if sent to you by electronic means; (ii) the day recorded as the time of sending by the fax machine, if sent to you by fax; (iii) five business days after the postmark date, if sent to you by mail; and (iv) today, if given to you in person.

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  - You should carefully read the application form for the GIC and the accompanying Terms and Conditions for further details and a more complete discussion of the risk factors associated with an investment in the GIC.
  - We will send a copy of the Terms and Conditions of the GIC to you at your request. Complete information about the GIC may also be found at [www.bmo.com/gic](http://www.bmo.com/gic).
  - An indicative rate of return on the GIC, based on the performance of the indices in the Reference Portfolio for the Series since the Issue Date of Series, will be available at any Bank of Montreal branch or [www.bmo.com/gic](http://www.bmo.com/gic). The indicative rate of return is not a guarantee of the Rate of Return for the Term, if any, payable when the GIC matures.

By signing below, you acknowledge that this summary has been read to you, that you have received a written copy of this summary and that you consent to this summary being read to you and provided to you in writing at any time before you enter into a contract to purchase the GIC.

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**CUSTOMER COPY**

# BMO Callable Equity Linked GIC – Investment Terms and Conditions

You have invested in the BMO Callable Equity Linked Guaranteed Investment Certificate (“**BMO Callable Equity Linked GIC**”). Between your deposit date and the issue date of the BMO Callable Equity Linked GIC, your deposit funds will be invested in a BMO Short Term Guaranteed Investment Certificate (“**STIC**”). This document forms part of your application and, together with your application and the Summary of Investment Terms and Conditions (the “**Summary**”), sets out the terms and conditions that apply to your investment. In these terms and conditions, “we” “us” and “our” refer to Bank of Montreal Mortgage Corporation, the issuer of the STIC and the BMO Callable Equity Linked GIC, “you” and “your” refers to the owner or owners of the investment named on the application form, and “Bank” refers to Bank of Montreal. We are a subsidiary of the Bank. Capitalized terms not otherwise defined herein have the meanings attributed to them in the Summary. A Calculation Agent, being the Bank or other third party appointed by us, will make all calculations and determinations in respect of the investment and all such calculations and determinations will, absent manifest error, be final and binding.

**Issuer.** Bank of Montreal Mortgage Corporation

**Guarantor.** Bank of Montreal

**Minimum Investment.** You must invest a minimum of \$1000.

**Issue Date of Series.** Your BMO Callable Equity Linked GIC will be issued to you on the Issue Date of Series set out in the Summary.

**Term of Series and Series Maturity Date.** Your BMO Callable Equity Linked GIC has a term that begins on the Issue Date of Series and continues for the period specified as the Term of Series in the Summary. Your BMO Callable Equity Linked GIC matures on the day on which the Term of Series ends (the “**Series Maturity Date**”).

**Call Right.** We have the right (the “**Call Right**”) in our sole discretion to call all, but not less than all, of the BMO Callable Equity Linked GICs for redemption on the Series Call Date outlined in the Summary, subject to extension to a later date upon the occurrence of a market disruption event. If we elect to exercise our Call Right, we will provide notice to you at least **five** business days prior to the Series Call Date.

**Payment on Series Maturity Date.** You will be entitled to receive the initial amount you have deposited with us, plus interest accrued on the STIC at the STIC Rate of Return set out in the Summary (the “**Issue Amount**”). Subject to our Call Right, you may also receive a variable rate of return, if any (the “**Rate of Return for the Term**”), determined by the performance of a notional underlying portfolio of investments, disclosed in the Summary under “Reference Portfolio for the Series”, as described under “Calculation of Interest Payable on Series Maturity Date” below. If we exercise our Call Right, you will receive interest from the Issue Date of Series to the Series Call Date at an annual rate of return equal to the “Interest Rate per Annum, if Called” as set out in the Summary, in which case you will not receive any Rate of Return for the Term.

**Reference Portfolio for the Series.** For a description of the indices that compose the Reference Portfolio for the Series, see the Summary.

**Fees and Expenses.** There are no fees and expenses applicable to the BMO Callable Equity Linked GIC.

**Rate of Return.** Subject to the occurrence of a market disruption event, the Rate of Return for the Term will be determined based on the percentage increase, if any, in the value of the Reference Portfolio for the Series from two days after the Issue Date of Series to the Calculation Date as outlined in the Summary. The Rate of Return for the Term is calculated as follows:

- i) the percentage change of the Average Closing Value (as described below) of the BMO Callable Equity Linked Index compared to the Opening Index Value for the Series (as described below) of the BMO Callable Equity Linked Index (the “**Percentage Growth**”);
- ii) multiplied by the Participation Rate, as outlined in the Summary.

**The Rate of Return for the Term is not an annual interest rate but represents the total return on the BMO Callable Equity Linked GIC over the Term of Series. If the Percentage Growth is zero or a negative number, the Rate of Return for the Term will be deemed to be zero. Accordingly, you will not receive any return (interest) on your investment, and you will receive only the Issue Amount on the Series Maturity Date. The return on your investment cannot be more than 60% per year, which is the maximum allowed by law.**

**Calculation of Interest Payable on Series Maturity Date.** The amount of interest, if any, you will receive on the Series Maturity Date will be equal to the Rate of Return for the Term, if any, multiplied by the Issue Amount (“**Variable Interest**”).

**BMO Callable Equity Linked Index.** The performance of the Reference Portfolio for the Series will be determined by the performance of an index for

each Series (the “**BMO Callable Equity Linked Index**”) created by the Calculation Agent. The BMO Callable Equity Linked Index is composed of the two indices (the “**Sub-Indices**”) that make up the Reference Portfolio for the Series, as outlined in the Summary, initially on an equally weighted basis. The performance of the BMO Callable Equity Linked Index is calculated based on the performance of the Sub-Indices. The performance of the Sub-Indices will be measured each business day starting two business days after the Issue Date of Series, without regard to dividends and distributions. Each business day, going forward to the Calculation Date set out in the Summary, the value of the BMO Callable Equity Linked Index (the “**Current Index Value for the Series**”) is calculated to reflect the change in value of the Sub-Indices from the previous day.

**Opening Index Value for the Series.** The Opening Index Value for the Series of the BMO Callable Equity Linked Index is 100.00.

**The Average Closing Value.** The “**Average Closing Value**” is calculated over a number of consecutive months (the “**Final Months**”) immediately prior to the month in which the Series Maturity Date occurs. The number of Final Months is equal to the number of months set out as “Average Closing Value (number of last months used in calculation)” in the Summary. The Average Closing Value is equal to the simple average of the closing value of the BMO Callable Equity Linked Index for each Final Month. The closing value for the last Final Month is determined on the Calculation Date set out in the Summary. The closing value for the remaining Final Months is determined on the last business day of each such Final Month.

**Percentage Growth.** The Percentage Growth is the growth of the Average Closing Value compared to the Opening Index Value for the Series, calculated as a percentage. The Percentage Growth is calculated as follows:

$$\text{Percentage Growth} = \frac{\text{Average Closing Value} - \text{Opening Index Value for the Series}}{\text{Opening Index Value for the Series}} \times 100$$

**Participation Rate.** The Participation Rate is the rate by which the Percentage Growth is multiplied to determine your Rate of Return for the Term. If the Participation Rate, as set out in the Summary, is less than 100% you will not participate fully in the increase in value, if any, of the BMO Callable Equity Linked Index.

**Amounts Payable on Series Call Date.** If we exercise our Call Right, you will be entitled to receive, on the Series Call Date, your Issue Amount and interest on your Issue Amount at an annual rate equal to the Interest Rate Per Annum, if Called, as outlined in the Summary, for the period from the Issue Date of Series to the Series Call Date. In such event, you will no longer be entitled to receive any other amounts under the BMO Callable Equity Linked GIC. The Interest Rate Per Annum, if Called is only payable if we exercise our Call Right. You do not have a right or entitlement to the Interest Rate Per Annum, if Called unless and until we exercise our Call Right.

**Market Disruption and Other Special Circumstances.** There is always the possibility of a market disruption or other events beyond our or the Bank’s reasonable control that may have a material effect on our ability to calculate a rate of return on your investment, to manage the related risk, or otherwise perform our obligations. If a market disruption event occurs on a day for which the value of the Reference Portfolio for the Series is to be determined, determination of the value of the Reference Portfolio for the Series may be delayed. In addition, if a market disruption event occurs at the time that we are to give you notice of the exercise of our Call Right or during the notice period, we may at our discretion extend the Series Call Date. Determination and payment of the amount of any interest payable may be delayed beyond the Series Maturity Date in certain circumstances. Fluctuations in the value of the security may occur in the interim. In certain unusual circumstances, the Calculation Agent may estimate the value of the security, replace an existing security with a new security, and/or determine the amount of interest, if any, that may be payable in an alternate manner. However, in no event will the Issue Amount or any returns of the investment be paid prior to the Series Maturity Date.

A market disruption event may affect the manner in which the interest payable, if any, is calculated.

We have the right to replace the investments within the Reference Portfolio for the Series with Canadian stock market indices or Canadian securities, which we will exercise in certain circumstances, including if an investment (including an index), within the Reference Portfolio for the Series becomes closed to additional purchases, discontinued or otherwise wound-up or that it will merge into, consolidate with or be combined with any other investment or where there is a suspension or limitation of the sale or redemption of the

investments, or where the cost or ability of any dealer to hedge our obligation under your investment is materially adversely affected by circumstances beyond its control.

In the event that a market disruption event materially affects our cost or ability to hedge our obligation under your investment, no further returns will be calculated, determined or earned for the remaining term of the investment. The Issue Amount and any returns earned up to the date of such market disruption event will be paid at, but not prior to, the Series Maturity Date. If such a market disruption event occurs, the possibility of your investment earning any Variable Interest is significantly reduced.

**Reinvestment.** At the Series Call Date or Maturity Date, as the case may be, if you have not provided us with the Maturity Instructions (as described below), the Issue Amount and your interest at the Interest Rate Per Annum, If Called or your Variable Interest, if any, as the case may be, will be automatically reinvested in a non-redeemable BMO Guaranteed Investment Certificate issued by us, and fully guaranteed by the Bank, having a one-year term to maturity at the annual interest rate then applicable to the new investment and with interest compounded annually.

**Maturity Instructions.** If, at the Series Call Date or Maturity Date, as the case may be, you do not wish the Issue Amount and your interest at the Interest Rate Per Annum, If Called or your Variable Interest, if any, as the case may be, to be automatically reinvested as provided for above, you must complete a Maturity Option Change Request, available at the Bank, and deliver the completed Maturity Option Change Request to the Bank at least 20 days prior to the Series Call Date or the end of the Term of Series. A Maturity Option Change Request is not available through the Bank's Online Banking service.

**Confirmation.** At the time of issue of the BMO Callable Equity Linked GIC, we will provide you with written confirmation of the Series #, Issue Amount, Issue Date of Series, Term of Series, Opening Index Value for the Series, Participation Rate, Series Call Date, Interest Rate per Annum, if Called and any other information we consider to be necessary.

**Statements.** We will issue statements semi-annually, showing the Issue Amount, the Opening Index Value for the Series, the Current Index Value for the Series, the Participation Rate and any other information we consider to be necessary. The value of your investment in the BMO Callable Equity Linked GIC will not change over the period of your investment, until the Series Maturity Date or if called, until the Series Call Date, when the total return on your investment will be known.

**Currency.** All amounts will be deposited, calculated and paid in Canadian dollars.

**Certificate.** A certificate representing your investment is not available.

**Restrictions on Sale.** Your BMO Callable Equity Linked GIC is only available for sale within Canada and may only be held by Canadian residents. Your BMO Callable Equity Linked GIC may be subject to further restrictions within any relevant province or territory. Your BMO Callable Equity Linked GIC has not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or delivered within the United States or to United States persons (as such expressions are defined in the United States Internal Revenue Code and regulations thereunder).

**Transfer.** Your investment in the STIC and BMO Callable Equity Linked GIC is not transferable.

**Early Redemption.** You may not redeem your investment prior to its Maturity Date or Series Maturity Date. In addition to any other right to call or redeem the investment as specified in these terms and conditions, we may redeem your investment without penalty prior to the Maturity Date or Series Maturity Date in the event of your death.

**Ownership Status.** We are not obligated to (i) inquire into your interest in the investment, (ii) advise as to tax considerations or (iii) see to the execution of any trust. For each investment that you purchase (i) on behalf of a minor, (ii) that is registered other than "in trust", or (iii) as a gift for others, we will require proof of ownership satisfactory to us and you will be required to sign to effect transactions with respect to your investment after purchase of the investment.

**CDIC Deposit Insurance.** Only deposits held in Canadian currency, having a term of 5 years or less and payable in Canada are insurable under the *Canada Deposit Insurance Corporation Act*.

**STIC Terms & Conditions.** Between the date you deposit funds with us (the "Purchase Date", as set out in the application form or Confirmation as applicable) and the Issue Date of Series, your deposit funds will be invested in a STIC, a fixed return short-term deposit issued by us. The Purchase Amount of the STIC set out in the application form or Confirmation as applicable, and interest payable on the Purchase Amount is unconditionally guaranteed by the Bank. At the maturity date of the STIC, being the Issue Date of Series set out in the Summary, the Purchase Amount and the interest accrued on the Purchase Amount at the STIC Rate of Return, accrued daily, for the period from

the Purchase Date up to the Issue Date of Series, will be the Issue Amount automatically reinvested in the BMO Callable Equity Linked GIC. There are no fees and expenses applicable to an investment in the STIC. If you cancel your order to purchase the BMO Callable Equity Linked GIC, we will return the funds you invested together with interest at the STIC Rate of Return from the date of investment to the earlier of the cancellation date and the Issue Date of Series. The STIC cannot otherwise be redeemed or transferred.

**Tax considerations.** The following is a summary of the principal Canadian federal income tax implications and considerations that generally apply to individuals who purchase a BMO Callable Equity Linked GIC and who, at all times, for the purposes of the Income Tax Act (Canada) (the "Act") are resident in Canada, hold the BMO Callable Equity Linked GIC outside of a registered plan, deal at arm's length and are not affiliated with Bank of Montreal Mortgage Corporation, and hold the BMO Callable Equity Linked GIC as capital property. **This summary is of a general nature, is not exhaustive of all Canadian federal income tax implications and considerations and does not constitute legal or tax advice to any particular holder. Holders should consult their tax advisors for advice with respect to the income tax consequences of an investment in a BMO Callable Equity Linked GICs in their particular circumstances.** The information provided below is based on the provisions of the Act and the regulations thereunder ("Regulations") in effect on the date that this summary was drafted, all specific proposed amendments to the Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date on which this summary was drafted, and certain administrative policies and practices of the Canada Revenue Agency. Provincial and foreign tax implications and considerations are not addressed herein.

You will generally not be required to include an amount in your income for a particular year until the year of maturity. In the year of maturity, you will be required to include in your income the amount, if any, of the Variable Interest. If we exercise our Call Right, you will be required to include in your income the interest earned on the BMO Callable Equity Linked GIC to the Series Call Date in the year in which the Series Call Date occurs. Interest accrued on your STIC to the Issue Date of Series must be included in your income in the year in which the BMO Callable Equity Linked GIC is issued.

The return on your BMO Callable Equity Linked GIC will be treated as interest and will be reported on a Form T5 and Relevé 3 (where applicable) in accordance with the Act and the Regulations and the Taxation Act (Quebec) and the regulations thereunder.

**Risk Factors.** An investment in the BMO Callable Equity Linked GIC is subject to certain risk factors that you should carefully consider before acquiring a BMO Callable Equity Linked GIC, including the following factors:

**No Assurance of Returns.** There is no assurance that the Reference Portfolio for the Series will be able to generate positive returns. Therefore, a BMO Callable Equity Linked GIC is not a suitable investment for you if you need or expect to receive any return or a specific return on investment. The BMO Callable Equity Linked GIC is designed for investors with a long-term investment horizon who are prepared to hold the BMO Callable Equity Linked GIC to the Series Maturity Date and are prepared to assume risks with respect to a return tied to the performance of the Reference Portfolio for the Series.

**Calculation of the Rate of Return for the Term and Variable Interest.** The Variable Interest, if any, payable on your BMO Callable Equity Linked GIC is based in part on the Average Closing Value of the BMO Callable Equity Linked Index over a number of months prior to the Series Maturity Date. This Average Closing Value may be higher or lower than the closing value of the BMO Callable Equity Linked Index on the Series Maturity Date. As a result, the Rate of Return for the Term on your BMO Callable Equity Linked GIC may not be the same as, and may be lower than, a rate of return that is based on the closing value of the BMO Callable Equity Linked Index on the Series Maturity Date.

The Variable Interest, if any, payable on your BMO Callable Equity Linked GIC is also based on your Participation Rate. If the Participation Rate is less than 100%, you will not participate fully in the increase in value, if any, of the BMO Callable Equity Linked Index.

**Non-Conventional Indebtedness.** The BMO Callable Equity Linked GIC has certain characteristics that differ from conventional forms of indebtedness in that it does not provide you with a return or income stream prior to the Series Maturity Date, or a return on the Series Maturity Date, calculated by reference to a fixed or floating rate of interest that is determinable prior to the Series Maturity Date. Unless we exercise our Call Right, you will not have an opportunity to reinvest any income generated by the BMO Callable Equity Linked GIC prior to Series Maturity Date; nor will you be able, prior to the Series Maturity Date, to determine the amount of the return, if any, that you will receive on your BMO Callable Equity Linked GIC on the Series Maturity Date.

**Exercise of the Call Right.** If we exercise our Call Right, you will be entitled to receive the amounts set out above under “Amounts Payable on Series Call Date”, but will no longer be entitled to receive any Variable Interest linked to the performance of the Reference Portfolio for the Series, even though the Rate of Return for the Term at the Series Maturity Date may have been positive. Under such circumstances, your return on the BMO Callable Equity Linked GIC may be less than if we had not exercised our Call Right and the BMO Callable Equity Linked GIC had remained outstanding until the Series Maturity Date. In addition, if we exercise our Call Right, you may not be able to reinvest the proceeds received at that time in an investment having a comparable yield.

**No Secondary Market.** The BMO Callable Equity Linked GIC is designed for investors who are prepared to hold their investment to the Series Maturity Date. Your BMO Callable Equity Linked GIC will not be listed on any exchange and there will be no market through which the BMO Callable Equity Linked GIC may be sold. Also, the BMO Callable Equity Linked GIC is not transferable. As a result, you will not be able to redeem or sell your BMO Callable Equity Linked GIC prior to the Series Maturity Date, and, subject only to our Call Right, the Issue Amount and the Variable Interest, if any, are payable only at the Series Maturity Date.

**Risks Relating to the Reference Portfolios.** There can be no assurance that the BMO Callable Equity Linked GIC will show any return. Unless the Call Right is exercised, the Rate of Return for the Term will be based on the market price of the indices comprising the Reference Portfolio for the Series at the relevant date of valuation. The market price of indices is unpredictable and will be influenced by factors that are beyond our control. Market prices of indices will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect markets generally, and by various circumstances that can influence the value of a particular index. Historical prices of the indices comprising the Reference Portfolio for the Series should not be considered any indication of the future performance of the indices and the Reference Portfolio for the Series.

**No Ownership of Securities Comprising the Sub-Indices in the Reference Portfolio.** Owning the BMO Callable Equity Linked GICs is different from owning the securities comprising the Sub-Indices in the Reference Portfolio for the Series. The BMO Callable Equity Linked GICs do not represent a direct substitute for an investment in those Sub-Indices. The BMO Callable Equity Linked GICs will not entitle you to any direct or indirect ownership of or entitlement to any securities comprising the Sub-Indices held by the Reference Portfolio for the Series. As such, you will not be entitled to the rights and benefits of a securityholder, including any right to receive distributions or dividends or to vote at or attend meetings of securityholders.

**No Independent Calculation.** The Calculation Agent will be solely responsible for computing the Rate of Return for the Term based on the performance of the Reference Portfolio for the Series. No independent calculation agent will be retained to confirm any determinations and any calculations made.

**Conflicts of Interest.** We, the Bank and our respective affiliates may, from time to time in the course of normal business operations, hold interests in or hold securities of (including under hedging arrangements related to the investment), extend credit to or enter into other business dealings with, one or more of the entities whose securities are held in, or make up the Sub-Indices comprising, the Reference Portfolio for the Series. Such actions shall be based on normal commercial criteria in the particular circumstances, which may include payment of trailer fees to us, the Bank or our affiliates, and may not take into account the effect, if any, of such actions on the amount of Variable Interest that may be payable on the BMO Callable Equity Linked GICs.

**Credit Risk.** Because the obligation to make payments to you under the terms and conditions of the BMO Callable Equity Linked GIC is an obligation of us and the Bank, the likelihood that you will receive the payments owing to you in connection with the BMO Callable Equity Linked GICs will be dependent upon the financial health and creditworthiness of us and the Bank.

**Right of Rescission.** You may cancel your order to purchase the BMO Callable Equity Linked GIC by contacting Bank of Montreal either at a branch or by telephone any time up to the third business day after the later of: (i) the day on which the agreement to purchase the BMO Callable Equity Linked GIC is entered into; and (ii) receipt of these Investment Terms and Conditions.

**Deemed Date of Agreement to Purchase.** If you place an order to purchase a BMO Callable Equity Linked GIC in person or by telephone, the agreement to purchase the BMO Callable Equity Linked GIC will be deemed to have been entered into on the date you agreed in writing, if in person, or orally, if by telephone, to the summary of the terms of the BMO Callable Equity Linked GIC.

**Deemed Date of Receipt of these Investment Terms and Conditions.** You will be deemed to have received these Investment Terms and Conditions on the earlier of: (i) the day recorded as the time of sending by the server or other electronic means, if sent to you by electronic means; (ii) the day recorded as the time of sending by the fax machine, if sent to you by fax; (iii) five business

days after the postmark date, if sent to you by mail; and (iv) when it is actually received by you, if given to you in person.

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