

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:</b>                                   | 2 years  |  |
| <b>Issue Date:</b>                             | March 12, 2012   |  |
| <b>Maturity Date:</b>                          | March 12, 2014   |  |
| <b>Calculation Dates:</b>                      | February 26, 2013 and February 26, 2014  |  |
| <b>Guaranteed Rate of Return for the Term:</b> | 0.70%  |  |
| <b>Maximum Rate of Return for the Term:</b>    | 8.50%  |  |
| <b>Maximum Return for each Security:</b>       | 3.90%  |  |
| <b>STIC Rate of Return:</b>                    | 1.00% per annum  |  |
| <b>Eligible for CDIC coverage:</b>             | Yes  |  |
| <b>Reference Portfolio (equally weighted):</b> | Power Corporation of Canada (POW)<br>Goldcorp Inc. (G)<br>SNC-Lavalin Group Inc. (SNC)<br>Thomson Reuters (TRI)<br>Fortis Inc. (FTS) | Toronto-Dominion Bank (The) (TD)<br>Rogers Communications Inc., Class B (RCI.B)<br>Brookfield Properties Corp. (BPO)<br>TransCanada Corp. (TRP)<br>Canadian Natural Resources Ltd. (CNQ) |

1. On the Maturity Date, you will receive 100% of the amount you invest in the BMO Return Enhancing GIC plus an amount based on the Rate of Return for the Term. The Rate of Return for the Term will be calculated as follows:

$$\text{Rate of Return for the Term} = \text{Guaranteed Rate of Return for the Term} + \text{Variable Rate of Return for the Term (if any)}$$

You should note that the Rate of Return for the Term is not an annual rate. It is the rate of return over the entire term of the GIC.

- The Variable Rate of Return for the Term for this GIC is calculated as follows:

$$\text{Variable Rate of Return for the Term} = \text{Variable Rate of Return A} + \text{Variable Rate of Return B}$$

Where:

- “Variable Rate of Return A” is equal to the average of the effective returns on each security in the Reference Portfolio (the “**Average Effective Return**”) on the first Calculation Date. However, if the Average Effective Return on the first Calculation Date is less than zero, Variable Rate of Return A will be zero, and
- “Variable Rate of Return B” is equal to the Average Effective Return on the second Calculation Date. However, if the Average Effective Return on the second Calculation Date is less than zero, Variable Rate of Return B will be zero.
- The effective return on each security in the Reference Portfolio is based on the percentage increase or decrease in the price of the security (the “price return”) from the second business day after the Issue Date to each Calculation Date.
- If the price return for a security is positive, the effective return for the security is the Maximum Return for each Security.
- If the price return for a security is between -25.00% (the “**Minimum Floor Return**”) and zero, the effective return for the security is the price return.
- If the price return for a security is less than the Minimum Floor Return, the effective return for the security is the Minimum Floor Return.

If market disruptions or other special circumstances affect the calculation of the price returns, the calculation agent may adjust or delay the calculation or payment of interest, estimate the value of an underlying security, replace a security and/or determine the amount of interest that may be payable in an alternate manner. These are the only circumstances in which the terms of the GIC may be amended.

2. The GIC may be suitable for you if you want an investment for a term of 2 years with a guaranteed minimum return that is payable at maturity and you are prepared to accept the risks described in the accompanying Investment Terms and Conditions. This is a summary of those risks:
- The Rate of Return for the Term differs from the return payable on a fixed-rate investment since (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 Maturity Date because it is based on the performance of the Reference Portfolio on the applicable Calculation Dates, and (iii) no part of the return on the GIC is paid before the Maturity Date.
  - The return on a security in the Reference Portfolio for purposes of calculating the Average Effective Return on a Calculation Date will never be less than the Minimum Floor Return and will never be more than the Maximum Return for each Security, no matter how well the security performs. Accordingly, the return on a security could be negative. Since the Average Effective Return on a Calculation Date is the simple average of the returns on each security (determined as previously described), a negative price return on one or more securities in the Reference Portfolio in any year will offset positive price returns on other securities in the Reference Portfolio during the same year. This could result in the Rate of Return for the Term being limited to the Guaranteed Rate of Return for the Term.

- The values of the securities in the Reference Portfolio used to calculate the Average Effective Return will not include any distributions or dividends declared on the securities.
  - The Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term will never be more than the Maximum Rate of Return for the Term, and each of Variable Rate of Return A and Variable Rate of Return B will never be more than the Maximum Return for each Security, no matter how well the Reference Portfolio performs.
  - Market prices of the securities in the Reference Portfolio are unpredictable and will be influenced by complex interrelated factors that affect markets generally and the specific securities in particular. The historical performance of securities in the Reference Portfolio does not indicate the future performance of those securities or of the Reference Portfolio.
  - You cannot redeem the GIC before it matures. You cannot transfer your GIC and there will be no market through which you can sell it.
  - The likelihood that you will receive all the payments owing to you under the GIC will depend on the financial health and creditworthiness of Bank of Montreal.
  - No independent calculation agent will be retained to confirm any determinations and any calculations made for the GIC.
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 included in the Reference Portfolio.
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, those funds will be invested in a Short Term Investment Certificate or “STIC” until the Issue Date. On the Issue Date, 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. The STIC cannot otherwise be redeemed or transferred by you.
6. You may cancel your order to purchase the GIC by contacting BMO 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 GIC.
- You will be deemed to have received the Investment Terms and Conditions of the 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 Investment Terms and Conditions for further details and a more complete discussion of the risks associated with an investment in the GIC.
  - A copy of the Investment Terms and Conditions of the GIC will be sent to you in the manner you 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 Reference Portfolio since the Issue Date, will be available at any BMO Bank of Montreal branch or at [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 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: \_\_\_\_\_

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

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## Summary of Investment Terms and Conditions

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|--|--|--|
| <b>Term:</b>                                   | 2 years  |  |
| <b>Issue Date:</b>                             | March 12, 2012   |  |
| <b>Maturity Date:</b>                          | March 12, 2014   |  |
| <b>Calculation Dates:</b>                      | February 26, 2013 and February 26, 2014  |  |
| <b>Guaranteed Rate of Return for the Term:</b> | 0.70%  |  |
| <b>Maximum Rate of Return for the Term:</b>    | 8.50%  |  |
| <b>Maximum Return for each Security:</b>       | 3.90%  |  |
| <b>STIC Rate of Return:</b>                    | 1.00% per annum  |  |
| <b>Eligible for CDIC coverage:</b>             | Yes  |  |
| <b>Reference Portfolio (equally weighted):</b> | Power Corporation of Canada (POW)<br>Goldcorp Inc. (G)<br>SNC-Lavalin Group Inc. (SNC)<br>Thomson Reuters (TRI)<br>Fortis Inc. (FTS) | Toronto-Dominion Bank (The) (TD)<br>Rogers Communications Inc., Class B (RCI.B)<br>Brookfield Properties Corp. (BPO)<br>TransCanada Corp. (TRP)<br>Canadian Natural Resources Ltd. (CNQ) |

1. On the Maturity Date, you will receive 100% of the amount you invest in the BMO Return Enhancing GIC plus an amount based on the Rate of Return for the Term. The Rate of Return for the Term will be calculated as follows:

$$\text{Rate of Return for the Term} = \text{Guaranteed Rate of Return for the Term} + \text{Variable Rate of Return for the Term (if any)}$$

You should note that the Rate of Return for the Term is not an annual rate. It is the rate of return over the entire term of the GIC.

- The Variable Rate of Return for the Term for this GIC is calculated as follows:

$$\text{Variable Rate of Return for the Term} = \text{Variable Rate of Return A} + \text{Variable Rate of Return B}$$

Where:

- “Variable Rate of Return A” is equal to the average of the effective returns on each security in the Reference Portfolio (the “**Average Effective Return**”) on the first Calculation Date. However, if the Average Effective Return on the first Calculation Date is less than zero, Variable Rate of Return A will be zero, and
- “Variable Rate of Return B” is equal to the Average Effective Return on the second Calculation Date. However, if the Average Effective Return on the second Calculation Date is less than zero, Variable Rate of Return B will be zero.
- The effective return on each security in the Reference Portfolio is based on the percentage increase or decrease in the price of the security (the “price return”) from the second business day after the Issue Date to each Calculation Date.
- If the price return for a security is positive, the effective return for the security is the Maximum Return for each Security.
- If the price return for a security is between -25.00% (the “**Minimum Floor Return**”) and zero, the effective return for the security is the price return.
- If the price return for a security is less than the Minimum Floor Return, the effective return for the security is the Minimum Floor Return.

If market disruptions or other special circumstances affect the calculation of the price returns, the calculation agent may adjust or delay the calculation or payment of interest, estimate the value of an underlying security, replace a security and/or determine the amount of interest that may be payable in an alternate manner. These are the only circumstances in which the terms of the GIC may be amended.

2. The GIC may be suitable for you if you want an investment for a term of 2 years with a guaranteed minimum return that is payable at maturity and you are prepared to accept the risks described in the accompanying Investment Terms and Conditions. This is a summary of those risks:
- The Rate of Return for the Term differs from the return payable on a fixed-rate investment since (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 Maturity Date because it is based on the performance of the Reference Portfolio on the applicable Calculation Dates, and (iii) no part of the return on the GIC is paid before the Maturity Date.
  - The return on a security in the Reference Portfolio for purposes of calculating the Average Effective Return on a Calculation Date will never be less than the Minimum Floor Return and will never be more than the Maximum Return for each Security, no matter how well the security performs. Accordingly, the return on a security could be negative. Since the Average Effective Return on a Calculation Date is the simple average of the returns on each security (determined as previously described), a negative price return on one or more securities in the Reference Portfolio in any year will offset positive price returns on other securities in the Reference Portfolio during the same year. This could result in the Rate of Return for the Term being limited to the Guaranteed Rate of Return for the Term.

- The values of the securities in the Reference Portfolio used to calculate the Average Effective Return will not include any distributions or dividends declared on the securities.
  - The Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term will never be more than the Maximum Rate of Return for the Term, and each of Variable Rate of Return A and Variable Rate of Return B will never be more than the Maximum Return for each Security, no matter how well the Reference Portfolio performs.
  - Market prices of the securities in the Reference Portfolio are unpredictable and will be influenced by complex interrelated factors that affect markets generally and the specific securities in particular. The historical performance of securities in the Reference Portfolio does not indicate the future performance of those securities or of the Reference Portfolio.
  - You cannot redeem the GIC before it matures. You cannot transfer your GIC and there will be no market through which you can sell it.
  - The likelihood that you will receive all the payments owing to you under the GIC will depend on the financial health and creditworthiness of Bank of Montreal.
  - No independent calculation agent will be retained to confirm any determinations and any calculations made for the GIC.
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 included in the Reference Portfolio.
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, those funds will be invested in a Short Term Investment Certificate or “STIC” until the Issue Date. On the Issue Date, 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. The STIC cannot otherwise be redeemed or transferred by you.
6. You may cancel your order to purchase the GIC by contacting BMO 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 GIC.
- You will be deemed to have received the Investment Terms and Conditions of the 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 Investment Terms and Conditions for further details and a more complete discussion of the risks associated with an investment in the GIC.
  - A copy of the Investment Terms and Conditions of the GIC will be sent to you in the manner you 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 Reference Portfolio since the Issue Date, will be available at any BMO Bank of Montreal branch or at [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 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: _____ |
| Name: _____ | Signature: _____ | Date: _____ |

## BMO Return Enhancing GIC – Investment Terms and Conditions

You have invested in the BMO Return Enhancing Guaranteed Investment Certificate (the “**GIC**”). Between your deposit date and the Issue Date of the GIC, your deposit funds will be invested in a BMO Short Term Investment Certificate (the “**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 Investment Terms and Conditions, “we”, “us” and “our” refer to Bank of Montreal Mortgage Corporation, the issuer of the STIC and the GIC, and a subsidiary of the Bank; “you” and “your” refers to the owner or owners of the investment named on the application form; and “Bank” refers to Bank of Montreal. Capitalized terms not otherwise defined herein have the meanings attributed to them in the Summary. A calculation agent (the “**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.** Your GIC will be issued to you on the Issue Date set out in the Summary.

**Term and Maturity Date.** Your GIC has a term that begins on the Issue Date and continues for the period specified as the Term in the Summary. Your GIC matures on the day on which the Term ends, shown as the Maturity Date in the Summary.

**Fees and Expenses.** There are no fees and expenses applicable to an investment in the GIC.

**Reference Portfolio.** The performance of the securities comprising the Reference Portfolio will determine the Rate of Return for the Term (as defined below). The Reference Portfolio is a notional portfolio, used simply as a reference for the purpose of measuring the return generated by the securities making up the Reference Portfolio. The Reference Portfolio will consist of the securities as set out in the Summary and are weighted as shown in the Summary. The values of the securities in the Reference Portfolio used to calculate the Rate of Return for the Term will not include any distributions or dividends declared on the securities.

**Rate of Return for the Term.** The rate of return for the term (the “**Rate of Return for the Term**”) will be equal to the sum of the Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term.

The Variable Rate of Return for the Term for this GIC is equal to the sum of Variable Rate of Return A and Variable Rate of Return B where:

- a) “Variable Rate of Return A” is equal to the average of the effective returns on each security in the Reference Portfolio (the “**Average Effective Return**”) on the first Calculation Date unless the Average Effective Return on the first Calculation Date is less than zero in which case Variable Rate of Return A will be zero, and
- b) “Variable Rate of Return B” is equal to the Average Effective Return on the second Calculation Date unless the Average Effective Return on the second Calculation Date is less than zero in which case Variable Rate of Return B will be zero.

The effective return on each security is based on the percentage increase or decrease in the price of a security in the Reference Portfolio (the “**price returns**”) from the second business day after the Issue Date to each applicable Calculation Date.

If, on a Calculation Date, the price return for a security is positive, the effective return for the security is the Maximum Return for each Security. If the price return for a security is equal to or greater than -25.00% (the “**Minimum Floor Return**”) but less than or equal to zero, the effective return for the security is the price return. If the price return for a security is less than the Minimum Floor Return, the effective return for the security is the Minimum Floor Return.

**The Rate of Return for the Term and the Guaranteed Rate of Return for the Term are not annual interest rates but represents a return on the GIC over the Term. The Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term will never be more than the Maximum Rate of Return for the Term, no matter how well the Reference Portfolio performs.**

**Payment at Maturity.** On the Maturity Date you will be entitled to receive:

- a) the initial amount you deposited with us, plus interest accrued on the STIC at the STIC Rate of Return set out in the Summary (collectively, the “**Issue Amount**”), plus
- b) the amount of interest (the “**Variable Interest**”) which will be equal to the Issue Amount multiplied by the Rate of Return for the Term.

Amounts payable on the Maturity Date will be paid, or mailed if you have elected to receive your payment via cheque, no more than one business day after the Maturity Date.

**Rate of Return for the Term Examples.** The following information is presented to provide examples of how the payment of interest on the Maturity Date is calculated pursuant to these Investment Terms and Conditions. **These examples are based on hypothetical returns on a hypothetical portfolio of 10 securities and are not intended as a forecast of future returns of the securities in the Reference Portfolio or as a forecast of any payment of interest.**

**The securities in the Reference Portfolio can change from Series to Series. The security or securities in the Reference Portfolio applicable to your GIC are outlined in the Summary.**

### Positive Price Performance Example

In this example, the Guaranteed Rate of Return for the Term is 0.70%, the Maximum Return for each Security is 3.90% and the Minimum Floor Return is -25.00%.

In the table below, “Issue Date Value” is the closing price of the securities two business days after the Issue Date, “First Calculation Date Value” is the closing price of the securities on the First Calculation Date and “Second Calculation Date Value” is the closing price of the securities on the Second Calculation Date.

| Security   | Issue Date Value | First Calculation Date Value | Second Calculation Date Value |
|------------|------------------|------------------------------|-------------------------------|
| Security A | \$10.25          | \$10.75                      | \$10.50                       |
| Security B | \$42.68          | \$59.40                      | \$65.80                       |
| Security C | \$23.45          | \$23.50                      | \$27.69                       |
| Security D | \$28.67          | \$33.12                      | \$30.09                       |
| Security E | \$68.70          | \$75.21                      | \$80.13                       |
| Security F | \$70.26          | \$71.66                      | \$71.96                       |
| Security G | \$55.18          | \$59.12                      | \$71.43                       |
| Security H | \$50.22          | \$65.48                      | \$55.49                       |
| Security I | \$44.16          | \$48.98                      | \$49.11                       |
| Security J | \$8.50           | \$25.36                      | \$9.26                        |

Based on the hypothetical prices of the securities in the table above, the tables below demonstrate the calculation of Variable Rate of Return A on the First Calculation Date and Variable Rate of Return B on the Second Calculation Date.

### First Calculation Date

| Security                  | Price Return | Effective Return |
|---------------------------|--------------|------------------|
| Security A                | 4.88%        | 3.90%            |
| Security B                | 39.18%       | 3.90%            |
| Security C                | 0.21%        | 3.90%            |
| Security D                | 15.52%       | 3.90%            |
| Security E                | 9.48%        | 3.90%            |
| Security F                | 1.99%        | 3.90%            |
| Security G                | 7.14%        | 3.90%            |
| Security H                | 30.39%       | 3.90%            |
| Security I                | 10.91%       | 3.90%            |
| Security J                | 198.35%      | 3.90%            |
| Average Effective Return  |              | 3.90%            |
| Variable Rate of Return A |              | 3.90%            |

**Second Calculation Date**

| Security                  | Price Return | Effective Return |
|---------------------------|--------------|------------------|
| Security A                | 2.44%        | 3.90%            |
| Security B                | 54.17%       | 3.90%            |
| Security C                | 18.08%       | 3.90%            |
| Security D                | 4.95%        | 3.90%            |
| Security E                | 16.64%       | 3.90%            |
| Security F                | 2.42%        | 3.90%            |
| Security G                | 29.45%       | 3.90%            |
| Security H                | 10.49%       | 3.90%            |
| Security I                | 11.21%       | 3.90%            |
| Security J                | 8.94%        | 3.90%            |
| Average Effective Return  |              | 3.90%            |
| Variable Rate of Return B |              | 3.90%            |

The Variable Rate of Return for the Term is Variable Rate of Return A plus Variable Rate of Return B and as a result would equal 7.80% (3.90% + 3.90%).

The Rate of Return for the Term is the Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term and as a result would equal 8.50% (0.70% + 7.80%).

Assuming an Issue Amount of \$1000, the holder of the GIC would be entitled to receive an interest payment of \$85.00 on the Maturity Date.

**Negative Price Performance Example**

In this example, the Guaranteed Rate of Return for the Term is 0.70%, the Maximum Return for each Security is 3.90% and the Minimum Floor Return is -25.00%.

In the table below, "Issue Date Value" is the closing price of the securities two business days after the Issue Date, "First Calculation Date Value" is the closing price of the securities on the First Calculation Date and "Second Calculation Date Value" is the closing price of the securities on the Second Calculation Date.

| Security   | Issue Date Value | First Calculation Date Value | Second Calculation Date Value |
|------------|------------------|------------------------------|-------------------------------|
| Security A | \$10.25          | \$8.75                       | \$8.50                        |
| Security B | \$42.68          | \$39.40                      | \$35.80                       |
| Security C | \$23.45          | \$39.50                      | \$27.69                       |
| Security D | \$28.67          | \$33.12                      | \$30.09                       |
| Security E | \$68.70          | \$38.70                      | \$40.13                       |
| Security F | \$70.26          | \$71.66                      | \$71.96                       |
| Security G | \$55.18          | \$59.12                      | \$71.43                       |
| Security H | \$50.22          | \$45.48                      | \$35.49                       |
| Security I | \$44.16          | \$58.98                      | \$59.11                       |
| Security J | \$8.50           | \$6.50                       | \$4.50                        |

Based on the hypothetical prices of the securities in the table above, the tables below demonstrate the calculation of Variable Rate of Return A on the First Calculation Date and Variable Rate of Return B on the Second Calculation Date.

**First Calculation Date**

| Security                  | Price Return | Effective Return |
|---------------------------|--------------|------------------|
| Security A                | -14.63%      | -14.63%          |
| Security B                | -7.69%       | -7.69%           |
| Security C                | 68.44%       | 3.90%            |
| Security D                | 15.52%       | 3.90%            |
| Security E                | -43.67%      | -25.00%          |
| Security F                | 1.99%        | 3.90%            |
| Security G                | 7.14%        | 3.90%            |
| Security H                | -9.44%       | -9.44%           |
| Security I                | 33.56%       | 3.90%            |
| Security J                | -23.53%      | -23.53%          |
| Average Effective Return  |              | -6.08%           |
| Variable Rate of Return A |              | 0.00%            |

**Second Calculation Date**

| Security                  | Price Return | Effective Return |
|---------------------------|--------------|------------------|
| Security A                | -17.07%      | -17.07%          |
| Security B                | -16.12%      | -16.12%          |
| Security C                | 18.08%       | 3.90%            |
| Security D                | 4.95%        | 3.90%            |
| Security E                | -41.59%      | -25.00%          |
| Security F                | 2.42%        | 3.90%            |
| Security G                | 29.45%       | 3.90%            |
| Security H                | -29.33%      | -25.00%          |
| Security I                | 33.85%       | 3.90%            |
| Security J                | -47.06%      | -25.00%          |
| Average Effective Return  |              | -8.87%           |
| Variable Rate of Return B |              | 0.00%            |

The Variable Rate of Return for the Term is Variable Rate of Return A plus Variable Rate of Return B and as a result would equal 0.00% (0.00% + 0.00%).

The Rate of Return for the Term is the Guaranteed Rate of Return for the Term plus the Variable Rate of Return for the Term and as a result would equal 0.70% (0.70% + 0.00%).

Assuming an Issue Amount of \$1000, the holder of the GIC would be entitled to receive an interest payment of \$7.00 on the Maturity Date.

**BMO Return Enhancing GIC Index.** An index created by the Calculation Agent (the "BMO Return Enhancing GIC Index") will be provided to you as a tool or proxy to help you track the market performance of the Reference Portfolio from time to time. The value of the Reference Portfolio, as of market close, two business days after the Issue Date is 100.00 (the "Opening Index Value"). The value of the BMO Return Enhancing GIC Index at particular dates (the "Current Index Value") will be disclosed in periodic investment statements and will also be available at any branch of the Bank or through the Bank's Online Banking service. The BMO Return Enhancing GIC Index is only a tool to help you track the market performance of the Reference Portfolio and is not, under any circumstances, a representation of the value of the GIC at any point in time. The final value of the GIC can only be determined on the Maturity Date.

**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 the Calculation Agent's ability to calculate a rate of return on your investment, on our ability to manage the related risk, or for us to otherwise perform our obligations. If a market disruption event occurs on a day on which the price returns are to be determined, determination of the price returns may be delayed. Determination and payment of the amount of interest payable may be delayed 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 a security, replace an existing security with a new security and/or determine the amount of interest that may be payable in an alternate manner. However, in no event will the Issue Amount or any returns on the investment be paid prior to the Maturity Date.

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

We have the right to replace the investments within the Reference Portfolio 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 becomes closed to additional purchases, discontinued or otherwise wound-up or if it merges into, consolidates with or is 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 GIC 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 GIC, no further returns will be calculated, determined or earned for the remaining term of the investment. If such a market disruption event occurs, the possibility of your investment earning a return greater than the sum of the Guaranteed Rate of Return for the Term and any Variable Rate of Return for the Term determined on a Calculation Date prior to the market disruption event is significantly reduced.

**Reinvestment of the Issue Amount.** On the Maturity Date, if you have not provided us with Maturity Instructions (as described below), the Issue Amount plus the Variable Interest will be automatically reinvested in a non-redeemable BMO Guaranteed Investment Certificate issued by us, fully guaranteed by the Bank, having a one-year term and bearing interest at our posted rate for one-year GICs on the Maturity Date.

**Maturity Instructions.** If, on the Maturity Date you do not wish the Issue Amount and the Variable Interest 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 end of the Term. A Maturity Option Change Request is not available through the Bank's Online Banking service.

**Confirmation.** We will provide you with written confirmation (the "Confirmation") of the Series Number, Issue Amount, Issue Date, Term, Opening Index Value, Guaranteed Rate of Return for the Term, Maximum Rate of Return for the Term, Maximum Return for each Security, and any other information we consider to be necessary.

**Statements.** We will issue statements semi-annually, showing the Issue Amount, Opening Index Value, Current Index Value and any other information we consider to be necessary.

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

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

**Restrictions on Sale.** Your GIC is only available for sale within Canada and may only be held by Canadian residents. Your GIC may be subject to further restrictions within any relevant province or territory. Your 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 each of the STIC and the GIC is not transferable.

**Early Redemption.** You may not redeem your investment prior to the Maturity Date. However, we may redeem your investment without penalty prior to the 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 Confirmation) and the Issue Date, your deposit funds will be invested in a STIC. The Purchase Amount of the STIC set out in the Confirmation and interest payable on the Purchase Amount is unconditionally guaranteed by the Bank. On the maturity date of the STIC, being the Issue Date, 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, will be the Issue Amount automatically reinvested 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. The STIC cannot otherwise be redeemed or transferred.

**Tax Considerations.** In the opinion of McMillan LLP, counsel to Bank of Montreal Financial Group ("counsel"), the following is, as of the date this summary was prepared, a summary of the principal Canadian federal income tax implications and considerations that generally apply to an individual (other than a trust) who purchases a GIC and who, at all times, for the purposes of the *Income Tax Act* (Canada) (the "Act") is, or is deemed to be, resident in Canada, holds the GIC as capital property until maturity outside of a registered plan, and deals at arm's length and is not affiliated with the Issuer. Investors for whom this summary is not applicable should consult their own tax advisors

**This summary is based on the current provisions of the Act and the regulations thereunder (the "Regulations") as in force on the date this summary was prepared, counsel's understanding of the current administrative and assessing practices of the Canada Revenue Agency (the "CRA") and all specific proposals to amend the Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date this summary was prepared. No assurance can be given that any proposals to amend the Act and the Regulations will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the**

**CRA's administrative or assessing practices, whether by legislative, governmental or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in a GIC and does not take into account provincial, territorial or foreign income tax legislation or considerations.**

**This summary is of a general nature only and is not intended to be legal or tax advice to you. You should consult your own tax advisors for advice with respect to the income tax consequences of an investment in a GIC, based on your particular circumstances.**

The GIC is a "prescribed debt obligation" within the meaning of the Act. The rules in the Regulations applicable to a prescribed debt obligation generally require a taxpayer to accrue the amount of any interest, bonus or premium receivable in respect of the obligation over the term of the obligation, based on the maximum amount of interest, bonus or premium receivable on the obligation. Based in part on counsel's understanding of the CRA's administrative practice relating to prescribed debt obligations and provided no market disruption event occurs, (i) an amount based on accruing the Guaranteed Rate of Return for the Term and, when determined on a Calculation Date, each Variable Rate of Return for the Term, if any, over the term of the GIC should be included in your income annually to the extent accrued to the end of the "anniversary day" of the GIC in the applicable taxation year, except to the extent that the amount was included in computing your income for a preceding year, and (ii) prior to the year of maturity, you should not be required to include any additional amount in respect of the Variable Interest in your income. In the year of maturity, you will be required to include in your income the amount you are entitled to receive on the Maturity Date less the total of the Issue Amount and amounts in respect of the Variable Interest that have already been included in your income for the year or a preceding year. Interest accrued on your STIC to the Issue Date must be included in your income in the year in which the GIC is issued.

The Variable Interest will be treated as interest and will be reported on a Form T5 and Relevé 3 (where applicable) in accordance with the Act, the Regulations and the *Taxation Act* (Quebec) and the regulations thereunder.

**Eligibility for Investment.** In the opinion of counsel, unless Canadian law changes from the date these Investment Terms and Conditions were prepared, the GICs will be qualified investments under the Act for trusts governed by registered retirement savings plans (including locked-in retirement savings plans and locked-in retirement accounts).

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

*No Assurance of Returns.* Aside from the Guaranteed Rate of Return for the Term, there is no assurance that the Reference Portfolio will be able to generate positive returns. Therefore, this GIC is not a suitable investment for you if you need or expect to receive a return on your investment greater than the Guaranteed Rate of Return for the Term. The GIC is designed for investors who are prepared to hold the GIC to the Maturity Date and who are prepared to assume risks with respect to a return tied to the performance of the Reference Portfolio.

*Variable Rate of Return for the Term.* The Rate of Return for the Term payable on your GIC is subject to a maximum value which is based on the Guaranteed Rate of Return plus the Variable Rate of Return for the Term. Each Variable Rate of Return on the GIC is linked to the simple average of the effective returns of the securities in the Reference Portfolio based on the actual returns of the securities calculated as the percentage increase or decrease in the prices of each security from two business days after the Issue Date to the applicable Calculation Date. For purposes of calculating a Variable Rate of Return, the effective return for a security in the Reference Portfolio could be the Minimum Floor Return but will never be more than the Maximum Return for each Security. As a result, a Variable Rate of Return will never exceed the Maximum Return for each Security, regardless of how well the Reference Portfolio performs over the Term. In addition, to achieve the maximum Variable Rate of Return on a Calculation Date, the actual price return of every security in the Reference Portfolio must be positive during that period. If the actual return of a security is greater than the Maximum Return for each Security, you will not participate in any increase of value of that security beyond the Maximum Return for each Security. Since the Average Effective Return on a Calculation Date is the simple average of the effective returns on each security, a negative price return on one or more securities in the Reference Portfolio in any year will offset positive price returns on other securities in the Reference Portfolio during the same year potentially resulting in interest for the Term being limited to the Guaranteed Rate of Return for the Term.

*Non-Conventional Indebtedness.* The 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 Maturity Date, or a return

payable on the Maturity Date, calculated by reference to a fixed or floating rate of interest that is determinable prior to the Maturity Date. You will not have an opportunity to reinvest any income generated by the GIC prior to the Maturity Date; nor will you be able to, prior to the Maturity Date, determine whether the Rate of Return for the Term payable to you on the Maturity Date will be greater than the Guaranteed Rate of Return for the Term.

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

**Risks Relating to the Reference Portfolio.** The Rate of Return for the Term will be based on the market prices of the securities comprising the Reference Portfolio on the relevant Calculation Date. Market prices of the securities are unpredictable and will be influenced by factors that are beyond our control. Market prices of securities will be influenced by 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 security. Historical prices of the securities comprising the Reference Portfolio should not be considered any indication of the future performance of the securities or the Reference Portfolio. This is not a complete description of the risks applicable to the securities comprising the Reference Portfolio or their issuers. For a description of such risks, an investor may consult documents made publicly available by each issuer at [www.sedar.com](http://www.sedar.com).

**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. No independent calculation agent will be retained to confirm any determinations or any calculations made.

**No Ownership of Securities in the Reference Portfolio.** Owning the GIC is different from owning the securities in the Reference Portfolio. The GIC does not represent a direct substitute for an investment in those securities. The GIC will not entitle you to any direct or indirect ownership or entitlement to any securities held in the Reference Portfolio. 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.

**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 GIC), extend credit to or enter into other business dealings with one or more of the entities whose securities are held in the Reference Portfolio. 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 Variable Interest that may be payable on the GIC.

**Credit Risk.** Because the obligation to make payments to you under the terms and conditions of the GIC is an obligation of us and the Bank, the likelihood that you will receive the payments owing to you in connection with the GIC 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 GIC by contacting the Bank 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 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 the GIC in person or by telephone, the agreement to purchase the GIC will be deemed to have been entered into on the date you agreed in

writing, in person, or orally, if by telephone, to the summary of the terms of the 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.

**Plan Withdrawal Fees.** If the investment is held in a retirement savings plan, locked-in retirement savings plan or locked-in retirement account (the "Plan"), a fee (the "Withdrawal Fee") will apply to a withdrawal of the GIC from the Plan. The current Withdrawal Fee is published in our Better Banking Guide.

## Privacy Disclosure & Consent

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### Your Personal Information

#### What is Personal Information?

Personal Information is information that identifies you as an individual. It includes not only your name and address, age and gender, but also your personal financial records, identification numbers including your social insurance number (SIN), personal references and employment records.

#### Why Does the Bank Ask You For Your Personal Information?

There are some purposes for using your personal information which are self evident, such as asking for information concerning your credit history to help determine your credit worthiness if you are applying for a loan or mortgage. Self-evident purposes should be clear, but if you have any questions, just ask us. We also ask you for your personal information for the following purposes:

- to verify your identity and protect against fraud,
- to understand your financial service requirements,
- to determine the suitability of products and services for you,
- to determine your eligibility for certain of our products and services, or those of others, and offer them to you,
- to set up and manage products and services you have requested, and
- to comply with laws and securities regulations.

#### Sharing Your Personal Information

Your personal information is shared, to the extent permitted by law, within BMO Financial Group (that is the Bank and its subsidiaries and affiliates) which provides deposit, loan, investment, securities, brokerage, insurance, trust and other products and services. With this more comprehensive understanding, we are better able to meet your needs as they grow and change.

#### Your Choices

If you would prefer not to receive our direct marketing service and/or not have your personal information shared with a member of BMO Financial Group, you can have your name deleted from our direct marketing and/or shared information lists. All you have to do is ask us. Please note that you cannot opt out of sharing your personal information where you have requested a product or service which is jointly offered by us and a member of BMO Financial Group.

Also, if you would prefer not to have us use your SIN for administrative purposes, just ask us. This option does not apply where we are required to use your SIN for income tax reporting purposes.

**For complete details on our commitment to respect and protect the privacy and confidentiality of personal information of individuals, please refer to our Privacy code, which is available at any branch of the Bank of Montreal, by visiting our website at [www.bmo.com/privacy/](http://www.bmo.com/privacy/) or by calling 1-800-363-9992.**