

BMO S&P/TSX 60 Market Index GIC

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

| | |
|------------------------------------|---------------------------------------|
| Term of Series: | 3 years |
| Issue Date of Series: | Continuous |
| Maturity Date: | 3 years from the Issue Date of Series |
| Participation Rate: | 25% |
| Eligible for CDIC coverage: | Yes |
| Reference Portfolio: | S&P/TSX 60 Index ¹ |

- On the Maturity Date, you are guaranteed to receive 100% of the amount you invest in a BMO S&P/TSX 60 Market Index GIC. You will also receive the Rate of Return, if any, on the amount you invest in the GIC.
 - The Rate of Return payable to you is the Percentage Growth, during the term of the GIC, of the underlying index in the Reference Portfolio shown above multiplied by the Participation Rate set out above, but will not be less than zero. You should note that the Rate of Return is not an annual rate but is the rate of return over the entire term of the GIC.
 - The Percentage Growth of the underlying index is the percentage difference, if any, between the value of the index when the GIC is issued and the average value of the index on the 15th day of the last six months before the GIC matures.
 - If market disruptions or other special circumstances affect the calculation of the return, we may adjust or delay this calculation or the payment of any interest. These are the only circumstances in which we may amend the terms of the GIC.
- The BMO S&P/TSX 60 Market Index GIC may be suitable for you if you want an investment for a term of 3 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 on the GIC 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 Maturity Date because it is based on the performance of the Reference Portfolio over the Term of Series, (iii) it could be zero, and (iv) no part of the return on the GIC is paid before the Maturity Date. By law, the Rate of Return cannot exceed an average of 60% per year, regardless of the performance of the Reference Portfolio.
 - The level of the S&P/TSX 60 Index is unpredictable and will be influenced by complex interrelated factors that affect the markets generally and the S&P/TSX 60 Index in particular. The historical performance of the S&P/TSX 60 Index does not indicate the future performance of the index.
 - 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.
- 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 that make up the underlying index in the Reference Portfolio.
- There are no fees and expenses applicable to an investment in the GIC.
- You can cancel an order to purchase the GIC within 48 hours after receiving the Terms and Conditions of the GIC and a written copy of this summary.
- 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.
 - An indicative rate of return on the GIC, based on the performance of the underlying index in the Reference Portfolio since the Issue Date of Series, will be available at any Bank of Montreal branch or at www.bmo.com/gic. The indicative rate of return is not a guarantee of the Rate of Return, 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: _____

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BMO Market Index GICs – Investment Terms and Conditions

You purchased a BMO Market Index GIC offered by Bank of Montreal Mortgage Corporation ("BMMC") and unconditionally guaranteed by Bank of Montreal (the "Bank"). You should be aware of the following terms and conditions that apply to BMO Market Index GICs (sometimes referred to as the "Investment"). A BMO Market Index GIC requires a minimum initial investment of \$1,000.

1. Payment at Maturity. BMMC promises to pay the Owner on the maturity date, the principal amount of the Investment in Canadian dollars. BMMC also promises to pay interest on the principal amount on the maturity date as set out below.

2. Return. The Investment's Rate of Return will be calculated as follows: i) the percentage growth of the Average 6 Month Closing Value compared to the Opening Index Value for the applicable market index (the "Percentage Growth") ii) multiplied by the Participation Rate for the applicable market index.

Details regarding the Opening Index Value and Participation Rate are set out in sections 6 and 7.

The Average 6 Month Closing Value is calculated by adding together the applicable market index closing stock price value for the 15th day of each of the 6 calendar months immediately preceding the month in which the Investment matures and dividing by 6. For example, an Investment with a maturity date in the month of February 2001 would use the value for January 15th, 2001 as the last of the 6-month values for the calculation. If the 15th day of the month is a day of the week, a holiday or any other day on which the S&P/TSX 60 Index, the S&P 500 Index, or an index in the G7 Stock Index is not measured, the value on the next day on which the measure is available will be used for such index.

The Investment's return cannot be more than 60% per year; the maximum allowed by law. No return will be paid if the Percentage Growth is a negative number (in other words, the Average 6 Month Closing Value is lower than the Opening Index Value).

3. Percentage Growth. The Percentage Growth is the growth of the Average 6 Month Closing Value compared to the Opening Index Value calculated as a percentage.

Formula:

$$\text{Percentage Growth} = \frac{\text{Average 6 Month Closing Value} - \text{Opening Index Value}}{\text{Opening Index Value}} \times 100$$

4. Applicable Market Indices. The applicable market index for the BMO S&P/TSX 60 Market Index GIC is the S&P/TSX 60 Index, the applicable market index for the BMO S&P 500 Market Index GIC is the S&P 500 Index and the applicable market index for the BMO G7 Market Index GIC is the G7 Stock Index, which is created by BMMC and which will consist of values from the following market indices:

Market Indices Weighting

| | | | |
|--------------------|-----|------------------|-----|
| S&P/TSX 60 | 25% | France - CAC 40 | 10% |
| S&P 500® | 25% | UK - FTSE 100 | 10% |
| Japan - Nikkei 225 | 10% | Italy - FTSE MIB | 10% |
| Germany - DAX | 10% | | |

The Percentage Growth for the G7 Stock Index will be calculated by determining the Percentage Growth of each of the G7 market indices separately, multiplying such Percentage Growth by the applicable weighting indicated above and adding the results. A negative Percentage Growth for any individual G7 market index will be weighted and included in the calculation. However, if the Percentage Growth for the G7 Stock Index is a negative number no return will be paid. Should the S&P/TSX 60 Index, the S&P 500 Index or any of the individual market indices that make up the G7 market index cease to publish for any reason, BMMC reserves the right to substitute another stock index as it deems appropriate.

5. Market Disruption. There is always the possibility of a market disruption or other events beyond the reasonable control of BMMC or the Bank that may have a material effect on BMMC's ability to calculate a rate of return on the Investment, to manage the related risk, or otherwise perform its obligations. This may include, for example, determining the applicable market index closing stock price and Opening Index Value discussed in paragraphs 2 and 7, respectively. Should such an event occur, BMMC may act as it deems appropriate including, without limitation, adjusting or delaying the calculation or payment of any interest on the Investment.

6. Participation Rate. The Participation Rate is the rate at which the Owner participates in the Percentage Growth. The Participation Rate is set out in the accompanying Summary of Investment Terms and Conditions and is subject to confirmation. For example, if the Percentage Growth were to be 40%, with a Participation Rate of 75%, the Owner would receive a Rate of Return of 30% (being 40% x 75%). The Participation Rate is necessary in order to guarantee the principal of the Investment while providing potential returns based on the applicable market index. The Participation Rate is dependent on the interest rate environment and stock market conditions and will be set prior to the commencement of sales for each issue date of the Investment. An official listing of Participation Rates for each weekly issue for each BMO Market Index GIC will be available at any of the Bank's branches.

7. Opening Index Value. The Opening Index Value will be the closing stock price value of the applicable market index on Wednesday for sales from Saturday to Friday of the previous week. An official listing of Opening Index Values will be available in branches. If Wednesday is a holiday or any other day on which the S&P/TSX 60 Index, the S&P 500 Index, or an index in the G7 Stock Index is not

measured, the value of the next day on which the measure is available will be used for such index.

8. Calculation of Interest Payable. The amount of interest which will be payable at the maturity date will be calculated based on the Rate of Return multiplied by the principal. (For example, a 30% Rate of Return multiplied by the principal amount of the Investment of \$1,000 would result in a total interest payment of \$300 for the term and maturity value of \$1,300). The Rate of Return is not an annual interest rate.

9. Redeemability. A BMO Market Index GIC is not redeemable prior to maturity.

10. Reinvestment. Where at the maturity date of the Investment neither maturity instructions nor notice pursuant to paragraph 11 have been received by the Bank or BMMC, the principal amount of the Investment and the interest thereon, will automatically be reinvested in a non-redeemable BMO Guaranteed Investment Certificate (GIC) issued by BMMC, and fully guaranteed by the Bank, having a one year term at the annual interest rate then applicable to the new investment and with interest compounded annually.

11. Maturity Instructions. Where at the maturity date, the Investment is not to be automatically reinvested as provided for in paragraph 10, the Owner must complete a Maturity Option Change Request, available at any branch of the Bank, at least (20) twenty days prior to the maturity date of the Investment.

12. Ownership Status. BMMC shall not be bound to inquire into the interest of the Owner, to advise as to taxation considerations, or to see to the execution of any trust in respect of the Investment. With respect to purchases of the Investment on behalf of minors and registered as other than "in trust", and with respect to purchases of the Investment as gifts for others where the purchaser differs from the Owner, proof of ownership satisfactory to BMMC will be required, and the Owner will be required to sign instructions to effect transactions in respect of the Investment after purchase.

13. 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*.

14. When Returns are to be included in Income. The Investment return will be treated as regular interest. It will be included in the Owners taxable income and reported on a Form T5, Relevé 3 and NR4 in accordance with the Canadian Income Act and Regulations and/or the Quebec Taxation Act and Regulations.

15. Confirmation. At the time of issue of a BMO Market Index GIC, we will provide owners with written confirmation of the issue amount, issue date, term, Opening Index Value, and any other information we consider to be necessary.

16. Certificate. A certificate representing the investment is not available.

17. Statements. BMO Market Index GIC statements will be issued annually. BMO Market Index GICs will also be included on the semi-annual statements. The BMO Market Index GIC final return shown on the statements will be "to be determined" ("TBD"), as the return will only be established at maturity. The Opening Index Value and the confirmed Participation Rate will be communicated to customers by mail in their statement. This information can also be obtained from any of the Bank's branches once it is available.

18. Restrictions on Sale. BMO Market Index GICs are only available for sale within Canada and may only be held by Canadian residents. BMO Market Index GICs may be subject to further restrictions within any relevant province or territory. BMO Market Index GICs have 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).

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

No Assurance of Returns. There is no assurance that the market indices to which the return is linked will be able to generate positive Rates of Returns. Therefore, BMO Market Index GICs are not suitable investments for you if you need or expect to receive any return or a specific return on your investment. BMO Market Index GICs are designed for investors with a long-term investment horizon who are prepared to hold BMO Market Index GICs to the maturity date and are prepared to assume risks with respect to a return tied to the performance of the market indices.

Calculation of the Rate of Return for the Term and Variable Interest. The Interest Payable on BMO Market Index GICs, if any, is based in part on the Average Closing Value of the market indices over a number of months prior to the maturity date. This Average Closing Value may be higher or lower than the closing values of the market indices on the maturity date. As a result, the return on a BMO Market Index GIC may not be the same as, and may be lower than, the return based on the closing value of the relevant market indices on the maturity date.

The Interest Payable, if any, on BMO Market Index GICs is also based on a Participation Rate. If the Participation Rate is less than 100%, the return will not fully reflect the increase in value, if any, of the relevant market indices.

Non-Conventional Indebtedness. BMO Market Index GICs have certain characteristics that differ from conventional forms of indebtedness in that they do not provide you with a return or income stream prior to the maturity date, or a return on the maturity date calculated by reference to a fixed or floating rate of interest that

is determinable prior to the maturity date. Prior to the maturity date, there will not be an opportunity to determine the amount of the return, if any, that will be paid on a BMO Market Index GIC on the maturity date.

No Secondary Market. BMO Market Index GICs are designed for investors who are prepared to hold their investment to the maturity date. BMO Market Index GICs will not be listed on any exchange and there will be no market through which BMO Market Index GICs may be sold. Also, BMO Market Index GICs are not transferable. As a result, there will be no opportunity to redeem or sell BMO Market Index GICs prior to the maturity date, and the issue amount and the Interest Payable, if any, are payable only at maturity date.

Risks Relating to the Relevant Market Indices. There can be no assurance that a BMO Market Index GIC will show any return. The Rate of Return will be based on the market price of the relevant market indices at the relevant dates 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 relevant market indices should not be considered any indication of the future performance of the indices.

No Ownership of Securities Comprising the Sub-Indices in the Reference Portfolio. Owning BMO Market Index GICs is different from owning the securities comprising the market indices. BMO Market Index GICs do not represent a direct substitute for an investment in those market indices. Owners of BMO Market Index GICs will not be entitled to any direct or indirect ownership of or entitlement to any securities comprising the market indices. As such, owners 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. A Calculation Agent appointed by BMMC will be solely responsible for computing the Rate of Return based on the performance of the market indices. No independent calculation agent will be retained to confirm any determinations and any calculations made.

Conflicts of Interest. BMMC, the Bank and their 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 the market indices. Such actions shall be based on normal commercial criteria in the particular circumstances, which may include payment of trailer fees to BMMC, the Bank or their affiliates, and may not take into account the effect, if any, of such actions on the amount of Interest Payable, if any, on BMO Market Index GICs.

Credit Risk. Because the obligation to make payments to owners of BMO Market Index GICs under these terms and conditions is an obligation of BMMC and the Bank, the likelihood that owners will receive the payments owing to them in connection with BMO Market Index GICs will be dependent upon the financial health and creditworthiness of BMMC and the Bank.

20. Right of Rescission for Telephone Sales. If an owner of a BMO Market Index GIC purchased the GIC via the telephone, the owner may cancel it within 48 hours of receiving these Terms and Conditions.

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