



HARRISTM

Investment Banking Group

U.S.

Strategic Overview

YVAN BOURDEAU

*President and
Chief Operating Officer
BMO Nesbitt Burns*



**HARRIS
NESBITT**

JUNE 9 • 05

BMO  **Financial Group**

Investor Day





FORWARD-LOOKING STATEMENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Bank of Montreal's public communications often include written or oral forward-looking statements. Statements of this type are included in this presentation, and may be included in filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2005 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price, and the results of or outlook for our operations or for the Canadian and U.S. economies.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: global capital market activities; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communications, power or water supply disruptions; industry and worldwide economic and political conditions; regulatory and statutory developments; the effects of competition in the geographic and business areas in which we operate; management actions; and technological changes. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to Bank of Montreal, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Bank of Montreal does not undertake to update any forward-looking statement, whether written or oral, that may be made, from time to time, by the organization or on its behalf.



OTHER REPORTING MATTERS

CAUTION REGARDING NON-GAAP MEASURES

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies.

Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in Bank of Montreal's quarterly Press Release, MD&A and in its Annual Report to Shareholders.

Non-GAAP results or measures include revenue, taxes and productivity results and measures that use Taxable Equivalent Basis (teb) amounts, cash-based profitability and productivity measures, Net Economic Profit and results and measures that exclude significant items.

GAAP METHODOLOGY

Unless otherwise indicated, all GAAP measures are reported in accordance with Canadian GAAP. A reconciliation of Canadian GAAP to U.S. GAAP can be found in Bank of Montreal's quarterly Financial Statements and Supplementary Package and in its Annual Report to Shareholders.



AGENDA

Investment Banking Group U.S.



Yvan Bourdeau



Coverage

Tom Wright
Dom Petito

R. Jackson Blackstock
○ Research, Sales & Trading

Products

Surjit Rajpal
○ Loan Products

Geoff Belsher
○ M&A



Note: chart only includes names of presenters



IBG - KEY CONTRIBUTOR

U.S.

- Longstanding U.S. mid-market presence
- Focused approach, targeting mid-market private and smaller cap public companies with sales US\$100MM to US\$2B

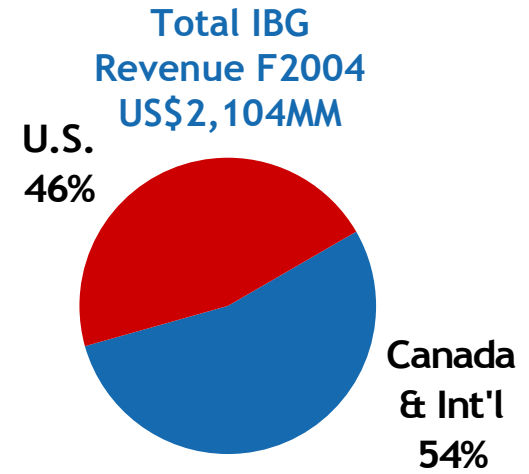
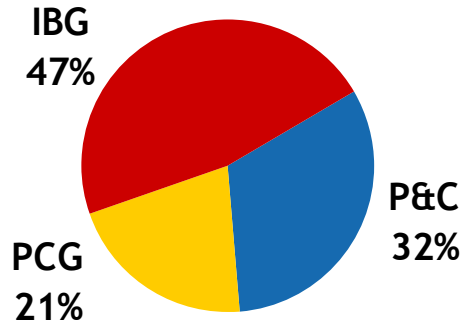
Canada

- Broadly diversified base of issuing clients comprised primarily of large corporates and governments; investing clients include institutions and pro trading counterparties

Full Service North American Platform

- Universal, integrated corporate and investment bank and full product offering differentiates IBG, particularly in the U.S.
- Key linkages with partners in Private Client Group and Personal & Commercial

BMO Financial Group
 U.S.-Based Operating Group *
 Revenue F2004
 US\$2,051MM



* Operating groups exclude Corporate Support



IBG STRATEGY

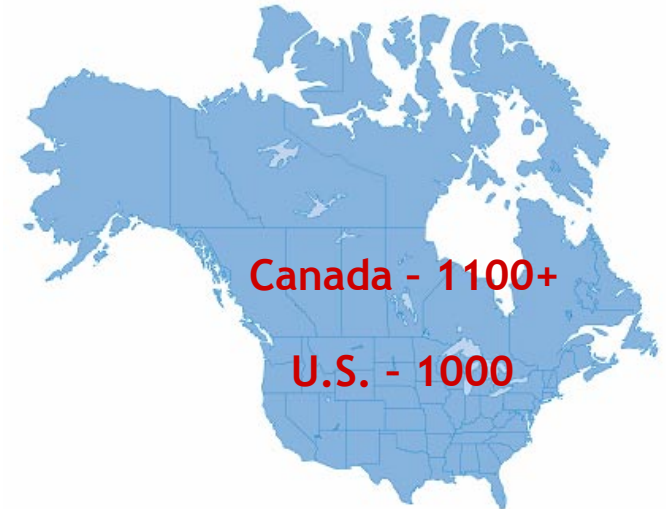
Objective

- To be recognized by clients and shareholders as the best and most disciplined investment bank in our markets

Strategy

- Continue to reinforce leading position in Canada
- Accelerate growth in the U.S.
- Continuously improve the profitability of client relationships

Number of IBG Employees



IBG Locations

<u>Canada</u>	<u>U.S.</u>	<u>International</u>
Toronto	New York	Strategic
Montreal	Chicago	Locations
Vancouver	Houston	in
Calgary	Boston	Europe,
	Atlanta	Asia
	San Francisco	South
	Los Angeles	America
	Dallas	



IBG U.S. OVERVIEW

Coverage Across Ten Sectors

- Investment & Corporate Banking**
- Financial Institutions
- Food & Agribusiness
- Commercial & Industrial
- Media, Comm. & Tech
- Consumer & Leisure
- Real Estate and Construction
- Energy & Power
- Financial Sponsors
- Healthcare
- Business Services



Full Product Offering

- Invest. & Corp. Banking**
 - Equity/Debt Products
 - Loan Products
 - Asset Based Lending
 - M&A Advisory
 - Cash Management
- Capital Markets**
 - Fixed Income Sales & Trading – Invest. Grade, High Yield
 - Foreign Exchange Products
 - Interest Rate/Credit/Commodity Derivatives
- Securitization**
 - Structured Products: ABCP, MTMs, Term and Mezzanine
- Equity Division**
 - Research Sales & Trading
 - Derivatives
- International**
 - Trade Finance
- Merchant Banking**
 - Private Equity
 - Mezzanine Financing



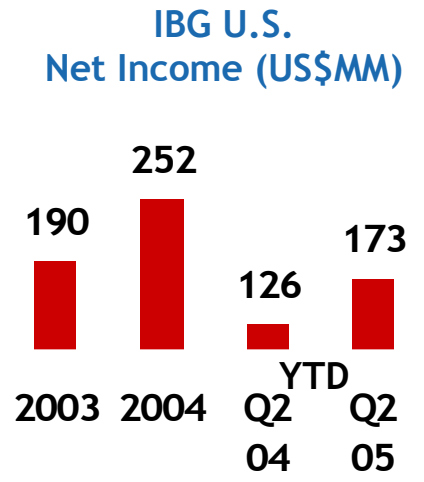
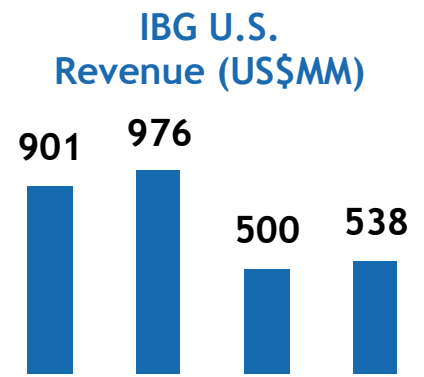
STRATEGY - ACCELERATE GROWTH IN THE U.S.

Investment in the U.S. - Progress

- Successfully completed integration of Gerard Klauer Mattison into IBG
- Unified IBG U.S. under Harris Nesbitt brand
- Established ten national industry sectors
- Integrated U.S. High Yield and Equity Research teams
- Expanding U.S. talent and capabilities through key hires

Key Priorities

- Overarching priority is to grow IBG's U.S. revenue in a disciplined manner
- Improving client alignment
- Assessment of high value, growth initiatives
- Continued focus on improving productivity





WELL-POSITIONED TO COMPETE

Advantages

- Attractive client base - strong, long-term relationships
- Financial strength of BMO FG
- Integrated corporate & investment bank
 - Solid reputation, full product offering
- Sector specialties
- Cross-border capabilities

Challenges

- Reliance on credit product - opportunity to increase proportion of fee-based products in product mix
- Continuing effective alignment of client coverage and integrated coverage teams
- Extending brand awareness outside of Midwest
- Potential for further appreciation of C\$

Competition in the Mid-Market Bulge Bracket and Major



Key Competitors

Boutique



Finance Companies

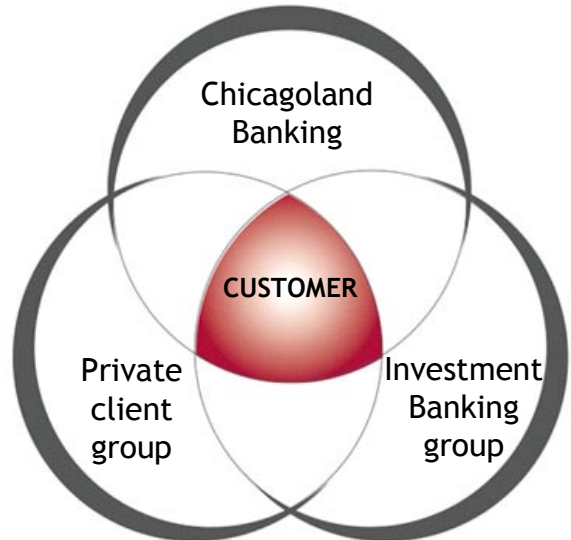




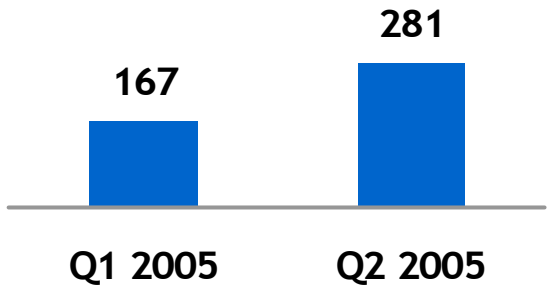
ONE HARRIS

Formalized program that encourages collaboration across lines of business

- Provide integrated financial solutions by leveraging the full capabilities of the organization to meet a broad range of client needs
- Earn a larger share-of-wallet and drive revenue growth through increased referrals and cross-sell
- Established targets, incentives and performance tracking mechanisms
- Exceeded cross-sell targets for the year



**One Harris
Total Intergroup
Cross-Sell**
(Balances, U.S. \$MM)





SUMMARY - COMMITMENT TO U.S. GROWTH

- Disciplined execution of focused strategy
- Invested in U.S. franchise to build for growth
 - Expanded product offering ⇒ full product suite
 - Reorganized and focused our efforts across 10 nationwide industries
 - Added and upgraded talent with highly qualified individuals
 - Critical mass in key businesses
- Building momentum, well-positioned to compete in the mid-market and increase the pace of growth



Investor Day

Investment & Corporate
Banking U.S.
Coverage Overview

TOM WRIGHT

Head of U.S. Coverage

DOM PETITO

Deputy Head of U.S. Coverage



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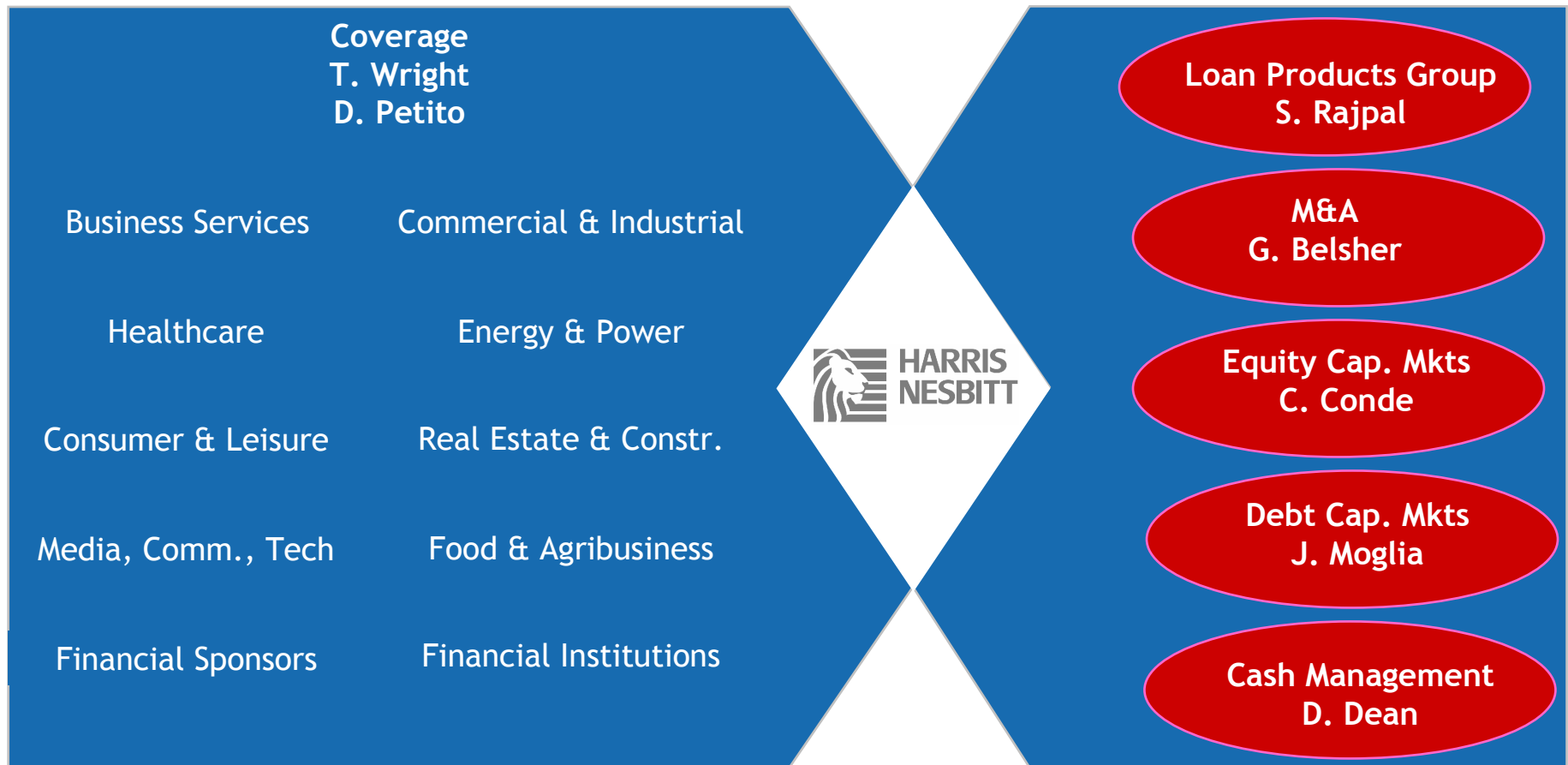
BMO  Financial Group



I&CB U.S. OVERVIEW

Coverage Across Ten Sectors

I&CB U.S. Products





I&CB U.S. STRATEGY

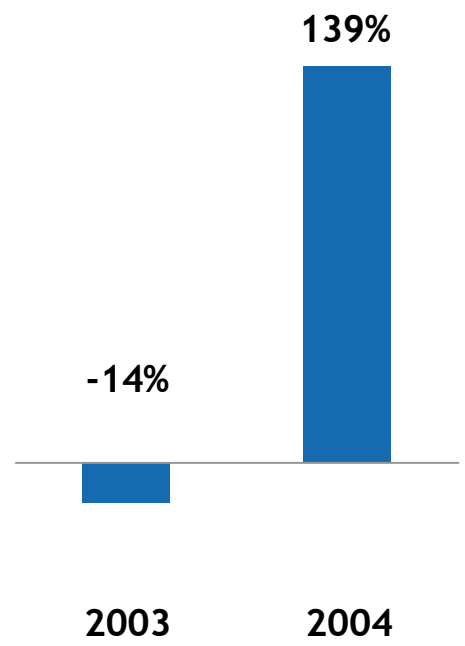
Strategy

- Grow a high quality, focused, profitable investment and corporate banking business serving key industry sectors of the U.S. middle market

Mid-Market Opportunity

- Established relationships with over 1500 mid-market companies
- Clients continue to link provision of credit to awarding other business
 - Opportunity to build and leverage solid lending base and cash management platform
- Leverage our industry expertise, long term relationships and integrated product offering (M&A, other IB, capital markets products) to meet client needs

I&CB U.S.
IB Fee Y/Y Revenue Growth

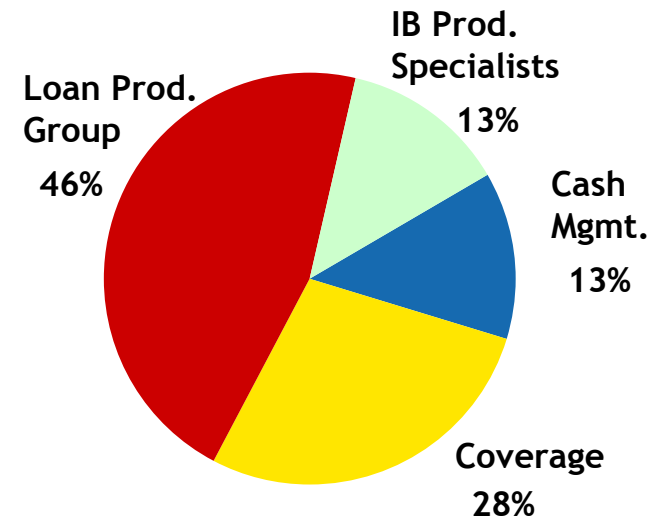




INVESTING FOR GROWTH

- Established ten national industry groups
- Expanded talent and capabilities in coverage and product groups building critical mass in key businesses
- Aligned coverage across ten nationwide industries
 - Single I&CB U.S. client coverage group reporting to Head and Deputy Head of Coverage in the U.S.
 - Reorganized U.S. coverage/Loan Products Group
- Identified specific product support for industry groups
 - Appointed North American Product Heads

350 I&CB U.S. Professionals

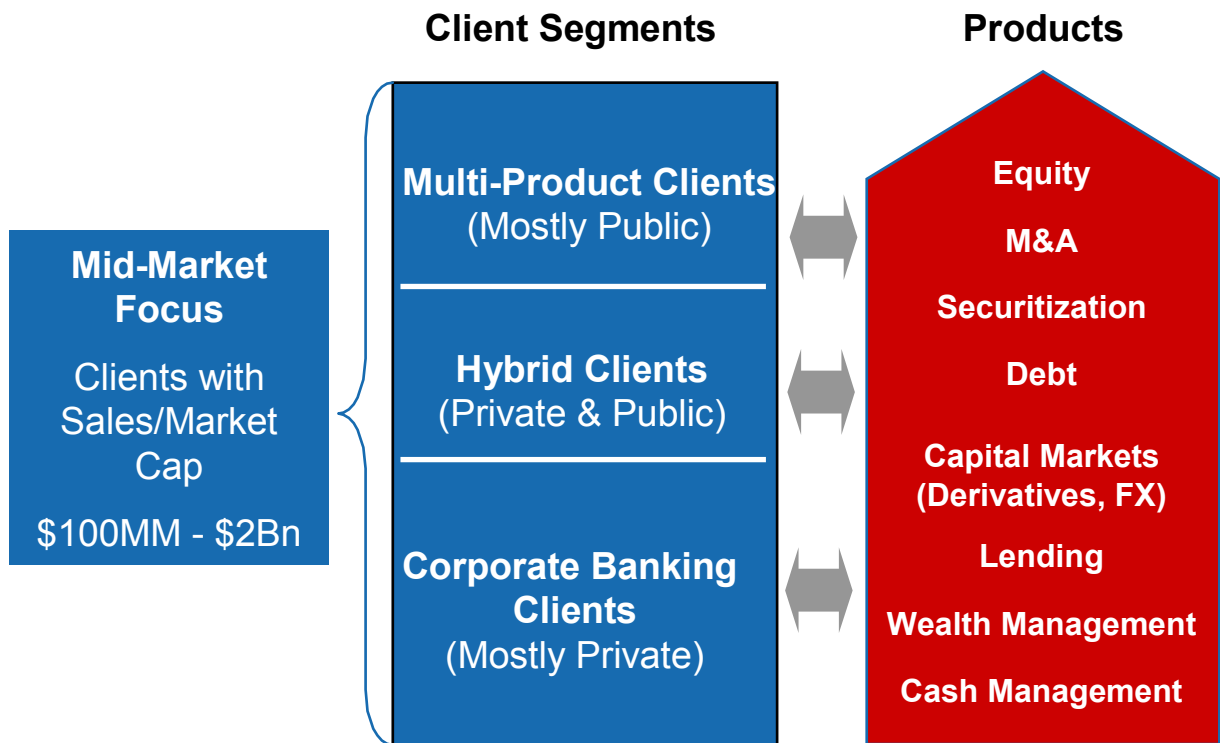


Over 50 new hires in past year



CLIENT COVERAGE

- Given the financial needs of the mid-market client, traditional annuity-like lending & cash management revenue will remain an important component of the U.S. IBG total; however, focus will be placed on expanding fee-based revenue beyond traditional offering



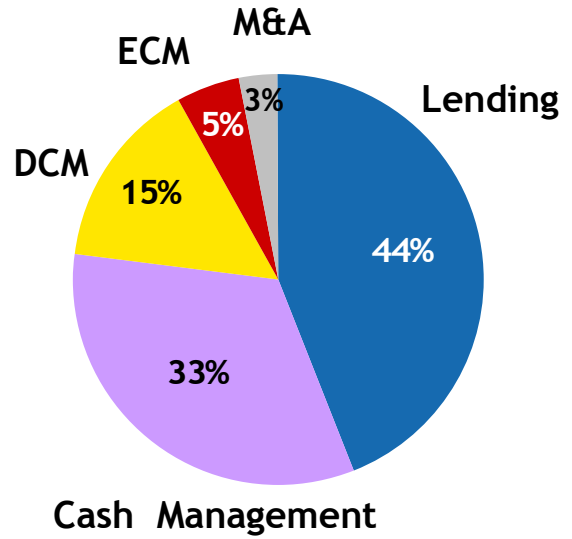


KEY PRIORITIES

- Expand mid-market client base, notably public and larger private companies
 - Current mix of private/public companies – 75% / 25%
- Accelerate growth of fee-based business
- Penetrate entire wallet of existing client base
- Focus on cross-sell opportunities within IBG and across BMO Financial Group
 - Leading player in Income Participating Securities market

U.S. Middle Market Corporate Banking Revenue Pool

100% = \$36,500MM



Source: McKinsey
Mid-market: Sales \$25MM - \$1Bn



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Banking U.S.
Loan Products Group

SURJIT RAJPAL
Head, Loan Products Group



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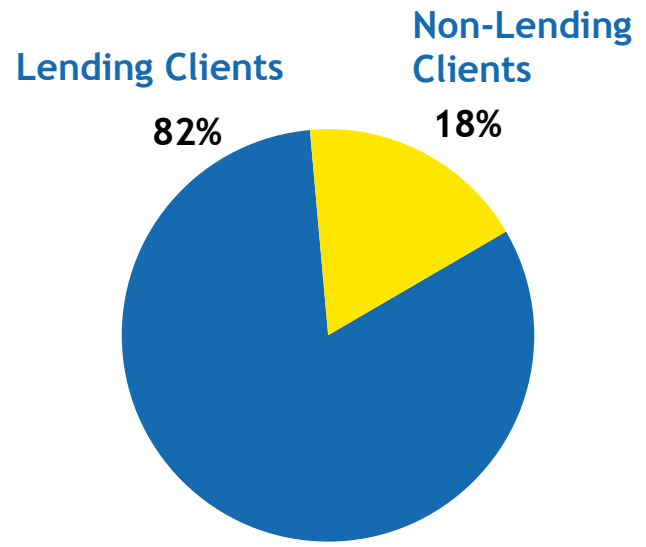


LOAN PRODUCTS GROUP OVERVIEW

○ I&CB U.S. Loan Products

- Bilateral Loans
- Loan Syndications
- Asset Based Lending
- Loan product specialists for I&CB U.S.
 - Coverage of smaller, mostly private, largely corporate banking relationships

I&CB U.S. Mid-Market Clients

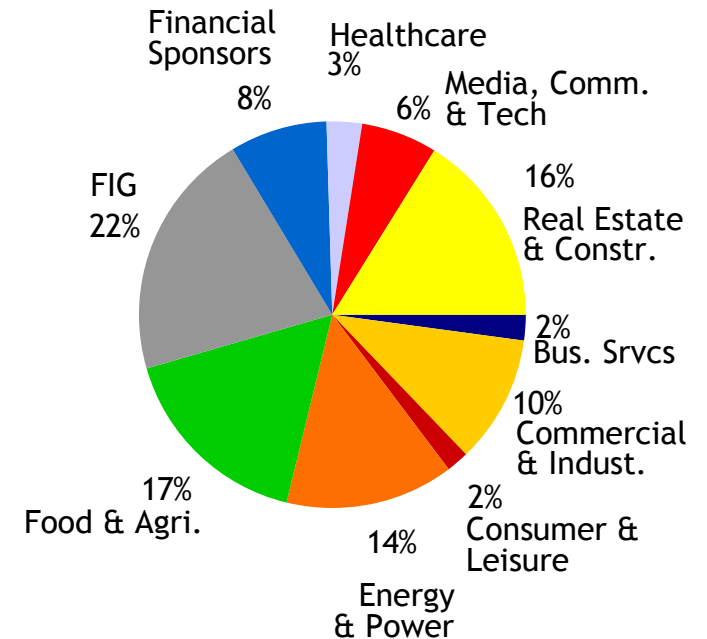


I&CB LENDING STRATEGY

Strategy

- Leverage balance sheet to uptier relationships and to capture ancillary business
 - Disciplined deployment of capital to:
 - Deepen relationships with high potential clients and prospects within targeted sectors
 - Drive increased fee penetration to enhance overall client relationship returns
- Guided by lending and overall relationship return hurdles
- Disciplined Business Approval Process
 - Banking Commitment Review Group

Authorizations By Industry
As at Jan. 31, 2005





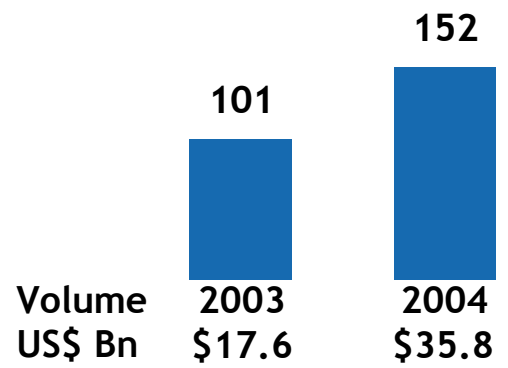
LOAN GROWTH AND STRONG CREDIT PERFORMANCE

- Loan authorizations and utilization are increasing
- Strong credit performance
 - Significant recoveries in 2004
- Harmonization of credit risk management processes and systems to ensure quality, efficiency and consistency of standards on both sides of border
- League table rankings
 - Traditional Middle Market* (Q1-2005 / 2004 / 2003)
 #10 / #11 / #14 - Lead Arranger
 #11 / #11 / #17 - Agent

I&CB U.S. Average Risk Rating

BMO	S&P	
10	AAA-AA+	
15	AA-AA+	
20	A+-A-	
25	BBB+	
30	BBB	▶ 32 – Q1 05
35	BBB-	
36	BB+	▶ 36 – Q1 04
40	BB	
45	BB-	
46	B+	

No. of Syndicated Lending Transactions - Agent



* Traditional Middle Market defined as transactions ≤ \$100 million and company sales size ≤ \$500 million. Rankings by volume.



OUTLOOK

- Loan market is growing as evidenced by the growth in syndicated loans
- Pressure on lending spreads due to fierce competition for lending mandates
- Increasing investor interest in loan asset class
- More disciplined approach to building pipeline

 FEDERAL SIGNAL \$150 Million Senior Secured Credit Facility Lead Arranger & Administrative Agent <i>March 2005</i>	 \$71 Million Secured Revolving Credit Facilities Lead Arranger & Administrative Agent <i>December 2004</i>	 \$25 Million Secured Revolving Credit Facility Lead Arranger & Administrative Agent <i>February 2005</i>
 \$30 Million Senior Secured Credit Facility Lead Arranger & Administrative Agent <i>December 2004</i>	 \$68 Million Senior Secured Credit Facility Lead Arranger & Administrative Agent <i>December 2004</i>	 \$58.1 Million Secured Revolving Credit Facilities Lead Arranger & Administrative Agent <i>February 2005</i>
 \$500 Million Senior Secured Revolving Credit Facility Sole Arranger & Administrative Agent <i>December 2004</i>	 \$100 Million Secured Revolving Credit Facility Lead Arranger & Administrative Agent <i>February 2005</i>	 \$750 Million Senior Unsecured Credit Facility Co-Lead Arranger & Administrative Agent <i>December 2004</i>
 \$750 Million Senior Unsecured Revolving Credit Facility Lead Arranger & Administrative Agent <i>December 2004</i>	 \$120 Million Senior Credit Facility Lead Arranger & Administrative Agent <i>January 2005</i>	 \$515 Million Senior Unsecured Credit Facility Lead Arranger & Administrative Agent <i>December 2004</i>



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Investment & Corporate
Banking U.S.
U.S. M&A Group

GEOFF BELSHER
*Head, North American
M&A Group*



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M&A STRATEGY

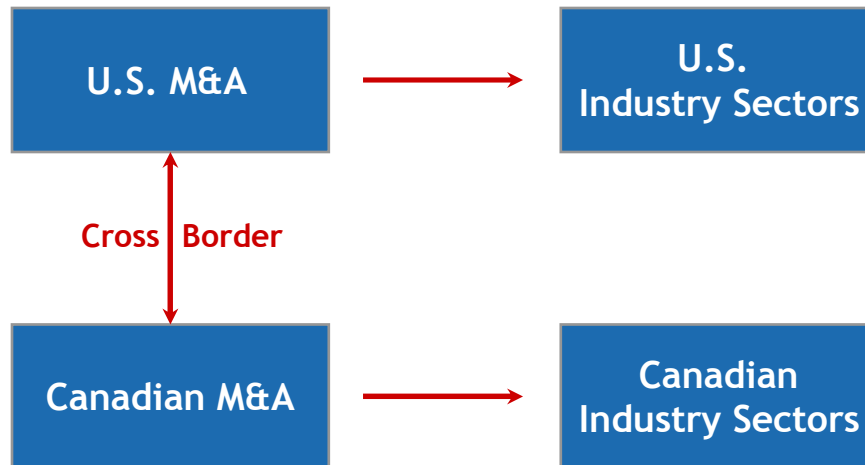
- Client focus
 - \$100 million - \$2 billion in revenue
 - Existing corporate banking relationships
- Offer full suite of M&A services (Buy-side and sell-side advisory, fairness opinions, recapitalizations/reorganizations)
- Partner with Relationship Managers in 10 industry sector groups to develop strategic dialogue with a targeted list of prospects
- Deliver bulge-bracket quality M&A advice from a Midwestern base
- Capitalize on cross-border flow between Canada and the U.S.
 - Dominant player in Canadian Income Trust advisory for the acquisition of U.S. assets

Provide bulge-bracket quality M&A services to a focused client base



U.S. M&A TEAM

- 25 professionals based in Chicago
- Recent additions of highly experienced professionals to team with a broad range of industry experts
- Utilize U.S. & Canadian M&A expertise to provide unique cross-border solutions



Experienced M&A professionals teamed with seasoned industry bankers



M&A TRANSACTIONS

Pre-Fiscal 2005


- Primarily lower middle market oriented transactions
- Completed a small number of transactions with an enterprise value greater than \$100 million in period leading up to Fiscal 2005

Fiscal 2005

- YTD completed/announced 7 transactions with an enterprise value greater than \$100 million
- Expanding M&A client base - representing public companies, sponsor-backed portfolio companies, as well as, privately held companies
- Approximately 15 active engagements in excess of \$100 million across all industry sectors
- YTD representative transactions:



Advisor to Controlling Shareholder, Lane Industries, Inc., on merger with ACCO World Corp.
Pending




a portfolio company of Sterling Capital Partners
Advisor on sale to TBD
Pending



a portfolio company of Mason Wells
Advisor on sale to Hicks, Muse, Tate & Furst, Inc.
Pending



\$914 Million
Advisor on Sale to BFI Canadian Income Fund
January 2005



\$210 Million
Advisor on sale to Regis Corp.
December 2004



Advisor on acquisition by JPMorgan Partners, LLC
December 2004



Advisor on sale to One Equity Partners and BofA Equity Capital
December 2004

Refocused M&A effort has led to strong momentum and pipeline



M&A LEAGUE TABLE RANKINGS - NORTH AMERICA

2004

2005YTD

\$100 - \$500MM Deal Size

2004 North American League Table (Deal Size \$100 - \$500 million)			
Rank	Adviser	Deal Value	Deal Count
1-10	Top 10 / "Bulge Bracket"	\$110,195.1	427
11	Bear Stearns & Co Inc	\$6,085.4	24
12	Deutsche Bank AG	\$5,620.7	23
13	Jefferies & Co	\$5,108.6	25
14	Houlihan Lokey Howard & Zukin	\$4,891.8	21
15	Lazard LLC	\$4,790.0	18
16	Harris Nesbitt/BMO Nesbitt Burns	\$4,044.5	16
17	Wachovia Corp	\$3,288.5	15
18	Waterous & Co	\$3,174.0	12
19	Piper Jaffray & Co	\$3,169.0	14
20	Sandler O'Neill & Partners	\$2,885.2	13

2005 YTD North American League Table (Deal Size \$100 - \$500 million)			
Rank	Adviser	Deal Value	Deal Count
1-10	Top 10 / "Bulge Bracket"	\$33,226.1	127
11	Citigroup	\$2,016.6	7
12	Harris Nesbitt/BMO Nesbitt Burns	\$1,405.3	6
13	William Blair & Co LLC	\$1,387.0	5
14	Lazard LLC	\$1,300.3	6
15	Houlihan Lokey Howard & Zukin	\$1,276.1	5
16	Jefferies & Co	\$1,141.3	6
17	Scotia Capital Inc	\$1,117.7	4
18	Bear Stearns & Co Inc	\$1,073.9	5
19	RBC Capital Markets	\$821.5	4
20	Waterous & Co	\$778.2	2

\$100 - \$1,000MM Deal Size

2004 North American League Table (Deal Size \$100 - \$1,000 million)			
Rank	Adviser	Deal Value	Deal Count
1-10	Top 10 / "Bulge Bracket"	\$216,372.1	574
11	CIBC	\$11,146.1	33
12	Lazard LLC	\$9,753.5	26
13	Bear Stearns & Co Inc	\$9,378.7	29
14	Houlihan Lokey Howard & Zukin	\$7,731.0	25
15	Jefferies & Co	\$6,806.6	27
16	Wachovia Corp	\$5,787.2	20
17	Harris Nesbitt/BMO Nesbitt Burns	\$5,596.6	18
18	Sandler O'Neill & Partners	\$5,299.8	17
19	Scotia Capital Inc	\$4,827.0	10
20	Rothschild	\$4,604.2	10

2005 YTD North American League Table (Deal Size \$100 - \$1,000 million)			
Rank	Adviser	Deal Value	Deal Count
1-10	Top 10 / "Bulge Bracket"	\$63,056.7	166
11	Bear Stearns & Co Inc	\$3,489.0	8
12	CIBC	\$3,328.4	11
13	Lazard LLC	\$3,230.6	9
14	Harris Nesbitt/BMO Nesbitt Burns	\$2,188.6	7
15	Rothschild	\$2,126.7	4
16	Waterous & Co	\$1,464.6	3
17	William Blair & Co LLC	\$1,387.0	5
18	GMP Securities Ltd	\$1,337.6	4
19	Robert W Baird & Co	\$1,282.8	2
20	Houlihan Lokey Howard & Zukin	\$1,276.1	5

Source: Bloomberg

Top 15 North American M&A Player





HARRISTM

Equity Division U.S.

Research, Sales & Trading

R. JACKSON BLACKSTOCK

*Executive Managing Director
Head, Research & Sales*



**HARRIS
NESBITT**

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Investor Day





HARRIS NESBITT EQUITIES

Objective

- Create a profitable U.S. equity franchise under the Harris Nesbitt banner

Strategy

- Build on the base of acquired Gerard Klauer Mattison (GKM)
- Lead with differentiated, high quality research
- Expand Research & Trading products
- Maintain strict P&L focus



*Steady
profitable
growth*



HARRIS NESBITT EQUITIES - RESEARCH

Raise Quality & Relevance

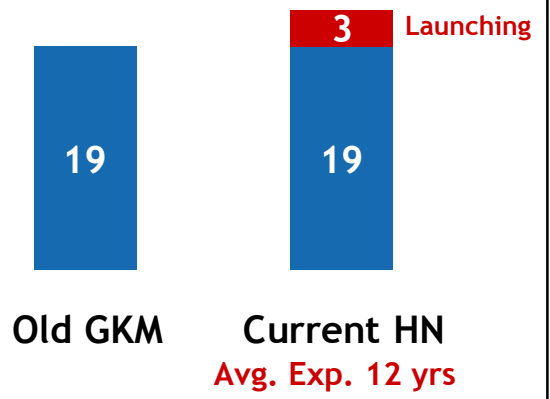
Actions Since Merger

- Diversified coverage
- Upgraded personnel
- Raised research quality, focused on proprietary, differentiated product
- Integrated Equity & High Yield Research
- Created new Editorial & Compliance teams and systems
- Created new culture

Future Initiatives

- Expand & broaden coverage
- Grow base of conferences & fieldtrips

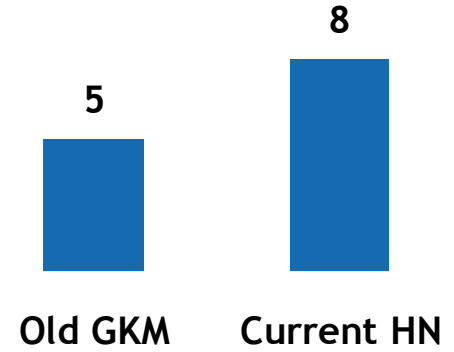
Research Analysts



Turnover Since Merger

<i>Analysts</i>	50%
<i>Associates & Support</i>	70%

S&P Categories



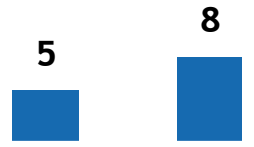


HARRIS NESBITT RESEARCH

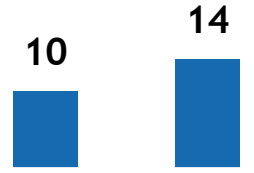
Restructured & Enlarged S&P Sub Industries

Feb 2003	Current	Current (New Coverage)
Aerospace & Defense		Agricultural Products
Apparel Retail	Apparel Retail	Application Software
Biotechnology	Biotechnology	Diversified Financials
Casino & Gaming	Casino & Gaming	E&P
Communication Equip.	Communication Equip.	Gas Transport
Education	Education	Gas Utilities
Electric Utilities	Electric Utilities	Packaged Foods
Electronic Retail	Electronic Retail	Pharmaceuticals
Employment Services	Employment Services	Regional Banking
Entertainment	Entertainment	System Software
Entertainment Software	Entertainment Software	
Healthcare Facilities	Healthcare Facilities	
Healthcare Services	Healthcare Services	
Semiconductors	Semiconductors	
Specialty Stores	Specialty Stores	
Restaurant		

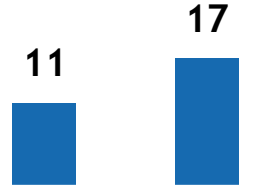
S&P Categories Sectors



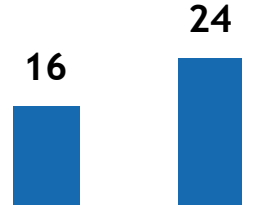
Groups



Industries



Sub Industries



Feb '03 Current



HARRIS NESBITT EQUITIES - RESEARCH SALES Penetrate Rather Than Skim

Actions Since Merger

- Converted to salary & bonus from commission
- Raised focus on account votes and market share
- Upgraded personnel
- Realigned coverage geographically
- Created teams and accounts pools

Future Initiatives

- Rollout CRM
- Expand team selectively
- Create Associates Program
- Increase brand awareness

Current Equity Sales Professionals

<i>New York City</i>	10
<i>Boston</i>	3
<i>San Francisco</i>	3

**Average Experience
13.2 Years**

Turnover Since Merger - 30%



HARRIS NESBITT EQUITIES - TRADING & SALES TRADING

Proactive Approach From Passive

Actions Since Merger

- Installed new order management system
- Realigned coverage
- Increased capital on desk
- Upgraded personnel
- Created trading focus list

Future Initiatives

- Rollout CRM
- Expand product capabilities, such as structured derivatives
- Increase brand awareness

Current Equity Sales Traders

<i>New York City</i>	10
<i>Boston</i>	3
<i>San Francisco</i>	3

Average Experience - 19.8 Years

Turnover Since Merger - 50%

Current Equity Traders

<i>Listed</i>	3
<i>OTC</i>	5

Average Experience - 15.0 Years



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CONTACT INFORMATION

Susan Payne

Senior Vice President

(416) 867-6656

susan.payne@bmo.com

Steven Bonin

Director

(416) 867-5452

steven.bonin@bmo.com

Krista White

Senior Manager

(416) 867-7019

krista.white@bmo.com

FAX

(416) 867-3367

E-mail

investor.relations@bmo.com



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