

# Acquisition of AIG Life Insurance Company of Canada – Highlights

- **AIG Life Insurance Co. of Canada is a life insurance company which manufactures and sells a full suite of individual life insurance products:**
  - ▶ Offers a broad range of life insurance and annuity products
  - ▶ Insurance products include: term life, whole life, universal life, annuities and critical illness; and the capability to market segregated funds and guaranteed minimum withdrawal benefit (GMWB) products in all provinces
  - ▶ A customer focused organization with an ability to bring innovative new products to market to meet the needs of Canadians
  - ▶ Direct to customer distribution supported by state of the art customer contact management and marketing capabilities
  - ▶ Access to the independent distribution channel through trusted relationships with high quality brokers
  - ▶ Based in Toronto, AIG Life Insurance Co. of Canada has an experienced management team with approximately 300 employees and sales offices in Montreal, Calgary and Vancouver
- **Growing life insurance business is a strategic priority for BMO:**
  - ▶ Extension of existing wealth management offering
  - ▶ BMO will be able to offer a full suite of life and accident protection products to customers
  - ▶ Adds approximately 400,000 customers split equally between direct marketed and face-to-face through licensed insurance agents
  - ▶ AIG Life Insurance Co. of Canada's innovative and highly capable direct marketing program complements BMO's existing insurance products
- **An opportunity to purchase one of the few remaining mid-size Canadian life insurance companies at fair terms to BMO in current market conditions**
- **Rationale:**
  - ▶ Increased participation in a large and growing market – the Canadian life insurance industry generates over \$14 billion of premiums annually and over \$34 billion of annual annuity deposits. This will extend BMO's capabilities to compete and capture a greater share of the total financial services wallet.
  - ▶ Acquisition of state of the art direct marketing platform and access to a large, established broker network
  - ▶ Diversifies BMO's revenue stream

## Financial Details:

<b>Purchase Price</b>	<b>\$375MM *</b>
<i>• Cash for 100% of shares of AIG Life Insurance Co. of Canada</i>	
<b>Impact on Tier 1</b>	<b>&lt; 15 bps</b>
<b>Implied Price / Book <sup>1</sup></b>	<b>1.06x *</b>
<b>Accretive to Cash EPS</b>	<b>In Year 1</b>
<b>Expected Closing By</b>	<b>June 1 2009</b>
<b>Integration Timing</b>	<b>6 – 12 Months</b>

\* Final purchase price dependent on book value at closing  
<sup>1</sup> Canadian GAAP



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Assumptions about the performance of the Canadian and U.S. economies in 2009 and how that will affect our businesses were material factors we considered when setting our strategic priorities and objectives, and our outlook for our businesses. Key assumptions included that the Canadian and U.S. economies will contract in the first half of 2009, and that interest rates and inflation will remain low. We also assumed that housing markets in Canada will weaken in 2009 and strengthen in the second half of the year in the United States. We assumed that capital markets will improve somewhat in the second half of 2009 and that the Canadian dollar will strengthen modestly relative to the U.S. dollar. In determining our expectations for economic growth, both broadly and in the financial services sector, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies. Tax laws in the countries in which we operate, primarily Canada and the United States, are material factors we consider when determining our sustainable effective tax rate.