BMO Acquires Marshall & Ilsley

Acquisition Update

July 5, 2011

Forward Looking Statements & Non-GAAP Measures

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 document, and may be included in other 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 harbour provisions of, and are intended to be forward-looking statements under, the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, statements with respect to the acquisition of M&I, plans for the acquired business and the financial impact of the acquisition and are typically identified by words such as "believe", "expect", "anticipate", "intend", "estimate", "plan", "will", "should", "may", "could" and similar expressions.

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, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. 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: general economic and market conditions in the countries in which we operate; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; changes in monetary, fiscal or economic policy; the degree of competition in the geographic and business areas in which we operate; changes in laws or in supervisory expectations or requirements, including capital and liquidity requirements and guidance; judicial or regulatory proceedings; the accuracy and completeness of the information we obtain with respect to our customers and counterparties; our ability to execute our strategic plans and to complete and integrate acquisitions; critical accounting estimates; operational and infrastructure risks; general political conditions; global capital markets activities; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; disruptions to public infrastructure, such as transportation, communications, power or water supply; and technological changes.

Such factors include, but are not limited to: the anticipated benefits from the proposed transaction such as it being accretive to earnings and other impacts on earnings, expanding our North American presence, expected synergies and expectations regarding integration are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which M&I operates; the ability to promptly and effectively integrate the businesses of M&I and BMO; reputational risks and the reaction of M&I's customers to the transaction; diversion of management time on merger-related issues; increased exposure to exchange rate fluctuations; and those other factors set out on pages 29, 30, 61 and 62 of BMO's 2010 Annual Report. A significant amount of M&I's business involves making loans or otherwise committing resources to specific companies, industries or geographic areas. Unforeseen events affecting such borrowers, industries or geographic areas could have a material adverse effect on the performance of our integrated U.S. operations.

We caution that the foregoing list is not exhaustive of all possible factors. Other factors could adversely affect our results. For more information, please see the discussion on pages 29, 30, 61 and 62 of BMO's 2010 Annual Report, which outlines in detail certain key factors that may affect Bank of Montreal's future results. 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 statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes.

In calculating certain pro-forma impacts of the transaction on our regulatory capital and regulatory capital ratios, we have assumed our interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) as of May 25, 2011 and our models used to assess those requirements are consistent with the final requirements that will be promulgated by BCBS and the Office of the Superintendent of Financial Institutions Canada (OSFI). We have also assumed that the proposed changes affecting capital deductions, risk-weighted assets, the regulatory capital treatment for non-common share capital instruments (i.e. grandfathered capital instruments) and the minimum regulatory capital ratios are adopted as proposed by BCBS and OSFI. We also assumed that existing capital instruments that are non-Basel III compliant but are Basel II compliant can be fully included in such estimates. The full impact of the Basel III proposals has been quantified based on our financial and risk positions at April 30 or as close to April 30 as was practical. The impacts of the changes from IFRS are based on our analysis to date, as set out in Transition to International Financial Reporting Standards in the Future Changes in Accounting Policies – IFRS section in our 2010 Annual Report and our Second Quarter 2011 Report to Shareholders. In calculating the impact of M&I on our capital position, our estimates reflect expected RWA and capital deductions at closing based on anticipated balances outstanding and credit quality at closing and our estimate of their fair value. It also reflects our assessment of goodwill, intangibles and deferred tax asset balances that would arise at closing. The Basel rules could be subject to further change, which may impact the results of our analysis.

Assumptions about current and expected capital requirements, M&I's revenues and expenses, potential for earnings growth as well as costs associated with the transaction, and expected synergies were material factors we considered in estimating the internal rate of return to BMO and our estimate of the acquired business being accretive to BMO's earnings in 2013.

In setting out our estimated credit mark, we considered our analysis of the M&I portfolio, our assumptions regarding consumer behaviour, future real estate market conditions and general economic conditions.

Assumptions about our integration plan, the efficiency and duration of integration and the alignment of organizational responsibilities were material factors we considered in estimating transaction and integration costs.
BMO 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, except as required by law.

Non-GAAP Measures

Bank of Montreal uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned 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 Second Quarter 2011 Report to Shareholders and 2010 Annual Report, all of which are available on our website at www.bmo.com/investorrelations.

Examples of non-GAAP amounts or measures include: productivity and leverage ratios; revenue and other measures presented on a taxable equivalent basis (teb); amounts presented net of applicable taxes; core net income and core productivity ratio which exclude impaired loans, Visa litigation and acquisition integration costs; as well as adjusted net income, revenues, earnings per share and other adjusted measures which excludes the impact of certain items.

Bank of Montreal provides supplemental information on combined business segments to facilitate comparisons to peers.

Transforming BMO's U.S. Platform

Excellent strategic, financial, and cultural fit with BMO

Strategically Compelling ✓

- Consistent with BMO's strategy of expanding our U.S. business
- Transforms and strengthens U.S. retail and commercial banking and wealth management businesses by increasing scale and capabilities
- Provides strong entry point into new and attractive markets
- Two organizations with complementary businesses and capabilities

Financially Attractive ✓

- Delivers compelling transaction economics
- BMO's strong capital position maintained
- Extensive due diligence on loan portfolio and prudent loan valuation
- U.S. on-balance sheet assets increased by ~ 41% (based on average assets); grow assets under management and administration to US$300 billion
- Medium term aspiration for U.S. P&C and PCG businesses to generate $1 billion in earnings annually

Excellent Cultural Fit ✓

- Combines two organizations with strong customer focus
- Consistent values, vision and culture

Transaction Summary

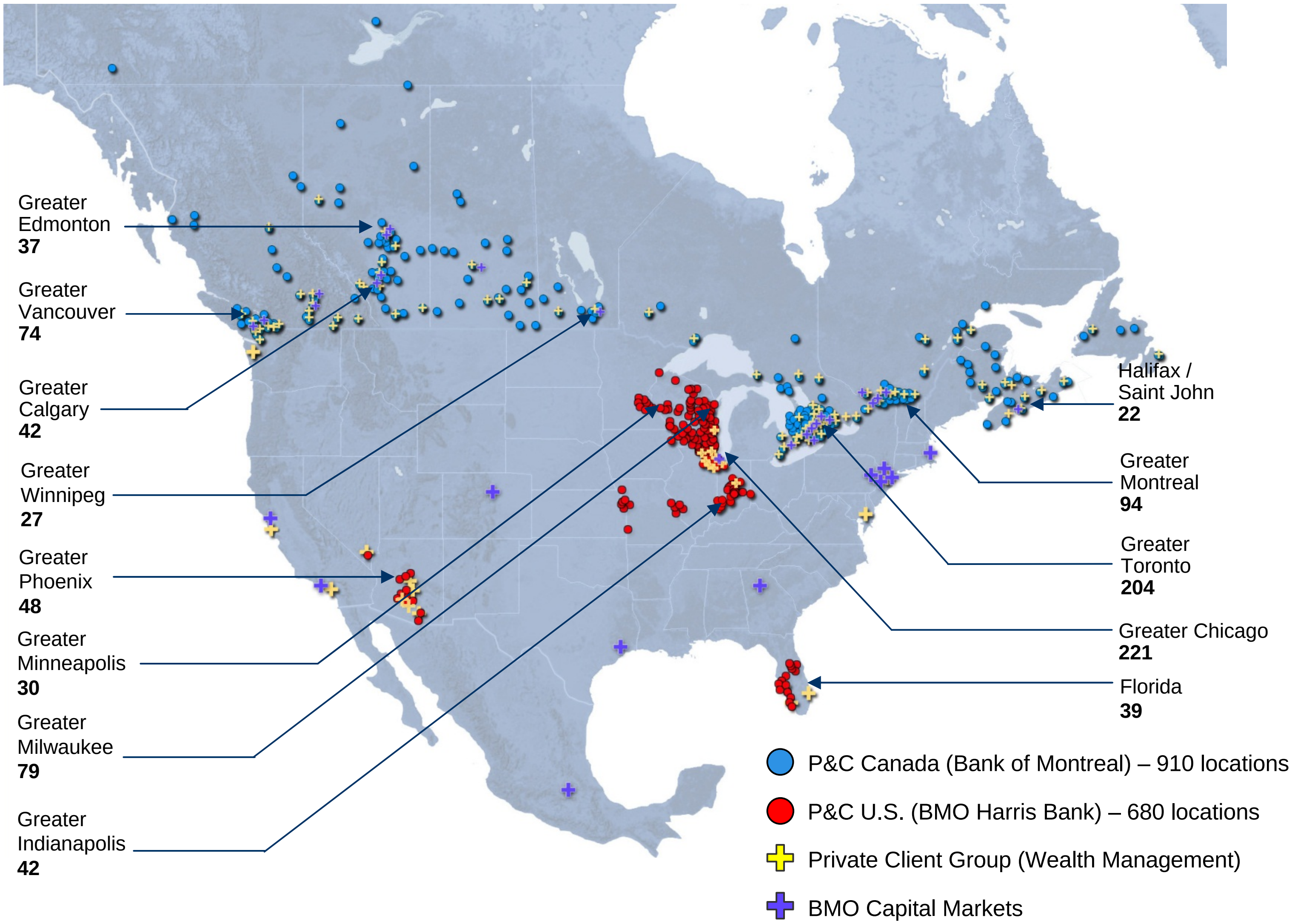
C$ unless otherwise indicated

Closing Date	**July 5, 2011**
Estimated Purchase Price at Announcement[1]	**US$7.75 per M&I common share or US$4.1 billion**
Transaction Structure	**100% stock consideration at a fixed exchange ratio of 0.1257 BMO common shares per M&I common share**
Pro-forma Ownership	**Current BMO shareholders ~89%; M&I shareholders ~11%**
TARP Repayment	**Repayment of US$1.7 billion of preferred shares, accrued and unpaid dividends, as well as outstanding warrants**
Estimated Pre-tax Cost Synergies	**Expect to deliver in excess of US$300MM**
Restructuring and Integration Charges (pre-tax)	**~ US$540MM**
Transaction Economics	**Estimated IRR >15%; accretive in 2013; attractive valuation multiples**
Regulatory Capital Impact	**Q2'11 estimated impact to capital ratios Basel II Tier 1 Ratio[2]: ~190bps Basel III Common Equity Ratio[3]: ~170bps**

1. The purchase consideration will be updated after close to reflect the BMO share price around the date of the announcement of the merger (December 17, 2010) and the number of M&I shares outstanding at the close of business on July 5th, 2011 in accordance with Canadian GAAP. Restructuring and acquisition related costs have been excluded from above
2. Pro-forma capital ratios as at April 30, 2011
3. Estimates based on announced Basel III 2019 rules and the impact of adoption of IFRS. For further details regarding assumptions and factors used in our calculations refer to pages 5, 14 and 15 of Bank of Montreal's Second Quarter 2011 Report to Shareholders

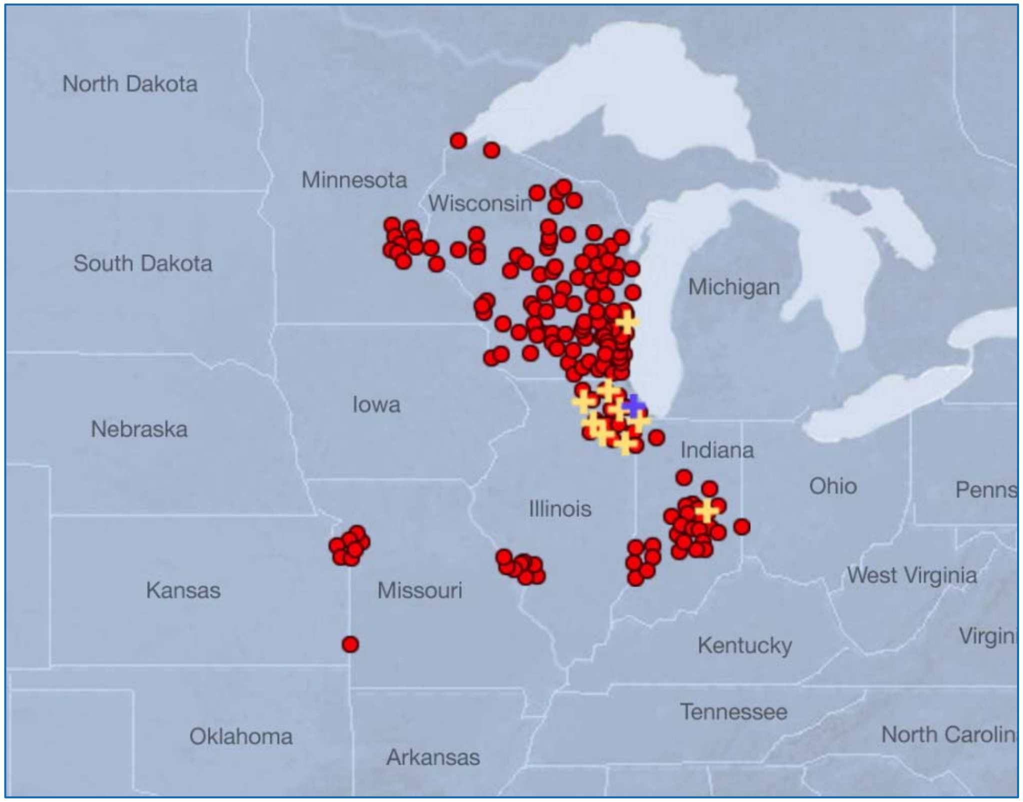
BMO's North American Footprint

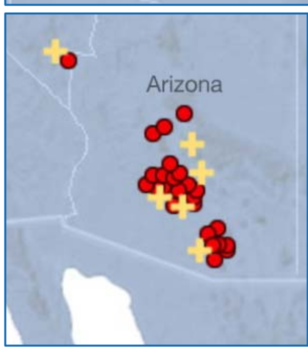
The 11th largest bank by branches in North America*



* Source: SNL Financial and Company Disclosure at April 30, 2011

Strengthened Midwest Presence





- P&C U.S. (BMO Harris Bank)
- Private Client Group (Wealth Management)
- BMO Capital Markets

- Significant footprint in six Midwest states, with combined GDP and population comparable to Canada
- U.S. market as large as Canadian domestic market
- Expanded access to existing and new markets with increased brand awareness

Top Markets by Deposits

Metropolitan Statistical Area	Rank[1]	Number of Branches[2]	Deposits (US$ billions)[1]	Population[1]
Chicago-Joliet-Naperville, IL-IN-WI	3	221	$27.1	9,739,919
Milwaukee-Waukesha-West Allis, WI	1	79	15.8	1,560,515
Saint Louis, MO-IL	5	17	4.3	2,851,619
Minneapolis-St.Paul-Bloomington, MN-WI	4	30	2.8	3,328,053
Phoenix-Mesa-Glendale, AZ	4	48	2.5	4,441,244
Madison, WI	1	27	2.5	576,264
Indianapolis-Carmel, IN	4	42	2.3	1,755,797

[1] Based on SNL Financial data for combined Harris + M&I
[2] Based on company disclosure

Source: SNL Financial and Company Disclosure

Capital Overview

Strong capital position maintained

- BMO remains well-capitalized and is well-positioned to meet applicable Basel III capital requirements when implemented
- Given BMO's strong capital position, a common share offering is no longer required (previously disclosed to be less than $400 million)
- On a Basel II basis, the pro-forma Q2 2011 Tier 1 Ratio is ~11.9%[1]
- On a Basel III basis, the pro-forma Q2 2011 Common Equity Ratio is ~6.9%[1,2]

Pro-forma Capital Ratios as at April 30, 2011 [1,2]

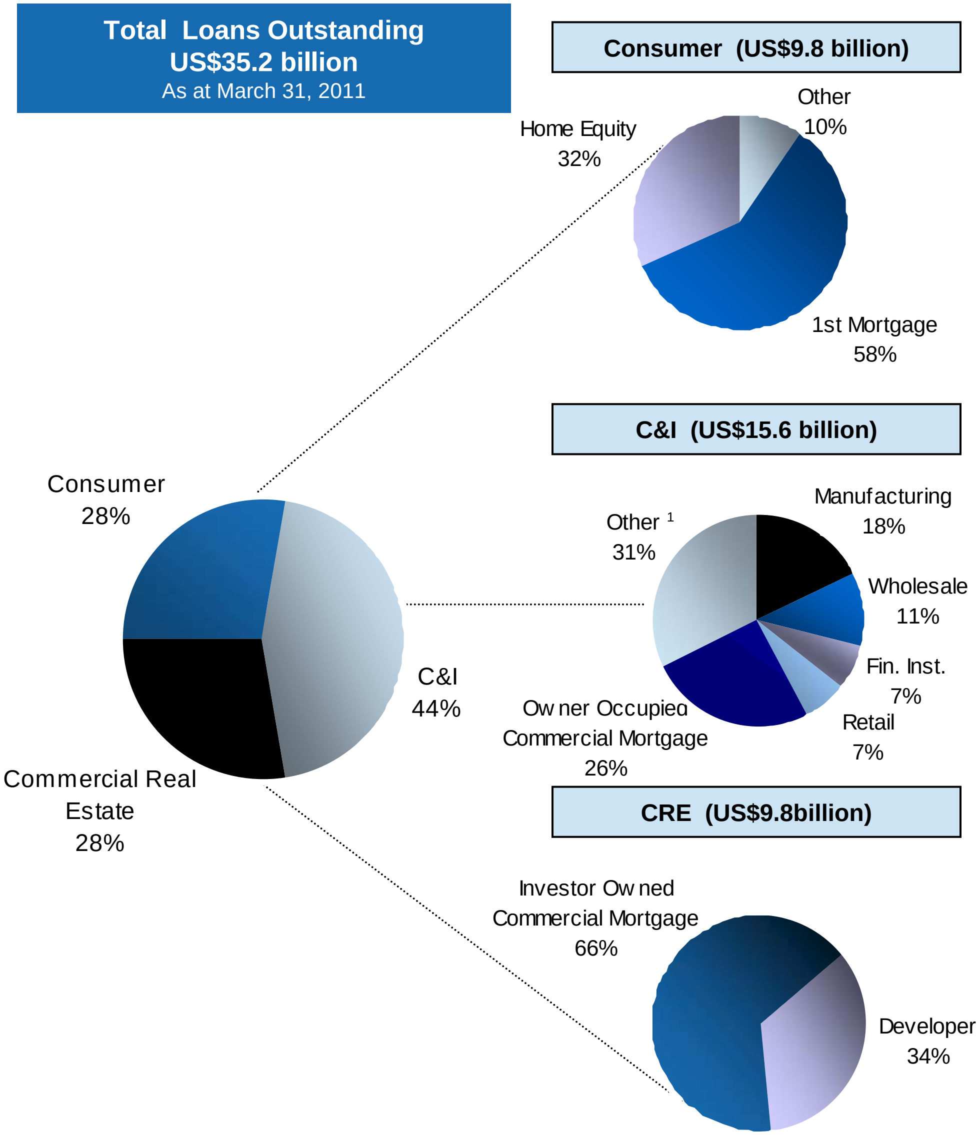
	Tier 1 Ratio (%)	Common Equity Ratio (%)
BASEL II		
BMO Q2'11 Reported	13.8%	10.7%
M&I Impact	~190 bps	~130 bps
Q2'11 Pro forma	**11.9%**	**9.4%**
BASEL III		
BMO Q2'11 Estimate	11.5%	8.6%
M&I Impact	~230 bps	~170 bps
Q2'11 Pro-forma	**9.2%**	**6.9%**

[1] Estimates include the estimated capital requirements for M&I at closing and the resulting share exchange with M&I shareholders

[2] Basel III estimates based on announced Basel III 2019 rules and the impact of adoption of IFRS. For further details regarding assumptions and factors used in our calculations refer to page 1 of this presentation, and to pages 5, 14 and 15 of Bank of Montreal's Second Quarter 2011 Report to Shareholders

M&I Summary Loan Portfolio Characteristics

Total Loans Outstanding
US$35.2 billion
As at March 31, 2011



- Diversified loan portfolio mix by both asset class and geography
  - primarily Midwestern footprint (WI, MN, IN, OH)
- Retail portfolio consists primarily of residential secured loans
  - Predominately prime
  - Home Equity primarily in WI (36%) with approximately 38% of the portfolio located in non-footprint states due to a wholesale origination channel
- C&I portfolio consists of a diversified base of small business, middle market, large corporate and public sector customers across various industries and regions
- CRE portfolio comprised primarily of Investor Owned Commercial Mortgages
- Continued credit stabilization and improving asset quality of loan portfolio over recent quarters

Note: Loan portfolio detail based upon stratifications provided during the Q1 2011 call report

1. Other C&I includes Portfolio Segments that are each <5% of the total

We have significant integration expertise from prior transactions

BMO Has Completed 12 Acquisitions[1] In The Last 5 years ~C$2.2B, 2006-2010

2006
- bcpbank Canada ($41MM)

2007
- First National Bank & Trust ($345MM)
- Pyrford International ($41MM)

2008
- Ozaukee Bank ($180MM)
- Merchants & Manufacturers ($135MM)
- Griffin, Kubik, Stephens & Thompson ($31MM)

2009[1]
- Diners Club North American franchise ($838MM)
- AIG Life Insurance of Canada ($278MM)

2010
- AMCORE Bank N.A.* ($245MM)

(Balances C$ millions)

[1] BMO acquisitions in 2009 also include: Integra GRS ($16MM); Stoker Ostler Wealth Advisors ($12MM); and Paloma Securities ($7MM)

* Acquired certain assets and liabilities of AMCORE Bank, N.A. from the Federal Deposit Insurance Corporation

M&I Has Completed 9 Acquisitions[2] ~US$1.9B, 2006-2010

2006[2]
- Trustcorp Financial ($179MM)
- Goldbanc Corp ($715MM)

2007[2]
- Excel Bank ($105MM)
- United Heritage ($219MM)

2008
- First Indiana Corp ($540MM)
- Taplin, Canida & Habacht ($64MM)

2009
- Delta Asset Management ($5MM)

2010

(Balances US$ millions)

[2] M&I acquisitions also include: 2006 – FirstTrust Indiana (US$15MM); 2007 – North Star Financial (US$21MM)

Integration – Accomplishments, Objectives & Timeline

Major Integration Accomplishments

- ✓ Announced transaction on December 17, 2010
- ✓ Established integration management office leader and team
- ✓ Implemented governance processes, milestones, tools
- ✓ Anticipated cost synergies greater than originally expected
- ✓ Closed transaction on July 5, 2011
- ✓ Renamed Harris N.A. and opened for business on July 6 as BMO Harris Bank N.A.
- ✓ Initiated rebranding with Chicago headquarters
- ✓ Several key technology decisions finalized including personal and commercial and online platforms and systems conversion plan

Integration Objectives

Integration Objectives	Status as of July 2011
Integrate businesses & people	Comprehensive orientation programs in place to ensure a smooth transition for all employees
Capture synergies	Cost save plans in place
Systems integration	Timelines set for core systems conversion
Branding & branch conversion	New branding strategy defined Timeline for brand rollout across the network in place

Integration Time-Line

Dec 2010		July 2011	12-18 months	2013
Acquisition Announcement	Planning for Close and Integration	Close & Integration Begins	BMO Harris Bank Systems Conversion & Rebranding	Expected Integration Completion

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