

Corporate Governance

Disclosure Required by NYSE Listed Company Manual

Summary of significant ways corporate governance practices followed by BMO differ from corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange Listing Standards.

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE), BMO has in place corporate governance practices that are not only consistent with the requirements of those stock exchanges, but in many cases go beyond those requirements. BMO is also in compliance with applicable rules adopted by the Canadian Securities Administrators and the U.S. Securities and Exchange Commission (SEC) to give effect to provisions of the Sarbanes-Oxley Act.

Our governance practices do not differ significantly from those required to be followed by U.S. domestic issuers under the NYSE standards, except in two respects:

- Our director independence standards require the Board to consider all direct and indirect relationships between BMO and a director, but do not deem a director to be non-Independent if the director is an employee of (or has an immediately family member who is an executive of) a company that has certain commercial relationships with BMO or its affiliates in excess of prescribed monetary thresholds.
- The NYSE standards require shareholder approval of all equity compensation plans and any material revisions to such plans, regardless of whether the securities to be delivered under such plans are newly issued or purchased on the open market, subject to a few limited exceptions. The TSX rules only require shareholder approval of equity compensation plans that involve newly issued securities. In addition, the TSX rules require that equity compensation plans that do not provide for a fixed maximum number of securities to be issued must be approved by shareholders every three years. If the plan provides a procedure for its amendment, the TSX rules require shareholder approval of amendments only where the amendment involves a reduction in the exercise price or an extension of the term of options held by insiders, an increase in any fixed maximum number of securities to be issued under the plan, an amendment to the amendment procedure or where the plan provides that the amendment is subject to shareholder approval. At the 2007 annual meeting, shareholders approved an amendment to our Stock Option Plan to specify which amendments require shareholder approval.