

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold within the United States or to a U.S. Person. Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada (the permanent information record in Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's Department, Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, M5X 1A1, telephone (416) 867-6785.

New Issue

September 23, 2004

Prospectus

BMO Capital Trust^(TM)

(a trust established under the laws of Ontario)

\$600,000,000 Trust Capital Securities — Series D (BMO BOaTS — Series D^(TM))

BMO Capital Trust (the "Trust") is a closed-end trust established under the laws of Ontario pursuant to a declaration of trust (the "Declaration of Trust"). The trustee of the Trust is BNY Trust Company of Canada (the "Trustee"). The Trust proposes to issue and sell to investors pursuant to this prospectus (the "Offering") a fourth series of transferable trust units called Trust Capital Securities — Series D or "BMO BOaTS — Series D". The Offering will provide investors with the opportunity to invest, through the holding of BMO BOaTS — Series D, in the Trust Assets (as defined herein) comprised of undivided co-ownership interests in a pool or pools of first mortgages on residential property insured by Canada Mortgage and Housing Corporation or GE Capital Mortgage Insurance Company (Canada), and will provide Bank of Montreal (the "Bank") with a cost-effective means of raising capital for Canadian bank regulatory purposes. The BMO BOaTS — Series D will constitute a fourth series of Trust Capital Securities (the "BMO BOaTS") issued by the Trust, the first series in an amount of \$350,000,000 and designated Trust Capital Securities — Series A (the "BMO BOaTS — Series A") having been issued by the Trust on October 11, 2000, the second series in an amount of \$400,000,000 and designated as Trust Capital Securities — Series B (the "BMO BOaTS — Series B") having been issued by the Trust on March 13, 2001, and the third series in an amount of \$400,000,000 and designated Trust Capital Securities — Series C (the "BMO BOaTS — Series C") having been issued by the Trust on September 18, 2001. The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction.

The Trust distributes its Net Distributable Funds (as defined below) on the last day of June and December of each year (each, a "Distribution Date"). On each Distribution Date, commencing December 31, 2004, unless the Bank has failed to declare Dividends (as defined herein) on the basis described herein, a holder of BMO BOaTS — Series D will be entitled to receive a non-cumulative cash distribution of (i) in the case of any such Distribution Date on or before December 31, 2014, other than December 31, 2004, \$27.37 per BMO BOaTS — Series D, representing an annual yield of 5.474% on the \$1,000 initial issue price, and (ii) in the case of any such Distribution Date after December 31, 2014, an amount per BMO BOaTS — Series D determined by multiplying \$1,000 by one half of the sum of the Bankers' Acceptance Rate (as defined herein) for the Distribution Period (as defined herein) immediately preceding such Distribution Date plus 1.50% (in each case, an "Indicated Distribution"). The initial distribution payable on December 31, 2004, in respect of the period from and including the anticipated closing date of the Offering of September 30, 2004 (the "Closing Date") up to but excluding December 31, 2004, is estimated to be \$13.80 per BMO BOaTS — Series D. Each Distribution Date will be either a Regular Distribution Date (as defined herein) or a Distribution Diversion Date (as defined herein). A Distribution Date will be a Regular Distribution Date if the Bank has declared Dividends in the ordinary course as described herein under "Description of the Trust Securities — The Trust Capital Securities — Series D — Indicated Distribution". On a Regular Distribution Date, the applicable Indicated Distribution will be payable by the Trust on all BMO BOaTS (including the BMO BOaTS — Series D). If on December 31 of any year Net Distributable Funds (as defined herein) of the Trust remain after payment of the Indicated Distribution on each series of BMO BOaTS on each Regular Distribution Date during such year (if any), the Bank as sole holder of the Special Trust Securities (as defined herein) will be entitled to receive such remaining Net Distributable Funds on that date. Any Distribution Date will be a Distribution Diversion Date if the Bank has failed to declare Dividends on the basis described herein. In such event, the Indicated Distribution will not be payable by the Trust on any BMO BOaTS (including the BMO BOaTS — Series D) on a Distribution Diversion Date and, instead, the Net Distributable Funds of the Trust as at such Distribution Diversion Date will be payable to the Bank as the holder of the Special Trust Securities. For the purposes of this prospectus, the periods commencing on and including the Closing Date to but excluding December 31, 2004, being the initial Distribution Date, and thereafter from and including each Distribution Date to but excluding the next following Distribution Date are referred to as "Distribution Periods".

Pursuant to the terms of a Bank Share Exchange Trust Agreement between the Bank, the Exchange Trustee (as defined herein), and the Trust (the "Bank Share Exchange Agreement"), the Bank has covenanted for the benefit of holders of BMO BOaTS — Series D (the "Dividend Stopper Undertakings") that if, on any Regular Distribution Date, the Trust fails to pay the Indicated Distribution in full on the BMO BOaTS — Series D, the Bank will not declare dividends of any kind on any preferred shares or common shares of the Bank (the "Bank Common Shares" and collectively with preferred shares, the "Dividend Restricted Shares") until the month commencing immediately after the fourth Dividend Declaration Month (as defined herein) following the Trust's failure to pay the Indicated Distribution unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of BMO BOaTS — Series D. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution on the BMO BOaTS — Series D on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertakings.** See "Description of the Trust Securities — The Trust Capital Securities — Series D — Bank Dividend Stopper Undertakings" and "Risk Factors".

Each BMO BOaTS—Series D will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder, for 40 non-cumulative perpetual Class B Preferred Shares Series 11 of the Bank (the “Class B Preferred Shares Series 11”) if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-Up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent of Financial Institutions (Canada) (the “Superintendent”) advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the *Bank Act* (Canada) (the “Bank Act”); (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). Following the Automatic Exchange, holders of BMO BOaTS—Series D will cease to have any claim or entitlement in relation to the BMO BOaTS—Series D or the Trust Assets. **If the Automatic Exchange were to occur and Class B Preferred Shares Series 11 were issued in exchange for BMO BOaTS—Series D, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the BMO BOaTS—Series D would be lost. Accordingly, it is in the interest of the Bank to ensure that a Loss Absorption Event does not occur, although the events that could give rise to a Loss Absorption Event may be beyond the control of the Bank.** See “Description of the Trust Securities—The Trust Capital Securities—Series D—Automatic Exchange” and “Description of Class B Preferred Shares Series 11”.

Upon the occurrence of a Tax Event (as defined herein) or a Capital Disqualification Event (as defined herein and, collectively with the Tax Event, a “Special Event”), in each case prior to December 31, 2009, the Trust may, with Superintendent Approval, at its option upon at least 30 and not more than 90 days’ prior written notice, redeem the BMO BOaTS—Series D (the “Trust Special Event Redemption Right”) in whole (but not in part) without the consent of the holders, for a cash amount per BMO BOaTS—Series D (the “Early Redemption Price”) equal to the greater of: (i) the Redemption Price; and (ii) the BMO BOaTS—Series D Canada Yield Price (as defined herein). See “Description of the Trust Securities—The Trust Capital Securities—Series D—Trust Special Event Redemption Right”.

On December 31, 2009 and on any Distribution Date thereafter, the Trust may, with Superintendent Approval, at its option, upon at least 30 and not more than 60 days’ prior written notice, redeem the BMO BOaTS—Series D (the “Trust Redemption Right”) in whole (but not in part) without the consent of the holders, for a cash amount per BMO BOaTS—Series D equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2014; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2014. See “Description of the Trust Securities—The Trust Capital Securities—Series D—Trust Redemption Right”.

It is expected that the Trust Assets will be purchased primarily from the Bank or its affiliates. The Bank will act as Administrative Agent (as defined herein) to the Trust and the Bank or its affiliates will, collectively, act as Servicer (as defined herein) of the Trust Assets. See “Business of the Trust”.

An investment in BMO BOaTS—Series D could be replaced in certain circumstances, without the consent of the holder, by an investment in Class B Preferred Shares Series 11. Investors should therefore carefully consider the disclosure with respect to the Bank included and incorporated by reference in this prospectus. An investment in BMO BOaTS—Series D is subject to certain risks. There can be no assurance that an active trading market in the BMO BOaTS—Series D will develop or be sustained or that the BMO BOaTS—Series D may be resold at or above the initial offering price. See “Risk Factors”.

The Trust is a registered investment for purposes of the *Income Tax Act* (Canada) (the “Tax Act”) and, as such, the BMO BOaTS—Series D will be qualified investments, and will not be foreign property, for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. See “Eligibility for Investment”.

Price: \$1,000 per BMO BOaTS—Series D

The Underwriters (as defined herein), as principals, conditionally offer the BMO BOaTS—Series D, subject to prior sale if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, subject to the approval of certain legal matters on behalf of the Trust and the Bank by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by Fraser Milner Casgrain LLP. **BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. Each of the Trust and the Bank is a related issuer of BMO Nesbitt Burns Inc. under applicable securities legislation by virtue of the Bank’s interest in the Trust and BMO Nesbitt Burns Inc.** See “Plan of Distribution”. This prospectus also qualifies for distribution the Automatic Exchange and the Subscription Right (as defined herein).

	<u>Price to the Public</u>	<u>Underwriters Fees</u>	<u>Net Proceeds to Trust⁽¹⁾</u>
Per BMO BOaTS—Series D	\$1,000.00	\$10.00	\$990.00
Total	\$600,000,000	\$6,000,000	\$594,000,000

(1) Before deduction of expenses of the Offering, estimated at \$800,000 which, together with the Underwriters’ fee, are payable by the Trust.

Subscriptions for the BMO BOaTS—Series D will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing Date will be on or about September 30, 2004 or such later date as the Trust, the Bank and the Underwriters may agree, but in any event not later than November 30, 2004. The BMO BOaTS—Series D will be issued in “book-entry only” form and, accordingly, physical certificates representing BMO BOaTS—Series D will not be available except in limited circumstances. See “Description of the Trust Securities—The Trust Capital Securities—Series D—Book-Entry Only Form”.

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ELIGIBILITY FOR INVESTMENT

The Trust is a registered investment for purposes of the Tax Act and, as such, in the opinion of Osler, Hoskin & Harcourt LLP on behalf of the Trust and the Bank, and Fraser Milner Casgrain LLP on behalf of the Underwriters, the BMO BOaTS — Series D would, if issued on the date hereof, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, and may be held in such plans subject to the terms of the particular plan trust and will not be prohibited investments for registered pension plans. The BMO BOaTS — Series D will not be foreign property for purposes of the Tax Act.

THE BMO BOaTS — SERIES D, WHILE EXCHANGEABLE INTO PREFERRED SHARES OF THE BANK UPON THE OCCURRENCE OF THE AUTOMATIC EXCHANGE, DO NOT REPRESENT OBLIGATIONS OF OR INTERESTS IN AND ARE NOT GUARANTEED OR INSURED BY, BANK OF MONTREAL, BNY TRUST COMPANY OF CANADA OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES. THE BMO BOaTS — SERIES D ARE NOT INSURED OR GUARANTEED BY THE CANADA DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Bank, filed with the Superintendent and the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference and form an integral part of this prospectus:

- (a) the Annual Information Form dated January 23, 2004;
- (b) audited consolidated financial statements for the fiscal year ended October 31, 2003 with comparatives for the fiscal year ended October 31, 2002, together with the auditors' report thereon, and Management's Discussion and Analysis of Operations and Financial Condition as contained on pages 13 to 68 of the Bank's Annual Report for the year ended October 31, 2003;
- (c) the Management Proxy Circular dated December 31, 2003 in connection with the Bank's annual meeting of shareholders held on February 24, 2004 (excluding those portions which, pursuant to National Instrument 44-101, are not required to be incorporated by reference);
- (d) the Bank's Notice of Change of Auditors dated November 25, 2003;
- (e) unaudited interim consolidated financial statements for the three-month period ended January 31, 2004 (which include comparative amounts for the corresponding period in the preceding year);
- (f) unaudited interim consolidated financial statements for the three-month period ended April 30, 2004 (which include comparative amounts for the corresponding period in the preceding year); and
- (g) unaudited interim consolidated financial statements for the three-month period ended July 31, 2004 (which include comparative amounts for the corresponding period in the preceding year).

Any documents of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports) filed by the Bank with a securities commission or any similar authority in Canada after the date of this prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded in its unmodified or superseded form shall not be deemed to constitute a part of this prospectus. Copies of the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary's Department, Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario M5X 1A1, telephone (416) 867-6785.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Reference is made to the Glossary section for the meaning of certain defined terms.

THE OFFERING

- Issuer:** BMO Capital Trust, a closed-end trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.
- Offering:** 600,000 Trust Capital Securities — Series D (“BMO BOaTS — Series D”), being a series of a class of units of the Trust.
- Amount of Offering:** \$600,000,000
- Price:** \$1,000 per BMO BOaTS — Series D.
- Ratings:** The BMO BOaTS — Series D are provisionally rated “A”^{yn} by Dominion Bond Rating Service Limited and are provisionally rated A/P-1(low) by Standard & Poor’s. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization.
- Use of Proceeds:** The estimated net proceeds to the Trust from the Offering of approximately \$593,200,000 (after deducting the estimated Underwriters’ fee and the estimated expenses of the Offering) together with the net proceeds received on the Closing Date by the Trust of \$161,500,000 from the subscription by the Bank for Special Trust Securities will be used to fund the acquisition by the Trust of Trust Assets (as defined herein) from the Bank. See “Use of Proceeds”.
- Indicated Distributions:** The annual yield payable on the BMO BOaTS — Series D will be 5.474% to December 31, 2014 and the Bankers’ Acceptance Rate (reset semi-annually) plus 1.50% thereafter. Each BMO BOaTS — Series D entitles the holder to receive an Indicated Distribution of \$27.37 on each Distribution Date on or before December 31, 2014, other than December 31, 2004, provided that such date is a Regular Distribution Date, representing a per annum yield of 5.474% of the initial issue price. The initial distribution, payable on December 31, 2004, will be \$13.80 per BMO BOaTS — Series D for the period from and including the anticipated Closing Date of September 30, 2004 to but excluding December 31, 2004. For each Distribution Date after December 31, 2014, the Indicated Distribution will be an amount determined by multiplying \$1,000 by one half of the sum of the Bankers’ Acceptance Rate for the Distribution Period immediately preceding such Distribution Date plus 1.50%, payable on the last day of June and December of each year commencing June 30, 2015 provided that such date is a Regular Distribution Date. A Distribution Date will be a Regular Distribution Date unless the Bank has failed to declare (such failure being a “Distribution Diversion Event”) regular dividends on preferred shares of the Bank, or if no such shares are then outstanding, on the Bank Common Shares, in accordance with the Bank’s ordinary dividend practice in effect from time to time (in either case, a “Dividend”) in the Reference Dividend Declaration Month. The Reference Dividend Declaration Month in respect of any Distribution Date (other than December 31, 2004) is the most recent Dividend Declaration Month (as defined herein) preceding the commencement of the Distribution Period ending on the day preceding the Distribution Date. The Reference Dividend Declaration Month in respect of the December 31, 2004 Distribution Date is the month of August, 2004. Accordingly, whether the Indicated Distribution on the

BMO BOaTS — Series D will be payable by the Trust on any Distribution Date will be determined prior to the commencement of the Distribution Period ended on the day preceding such Distribution Date. On any Regular Distribution Date, the Indicated Distribution will be payable by the Trust to each holder of BMO BOaTS — Series D. If on December 31 of any year Net Distributable Funds of the Trust remain after payment of the Indicated Distribution on each series of BMO BOaTS on each Regular Distribution Date during such year (if any), the Bank as sole holder of the Special Trust Securities will be entitled to receive such remaining Net Distributable Funds on that date. The Indicated Distribution on the BMO BOaTS — Series D will not be payable by the Trust on a Distribution Diversion Date. Instead, the Net Distributable Funds of the Trust will be distributed to the Bank as the sole holder of the Special Trust Securities.

See “Description of the Trust Securities — The Trust Capital Securities — Series D — Indicated Distribution”.

Bank Dividend Stopper Undertakings:

Pursuant to the terms of the Bank Share Exchange Agreement, the Bank has covenanted for the benefit of holders of BMO BOaTS — Series D that, if the Trust fails to pay the Indicated Distribution in full on the BMO BOaTS — Series D on any Regular Distribution Date, the Bank will not declare dividends of any kind on the Dividend Restricted Shares until on or after the Dividend Declaration Resumption Month, being the month commencing immediately after the fourth Dividend Declaration Month (as defined herein) following the Trust’s failure to pay the Indicated Distribution unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of BMO BOaTS — Series D. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution on the BMO BOaTS — Series D on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertakings.** See “Description of the Trust Securities — The Trust Capital Securities — Series D — Bank Dividend Stopper Undertakings” and “Risk Factors”.

Set forth below is a table indicating the relationship among the Reference Dividend Declaration Month, the Distribution Period, the Distribution Date and the Dividend Declaration Resumption Month:

Reference Dividend Declaration Month ⁽¹⁾	Commencement of Current Distribution Period ⁽²⁾	Distribution Date	Dividend Declaration Resumption Month ⁽³⁾
August, 2004	Closing Date	December 31, 2004	September, 2005
November, 2004	December 31, 2004	June 30, 2005	December, 2005
May, 2005	June 30, 2005	December 31, 2005	June, 2006

- (1) The Reference Dividend Declaration Months and the Dividend Declaration Resumption Months are based on the Bank’s current practice with respect to declaring Dividends. If such practice were to change in the future in terms of the timing or frequency of the declaration of Dividends, the Reference Dividend Declaration Months and the Dividend Declaration Resumption Months referred to above may change. However, the Reference Dividend Declaration Month in respect of any Distribution Date would, in all events, continue to be the Dividend Declaration Month closest to but preceding the commencement of the Distribution Period ended on the day preceding such Distribution Date. Accordingly, based on the Bank’s current practice with respect to declaring dividends, whether the Bank declares Dividends in the months of February or August (except August, 2004) on its preferred shares or, if no such shares are then outstanding, on Bank Common Shares, will have no effect on whether the Indicated Distribution is payable on the BMO BOaTS — Series D on any Distribution Date.
- (2) Prior to the commencement of any Distribution Period, the question of whether the Distribution Date falling on the day after the last day of such Distribution Period will be a Regular

Distribution Date or a Distribution Diversion Date, and the entitlement of holders of BMO BOaTS — Series D, will have been determined.

- (3) The Dividend Declaration Resumption Month is relevant only if the Trust fails to pay the Indicated Distribution in full on the BMO BOaTS on any Regular Distribution Date.

Voting Rights:

The BMO BOaTS — Series D are non-voting except in certain limited circumstances. See “Description of the Trust Securities — Certain Provisions of the Trust Capital Securities as a Class — Voting Rights” and “Description of the Trust Securities — The Trust Capital Securities — Series D — Voting Rights”.

Automatic Exchange:

Each BMO BOaTS — Series D will be exchanged automatically, without the consent of the holder, for 40 Class B Preferred Shares Series 11 upon the occurrence of a Loss Absorption Event, being any one of the following: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein. The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) on the date that a Loss Absorption Event occurs. Following the Automatic Exchange, holders of BMO BOaTS — Series D will cease to have any claim or entitlement in relation to the BMO BOaTS — Series D or the Trust Assets. If, for any reason, the Automatic Exchange does not result in the exchange of all BMO BOaTS — Series D then outstanding for Class B Preferred Shares Series 11, the Trust will redeem each BMO BOaTS — Series D not so exchanged for consideration consisting of 40 Class B Preferred Shares Series 11. **If the Automatic Exchange were to occur and Class B Preferred Shares Series 11 were issued in exchange for the BMO BOaTS — Series D, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the BMO BOaTS — Series D would be lost. Accordingly, it is in the interest of the Bank to ensure that a Loss Absorption Event does not occur, although the events that could give rise to a Loss Absorption Event may be beyond the Bank’s control.** See “Description of the Trust Securities — The Trust Capital Securities — Series D — Automatic Exchange” and “Description of the Class B Preferred Shares Series 11”.

No Redemption at Option of the Holder:

The BMO BOaTS (including the BMO BOaTS — Series D) are not redeemable at the option of the holder.

Trust Special Event Redemption Right:

Upon the occurrence of a Tax Event or a Capital Disqualification Event, in each case prior to December 31, 2009, the BMO BOaTS — Series D will be redeemable by the Trust at its option in whole (but not in part) without the consent of the holders thereof, upon at least 30 and not more than 90 days’ prior written notice by the Trustee and with Superintendent Approval for a cash amount per BMO BOaTS — Series D equal to the Early Redemption Price, being the greater of: (i) the Redemption Price; and (ii) a price per BMO BOaTS — Series D calculated to provide an annual yield thereon to December 31, 2014 equal to the Government of Canada Yield (as defined

herein) plus 0.22% determined on the Business Day (as defined herein) immediately preceding the date on which the Trust has given notice of the redemption of the BMO BOaTS — Series D (whether pursuant to the Trust Special Event Redemption Right or the Trust Redemption Right) or the Business Day immediately preceding the date of the termination of the Trust, as the case may be, plus the Unpaid Indicated Distribution (the “BMO BOaTS — Series D Canada Yield Price”). For such purpose, the Government of Canada Yield means, on any date, the average of the yields determined by any two registered Canadian investment dealers selected by the Bank as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on the date of redemption with a maturity date of December 31, 2014. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Trust Special Event Redemption Right”.

Trust Redemption Right:

On December 31, 2009 and on any Distribution Date thereafter, the Trust may, at its option, redeem the BMO BOaTS — Series D in whole (but not in part) without the consent of the holders thereof, upon at least 30 and not more than 60 days’ prior written notice and with Superintendent Approval, for a cash amount per BMO BOaTS — Series D equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2014; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2014. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Trust Redemption Right”.

Purchase for Cancellation:

On or after the date that is five years after the Closing Date, the BMO BOaTS — Series D may be purchased, in whole or in part, by the Trust, with Superintendent Approval, in the open market or by tender or private contract at any price. BMO BOaTS — Series D purchased by the Trust shall be cancelled and shall not be reissued.

Rights on Termination of the Trust:

As long as any BMO BOaTS are outstanding, the Trust may only be terminated with the approval of the Bank, as sole holder of the Special Trust Securities, and with Superintendent Approval: (i) upon the occurrence of a Special Event prior to December 31, 2009; or (ii) for any reason on December 31, 2009 or any Distribution Date thereafter. The Declaration of Trust provides that holders of BMO BOaTS are not entitled to initiate proceedings for the termination of the Trust.

Pursuant to the Bank Share Exchange Agreement, the Bank has covenanted for the benefit of holders of BMO BOaTS — Series D that, as long as any BMO BOaTS — Series D are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price (if the termination is as a result of action taken by the Bank prior to December 31, 2014) or the Redemption Price (in all other cases).

Holders of BMO BOaTS and the holder of the Special Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust, after the discharge of the claims of creditors, if any. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Rights on Termination of the Trust”.

Additional Bank Covenants:

In addition to the Dividend Stopper Undertakings, the Bank has covenanted for the benefit of the holders of BMO BOaTS — Series D, pursuant to the Bank Share Exchange Agreement, that: (a) all of the outstanding Special Trust Securities will be owned at all times by the Bank; and (b) as long as any

BMO BOaTS — Series D are outstanding, the Bank will not take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — The Trust Capital Securities — Series D — Rights on Termination of the Trust” and with Superintendent Approval.

The Bank may assign or otherwise transfer its obligations under the Bank Share Exchange Agreement only in the event of a merger, consolidation, amalgamation, reorganization or a sale of all or substantially all of the assets of the Bank.

Book-Entry Only Form:

The BMO BOaTS — Series D will be issued under the book-entry only system operated by The Canadian Depository for Securities Limited or its nominees (“CDS”) and must be purchased or transferred through participants (collectively, “Participants”) in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. Accordingly, physical certificates representing the BMO BOaTS — Series D will not be available except in the limited circumstances described under “Description of the Trust Securities — The Trust Capital Securities — Series D — Book-Entry Only Form”.

**BMO BOaTS Series A,
Series B and Series C:**

On October 11, 2000, the Trust issued 350,000 of the initial series of BMO BOaTS designated Trust Capital Series — Series A (the “BMO BOaTS — Series A”) at a price of \$1,000 per BMO BOaTS — Series A for total gross proceeds of \$350,000,000. Holders of BMO BOaTS — Series A are entitled to receive an Indicated Distribution of \$34.52 per BMO BOaTS — Series A. BMO BOaTS — Series A may be exchanged on and after December 31, 2010 at the option of the holder, or automatically under certain circumstances, for Class B Preferred Shares Series 7 paying a semi-annual non-cumulative cash dividend of \$0.863 per share.

On March 13, 2001, the Trust issued 400,000 of the second series of BMO BOaTS designated Trust Capital Securities — Series B (the “BMO BOaTS — Series B”) at a price of \$1,000 per BMO BOaTS — Series B for total gross proceeds of \$400,000,000. Holders of BMO BOaTS — Series B are entitled to receive an Indicated Distribution of \$33.24 per BMO BOaTS — Series B. BMO BOaTS Series B may be exchanged on or after June 30, 2011 at the option of the holder, or automatically under certain circumstances, for Class B Preferred Shares Series 8 paying a semi-annual non-cumulative cash dividend of \$0.831 per share.

On September 18, 2001, the Trust issued 400,000 of the third series of BMO BOaTS designated Trust Capital Securities — Series C (the “BMO BOaTS — Series C”) at a price of \$1,000 per BMO BOaTS — Series C for total gross proceeds of \$400,000,000. Holders of BMO BOaTS — Series C are entitled to receive an Indicated Distribution of \$33.43 per BMO BOaTS — Series C. BMO BOaTS — Series C may be exchanged on or after June 30, 2012 at the option of the holder, or automatically under certain circumstances, for Class B Preferred Shares Series 9 paying a semi-annual non-cumulative cash dividend of \$0.836 per share.

The BMO BOaTS — Series A, the BMO BOaTS — Series B, the BMO BOaTS — Series C and the BMO BOaTS — Series D rank *pari passu* on the distribution of the property of the Trust in the event of a termination of the Trust (together with the holder of the Special Trust Securities) and rank *pari passu* in respect of the Indicated Distribution payable on each series of BMO BOaTS.

Special Trust Securities:

On the Closing Date, the Bank will subscribe for additional Special Trust Securities. These securities allow the Bank to vote with respect to certain matters regarding the Trust, and to receive the Net Distributable Funds, if any, of the Trust after payment of the Indicated Distribution on the BMO BOaTS.

THE TRUST

General

The Trust is a closed-end trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust. The Trust has been formed for the purposes of creating and selling the Trust Securities and acquiring the Trust Assets, which will generate income for distribution to holders of Trust Securities, and providing the Bank with a cost-effective means of raising capital. All of the Special Trust Securities will be owned by the Bank. See “Description of the Trust Securities — The Special Trust Securities”.

Capitalization

Immediately after the issuance by the Trust of the BMO BOaTS — Series D pursuant to the Offering, the subscription by the Bank for additional Special Trust Securities and the purchase by the Trust of additional Trust Assets, the Trust will have approximately \$2,160,970,000 in Trust Assets, \$1,727,520,000 of capital attributable to the BMO BOaTS, and \$437,500,000 of capital attributable to the Special Trust Securities. See “Capitalization of the Trust” and “Risk Factors”.

Business of the Trust

The Trust Assets consist primarily of undivided co-ownership interests (“Mortgage Co-Ownership Interests”) in one or more pools of Canada Mortgage and Housing Corporation (“CMHC”) or GE Capital Mortgage Insurance Company (Canada) (“GE CMIC”) insured first mortgages on residential property situated in Canada such as single family dwellings, semi-detached dwelling units, duplexes, townhouses, condominium units or multiple-unit family dwellings (collectively, “Residential Mortgages”) originated by the Bank or its affiliates. The Bank has entered into a Mortgage Sales, Pooling and Servicing Agreement and has entered and will enter into Purchase Agreements (as defined herein) which, together, provide and will provide for the transfer of the Mortgage Co-Ownership Interests. The Trust has acquired and intends to continue to acquire the Trust Assets primarily from the Bank or its affiliates. The Trust Assets are serviced directly or indirectly by the Bank and/or its affiliates. The Trust will, from time to time, purchase additional Eligible Trust Assets out of proceeds received in connection with the Trust Assets. The price of any Trust Asset purchased by the Trust is intended to be equal to the fair market value thereof.

The Administrative Agent

The Trustee has entered into an administration and advisory agreement with the Bank (the “Administration and Advisory Agreement”) pursuant to which the Trustee has retained the Bank to perform certain of its duties in relation to the Trust. The Bank, in its role as advisor and administrative agent under the Administration and Advisory Agreement (the “Administrative Agent”), provides the Trust with advice and counsel with respect to the management of the Trust Assets and will administer the day-to-day operations of the Trust and provides other advice or counsel as may be requested from time to time by the Trust. The Administrative Agent may from time to time delegate or sub-contract all or a portion of its obligations under the Administration and Advisory Agreement to one or more of its affiliates. The Bank and its affiliates and their respective personnel have substantial experience in mortgage finance and in the administration of assets such as the Trust Assets. See “Business of the Trust — The Administrative Agent”.

Liquidity

The Trust will borrow funds from the Bank only pursuant to an unsecured credit facility extended by the Bank to the Trust (the “Credit Facility”) and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust’s activities. The Bank will charge interest rates on any borrowings by the Trust that are not higher than prevailing market rates. See “Business of the Trust — Liquidity”.

Conflict of Interest Policies

Due to the nature of the Trust’s relationship with the Bank and its affiliates, it is possible that conflicts of interest may arise with respect to certain transactions between the parties. It is intended that any agreements or

transactions between the Trust, on the one hand, and the Bank or its affiliates, on the other hand, will be fair to all parties and consistent with market terms for such types of transactions. However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties. See “Business of the Trust — Conflict of Interest Policies”.

RISK FACTORS

The purchase of BMO BOaTS — Series D is subject to certain risks, including those described below. See “Risk Factors”.

In certain specified circumstances, including at a time when the Bank’s financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the BMO BOaTS — Series D will automatically be exchanged for Class B Preferred Shares Series 11 without the consent of the holders of BMO BOaTS — Series D. As a result, holders of BMO BOaTS — Series D will have no claim or entitlement to the BMO BOaTS — Series D or the Trust Assets other than indirectly in their capacity as preferred shareholders of the Bank. There can be no guarantee that, if the Automatic Exchange occurs after December 31, 2014, the dividend payable on the Class B Preferred Shares Series 11 will not be less than the Indicated Distribution that would otherwise have been payable on the BMO BOaTS — Series D had the Automatic Exchange not occurred.

The Indicated Distribution is non-cumulative. If the Indicated Distribution is not paid on a Distribution Date by reason of the failure (which includes failure as a result of the operation of the Dividend Stopper Undertakings) of the Bank to declare Dividends in a Reference Dividend Declaration Month (as defined herein), a holder of BMO BOaTS — Series D will not be entitled to receive such Indicated Distribution subsequently.

The BMO BOaTS — Series D have no fixed final maturity date and holders of BMO BOaTS — Series D have no rights to call for the redemption of the BMO BOaTS — Series D.

There can be no assurance that the net income and gains derived from the Trust Assets by the Trust will be sufficient to satisfy the Indicated Distribution on the BMO BOaTS — Series D in full on Regular Distribution Dates.

There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Trust’s ability to pay the Indicated Distribution on the BMO BOaTS — Series D in full on Regular Distribution Dates.

The ownership of shares of the Bank is subject to certain restrictions. Accordingly, certain holders of BMO BOaTS — Series D who are to acquire Class B Preferred Shares Series 11 upon the operation of the Automatic Exchange may have some or all of such shares disposed of on their behalf.

The Trust will be dependent in virtually every phase of its operations on the diligence and skill of the Bank or its sub-contractors and delegates under the Administration and Advisory Agreement and the Bank as Servicer. Conflicts of interest may arise between the Trust and the Bank and its affiliates.

There can be no assurance that an active trading market in the BMO BOaTS — Series D will develop or be sustained or that the BMO BOaTS — Series D may be resold at or above the initial public offering price.

GLOSSARY

In this prospectus, unless the context otherwise requires:

Accumulated Unpaid Indicated Distribution means, at any time, an amount per BMO BOaTS equal to the Indicated Distribution payable by the Trust thereon in respect of all previous Regular Distribution Dates remaining unpaid by the Trust.

Administration and Advisory Agreement means the agreement between the Trust and the Bank pursuant to which the Bank serves as Administrative Agent to the Trust.

Administrative Action means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of an intention to adopt such procedures or regulations) by any legislative body, court, governmental authority or regulatory body having appropriate jurisdiction.

Administrative Agent means the Bank in its capacity as advisor and administrative agent to the Trust pursuant to the Administration and Advisory Agreement or any successor to the Bank in such capacity.

Automatic Exchange means the automatic exchange of each BMO BOaTS for Bank Preferred Shares (40 Class B Preferred Shares Series 11 in the case of BMO BOaTS — Series D) upon the occurrence of a Loss Absorption Event.

Bank means Bank of Montreal.

Bank Act means the *Bank Act* (Canada), as amended from time to time.

Bank Common Shares means the common shares of the Bank.

Bank Preferred Shares means the Class A Preferred Shares and the Class B Preferred Shares of the Bank.

Bank Share Exchange Agreements means the Bank Share Exchange Trust Agreements between the Bank, the Trust and the Exchange Trustee providing for, among other things, the Dividend Stopper Undertakings and other covenants of the Bank as well as the respective rights and obligations of the Bank, the Trust and the holders of the BMO BOaTS with respect to the Subscription Right and with respect to the exchange of BMO BOaTS for Bank Preferred Shares in connection with the Automatic Exchange.

Bankers' Acceptance Rate means, for any Distribution Period or other period, the average bid rate of interest (expressed as an annual percentage rate) rounded to the nearest one hundred-thousandth of one percent (with 0.000005 percent being rounded up) for Canadian dollar bankers' acceptances with maturities of six months which appears on the Reuters Screen CDOR Page as of 10:00 a.m. (Toronto time) on the first Business Day of such period, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day, the Bankers' Acceptance Rate for such period will be the average of the bid rates of interest (expressed and rounded as set forth above) for Canadian dollar bankers' acceptances with maturities of six months for same day settlement as quoted by such of the Schedule I Canadian chartered banks as may quote such a rate as of 10:00 a.m. (Toronto time) on the first Business Day of such period.

BMO BOaTS means the BMO BOaTS — Series A, the BMO BOaTS — Series B, the BMO BOaTS — Series C and the BMO BOaTS — Series D.

BMO BOaTS — Series A means the \$350,000,000 Trust Capital Securities — Series A issued by the Trust on October 11, 2000.

BMO BOaTS — Series B means the \$400,000,000 Trust Capital Securities — Series B issued by the Trust on March 13, 2001.

BMO BOaTS — Series C means the \$400,000,000 Trust Capital Securities — Series C issued by the Trust on September 18, 2001.

BMO BOaTS — Series D means the \$600,000,000 Trust Capital Securities — Series D to be issued by the Trust to investors pursuant to the Offering.

BMO BOaTS — Series D Canada Yield Price means a price per BMO BOaTS — Series D calculated to provide an annual yield thereon to December 31, 2014 equal to the Government of Canada Yield plus 0.22% determined on the Business Day immediately preceding the date on which the Trust has given notice of the redemption of the BMO BOaTS — Series D (whether pursuant to the Trust Special Event Redemption Right or the Trust Redemption Right) or the Business Day immediately preceding the date of the termination of the Trust, as the case may be, plus the Unpaid Indicated Distribution. For such purposes, it is assumed that the Indicated Distribution will be paid on each Distribution Date to December 31, 2014.

BMO BOaTS — Series D Extraordinary Resolution means a resolution passed by the holders of BMO BOaTS — Series D representing not less than 66⅔% of the total number of outstanding BMO BOaTS — Series D represented and voted at a meeting of holders of BMO BOaTS — Series D at which a quorum is present, or a resolution in writing signed by holders of BMO BOaTS — Series D representing not less than 66⅔% of the outstanding BMO BOaTS — Series D.

Board of Directors means the board of directors of the Bank.

Business Day means a day on which the Bank is open for business in the City of Toronto, other than a Saturday, Sunday or any statutory holiday in Ontario.

Capital Disqualification Event means a Tier 1 Capital Disqualification Event or a Total Capital Disqualification Event.

Capital Guidelines means the Canadian bank regulatory guidelines issued by the Superintendent or other governmental authority in Canada concerning the maintenance of adequate capital reserves by Canadian chartered banks, including the Bank, from time to time.

CDS means The Canadian Depository for Securities Limited and its nominees, or any successor thereto carrying on the business of a depository.

CDS Procedures mean the customary practices and procedures of CDS.

Class B Preferred Shares means the Class B Preferred Shares of the Bank (including the Class B Preferred Shares Series 7, Series 8, Series 9 and Series 11).

Class B Preferred Shares Series 7 means the non-cumulative Class B Preferred Shares Series 7 of the Bank.

Class B Preferred Shares Series 8 means the non-cumulative Class B Preferred Shares Series 8 of the Bank.

Class B Preferred Shares Series 9 means the non-cumulative Class B Preferred Shares Series 9 of the Bank.

Class B Preferred Shares Series 11 means the non-cumulative perpetual Class B Preferred Shares Series 11 of the Bank.

Closing Date means the date of closing of the Offering.

CMHC means Canada Mortgage and Housing Corporation.

Co-Owner means each person who acquires a co-ownership interest in the assets held by the Custodian.

Co-Ownership Assets means assets held by the Custodian from time to time on behalf of the Co-Owners.

Credit Facility means the unsecured credit facility provided by the Bank to the Trust, as amended from time to time.

Current Unpaid Indicated Distribution means, at any time, an amount per BMO BOaTS equal to the unpaid Indicated Distribution payable by the Trust thereon, if any, in respect of the current Distribution Period which, in respect of any calculation to be made on a Distribution Date, shall mean the Distribution Period ending on the day preceding such Distribution Date.

Custodian means BNY Trust Company of Canada as agent, nominee and bare trustee under the Mortgage Sales, Pooling and Servicing Agreement.

DBRS means Dominion Bond Rating Service Limited.

Declaration of Trust means the amended and restated declaration of trust by the Trustee dated October 11, 2000 establishing the Trust and the rights, privileges, restrictions and conditions attached to the Trust Securities, as may be amended and restated from time to time.

Deferred Income Plans mean registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered pension plans.

Distribution Date means the last day in June and December of each year commencing December 31, 2004 in the case of BMO BOaTS — Series D, which will be either: (i) a Regular Distribution Date if the Bank declares Dividends in the Reference Dividend Declaration Month; or (ii) a Distribution Diversion Date if the Bank does not declare Dividends in the Reference Dividend Declaration Month.

Distribution Diversion Date means a Distribution Date, other than a Regular Distribution Date, on which the Indicated Distribution on the BMO BOaTS is not payable by the Trust and, instead, the Bank as sole holder of the Special Trust Securities is entitled to receive the Net Distributable Funds of the Trust.

Distribution Diversion Event means the failure of the Bank to declare Dividends in a Reference Dividend Declaration Month, in which event the Distribution Date occurring on the day after the last day of the first Distribution Period commencing following such month shall be a Distribution Diversion Date.

Distribution Period means the periods from and including the Closing Date to but excluding December 31, 2004 in the case of BMO BOaTS — Series D and thereafter from and including each Distribution Date to but excluding the next following Distribution Date.

Dividend Declaration Months means the months in which the Bank ordinarily declares Dividends from time to time before giving effect to any stoppage of the declaration of Dividends pursuant to the Dividend Stopper Undertakings.

Dividend Declaration Resumption Month means the month commencing immediately after the fourth Dividend Declaration Month following the Trust's failure to pay the Indicated Distribution in full on the BMO BOaTS, being the month in which the Bank may resume declaring dividends on the Dividend Restricted Shares, unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of BMO BOaTS.

Dividend Restricted Shares means, collectively, any preferred shares issued by the Bank (including the Bank Preferred Shares), whether ranking junior to, on a parity with or in priority to the Bank Preferred Shares, and the Bank Common Shares, being the shares of the Bank that are subject to the Dividend Stopper Undertakings.

Dividend Stopper Undertakings means the undertakings of the Bank, for the benefit of the holders of BMO BOaTS which are set forth in the Bank Share Exchange Agreements, to refrain from declaring dividends of any kind on the Dividend Restricted Shares until on or after the Dividend Declaration Resumption Month if, on any Regular Distribution Date, the Trust fails to pay the Indicated Distribution in full on the BMO BOaTS.

Dividends means the regular cash dividends declared by the Bank on any preferred shares of the Bank (including the Bank Preferred Shares), whether ranking junior to, on a parity with or in priority to the Bank Preferred Shares, or, if no such shares are then outstanding, on the Bank Common Shares in accordance with the Bank's ordinary dividend practice in effect from time to time.

Early Redemption Price means a cash amount per BMO BOaTS — Series D equal to the greater of: (i) the Redemption Price; and (ii) the BMO BOaTS — Series D Canada Yield Price.

Eligible Investments means money and any debt obligation that is a qualified investment under the Tax Act by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, except where the qualification of such property contains conditions regarding the annuitant, the beneficiary, the employer or the subscriber under the plan unless the Trust is satisfied that such conditions are satisfied.

Eligible Trust Assets means Residential Mortgages, Mortgage Co-Ownership Interests, Mortgage-Backed Securities, Eligible Investments and contractual rights in respect of the business and operations of the Trust.

Exchange Trustee means BNY Trust Company of Canada, as trustee for the holders of BMO BOaTS — Series D pursuant to the Bank Share Exchange Agreement.

Extraordinary Resolution means a resolution passed by the holders of BMO BOaTS representing not less than 66⅔% of the total number of outstanding BMO BOaTS represented and voted at a meeting of holders of BMO BOaTS at which a quorum is present, or a resolution in writing signed by holders of BMO BOaTS representing not less than 66⅔% of the outstanding BMO BOaTS.

GE CMIC means GE Capital Mortgage Insurance Company (Canada).

Government of Canada Yield means, on any date, the average of the yields determined by any two registered Canadian investment dealers selected by the Bank as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada Bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on that date with a maturity date in the case of BMO BOaTS — Series D of December 31, 2014.

Indicated Distribution means the non-cumulative fixed cash distribution per BMO BOaTS payable by the Trust on Regular Distribution Dates in the amount of (i) in the case of any such Regular Distribution Date on or before December 31, 2014, other than December 31, 2004, \$27.37 per BMO BOaTS — Series D, and (ii) in the case of any such Regular Distribution Date after December 31, 2014, an amount per BMO BOaTS — Series D determined by multiplying \$1,000 by one half of the sum of the Bankers' Acceptance Rate for the Distribution Period immediately preceding such Distribution Date plus 1.50%, in the case of BMO BOaTS — Series D, except in the case of the Regular Distribution Date of the BMO BOaTS — Series D occurring on December 31, 2004, on which the Indicated Distribution payable by the Trust will be \$13.80 assuming a Closing Date of September 30, 2004.

Ineligible Person means any person whose address is in or whom the Bank or its transfer agent has reason to believe is a resident of any jurisdiction outside of Canada to the extent that the issuance by the Bank to such person, pursuant to the Automatic Exchange, of Class B Preferred Shares Series 11 would require the Bank to take any action to comply with securities, banking or analogous laws of such jurisdiction.

Loss Absorption Event means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein.

Mortgage-Backed Securities means securities representing undivided co-ownership interests in a pool of Residential Mortgages.

Mortgage Co-Ownership Interests means undivided co-ownership interests in one or more pools of Residential Mortgages.

Mortgage Sales, Pooling and Servicing Agreement means the Mortgage Sales, Pooling and Servicing Agreement between the Bank as seller and initial Servicer and the Custodian as agent, nominee and bare trustee for and on behalf of the seller, the Co-Owners and persons who from time to time are parties to purchase agreements providing for the transfer of and servicing of Mortgage Co-Ownership Interests, as such agreement may be amended from time to time.

Net Distributable Funds means, at any time, the sum of: (i) income of the Trust (including any net taxable capital gains) in accordance with the provisions of the Tax Act derived by the Trust from the Eligible Trust Assets and the non-taxable portion of realized capital gains; and (ii) amounts received by the Trust from the Bank that are designated by the Bank as such, in each case that have not previously been distributed to holders of BMO BOaTS or the Bank as sole holder of the Special Trust Securities.

New Bank Preferred Shares means the Bank Preferred Shares of a new series that may be created by the Bank as contemplated by the Class B Preferred Shares Series 11.

Offering means the offering of BMO BOaTS — Series D by the Trust pursuant to this prospectus.

Participants means the participants in the depository service of CDS, and includes securities brokers, dealers, banks and trust companies.

Purchase Agreements means one or more Purchase Agreements among the Bank and the Trust providing for the transfer to the Trust of Mortgage Co-Ownership Interests.

Redemption Price means, at any time in respect of each BMO BOaTS, an amount equal to \$1,000 plus the Unpaid Indicated Distribution thereon, if any.

Reference Dividend Declaration Month means, in respect of any Distribution Date, the most recent Dividend Declaration Month occurring prior to the commencement of the Distribution Period ended on the day preceding such Distribution Date, such months currently being May and November under existing Bank Dividend declaration practice, and in respect of the December, 2004 Distribution Date, the month of August, 2004.

Regular Distribution Date means a Distribution Date on which the Indicated Distribution on the BMO BOaTS is payable by the Trust, by virtue of the Bank having declared Dividends in the Reference Dividend Declaration Month.

Residential Mortgages means CMHC-insured or GE CMIC-insured first mortgages on residential property situated in Canada such as single family dwellings, semi-detached dwelling units, duplexes, townhouses, condominium units or multiple-unit family dwellings.

S&P means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

Servicer means the Bank in its capacity as servicer of the Trust Assets pursuant to the terms of the Mortgage Sales, Pooling and Servicing Agreement.

Significant Shareholder means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of the Bank in excess of 10% of the total number of outstanding shares of that class.

Special Event means a Tax Event or a Capital Disqualification Event, as the case may be.

Special Trust Securities mean the Special Trust Securities issued or to be issued by the Trust to the Bank.

Subscription Agreement means an agreement between the Bank and the Trust pursuant to which the Bank subscribes for Special Trust Securities.

Subscription Right means the right of the Trust to require the Bank to issue to it, upon receipt of appropriate consideration therefor, a sufficient number of Bank Preferred Shares (Class B Preferred Shares Series 11 in the case of BMO BOaTS — Series D) to enable the Trust to redeem the BMO BOaTS, if any, remaining outstanding following the Automatic Exchange.

Superintendent means the Superintendent of Financial Institutions (Canada).

Superintendent Approval means the prior approval of the Superintendent in respect of an act or event which shall not, for greater certainty, be required in the case of an act or event constituting or arising as a consequence of a Total Capital Disqualification Event.

Tax Act means the *Income Tax Act* (Canada), as amended from time to time.

Tax Event means the receipt by the Bank of an opinion of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to the Bank or the Trust) to the effect that, as a result of: (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, of Canada or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any Administrative Action; or (iii) any amendment to, clarification of, or change in, the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body,

irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after the date of issue of the BMO BOaTS, there is more than an insubstantial risk that: (x) the treatment of any of the Bank's or the Trust's items of income or expense (including the treatment by the Bank or the Trust of distributions made on the Trust Securities) as reflected in the tax returns filed (or to be filed) will not be respected by a taxing authority, which subjects the Bank or the Trust to more than a de minimus amount of additional taxes, duties or other governmental charges or civil liabilities; or (y) the Bank or the Trust is, or will be, subject to more than a de minimus amount of taxes, duties or other governmental charges or civil liabilities.

Termination Distribution Ratio means a fraction, the numerator of which is the value of the Trust Assets to be distributed to holders of Trust Securities in connection with a termination of the Trust and the denominator of which is an amount equal to the sum of: (i) the aggregate of the Early Redemption Price of all BMO BOaTS then outstanding (if the termination is as a result of action taken by the Bank and occurs prior to a date specified with respect to such series) (December 31, 2014 in the case of BMO BOaTS — Series D) or the aggregate of the Redemption Price of all BMO BOaTS then outstanding (in all other cases); and (ii) the total invested amount of the Bank in respect of the Special Trust Securities then outstanding.

Tier 1 Capital Disqualification Event means, assuming the Superintendent has approved the inclusion of the BMO BOaTS — Series D as Tier 1 Capital of the Bank, the determination by the Bank, after consultation with the Superintendent, that the BMO BOaTS — Series D cannot be included in calculating the risk-based Tier 1 Capital of the Bank on a consolidated basis under the Capital Guidelines but that they can be included in calculating the risk-based Total Capital of the Bank on a consolidated basis under the Capital Guidelines.

Total Capital Disqualification Event means the determination by the Bank, after consultation with the Superintendent, that the BMO BOaTS — Series D cannot be included in calculating the risk-based Total Capital of the Bank on a consolidated basis under the Capital Guidelines.

Trust means BMO Capital Trust, the issuer of the Trust Securities.

Trust Assets means the Eligible Trust Assets held by the Trust from time to time.

Trust Redemption Right means the right of the Trust, at its option, to redeem all, but not less than all, of the BMO BOaTS — Series D at a price per BMO BOaTS — Series D equal to: (i) the Early Redemption Price, if the redemption occurs on December 31, 2009 or on any Distribution Date thereafter and prior to December 31, 2014; or (ii) the Redemption Price, if the redemption occurs on December 31, 2014 or on any Distribution Date thereafter subject, in each case, to Superintendent Approval.

Trust Securities means, collectively, the BMO BOaTS and the Special Trust Securities.

Trust Special Event Redemption Right means the right of the Trust, at its option, to redeem all, but not less than all, of the BMO BOaTS — Series D at a price per BMO BOaTS — Series D equal to the Early Redemption Price upon the occurrence of a Special Event prior to December 31, 2009, subject to Superintendent Approval.

Trustee means BNY Trust Company of Canada, trustee of the Trust.

Underwriters means BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and Desjardins Securities Inc.

Underwriting Agreement means the agreement dated September 23, 2004 between the Trust, the Bank and the Underwriters.

Unpaid Indicated Distribution means, at any time, an amount per BMO BOaTS equal to the sum of the Accumulated Unpaid Indicated Distribution and the Current Unpaid Indicated Distribution.

Unless otherwise indicated, all dollar amounts in this prospectus are expressed in Canadian dollars.

THE TRUST

The Trust is a closed-end trust formed by the Trustee under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Trust has been formed for the purposes of creating and selling the Trust Securities and acquiring the Trust Assets, which will generate income for distribution to holders of Trust Securities, and providing the Bank with a cost-effective means of raising capital.

The Trust has acquired, and it is expected that it will continue to acquire, the Trust Assets from the Bank or its affiliates. However, the Trust may also from time to time acquire Trust Assets from unrelated third parties. Pursuant to the Administration and Advisory Agreement, the Trustee has retained the Bank to perform certain of its duties with respect to the Trust, as Administrative Agent. As Administrative Agent, the Bank provides advice and counsel to the Trust as set forth under “Business of the Trust — The Administrative Agent”. The Bank and/or its affiliates services the Trust Assets in its role as Servicer under the Mortgage Sales, Pooling and Servicing Agreement. Immediately following the Offering, the Trust will have outstanding 350,000 BMO BOaTS — Series A, 400,000 BMO BOaTS — Series B, 400,000 BMO BOaTS — Series C and 600,000 BMO BOaTS — Series D and the Special Trust Securities. Pursuant to a Bank Share Exchange Agreement, the Bank has covenanted for the benefit of holders of BMO BOaTS Series D that, for so long as any BMO BOaTS — Series D are outstanding, the Bank will maintain direct ownership of 100% of the Special Trust Securities. For a further description of the operations of the Trust, see “Business of the Trust”.

The principal office of the Trust is located at 100 King Street West, 1 First Canadian Place, Toronto, Ontario M5X 1A1.

The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction. Trust Securities are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Exemptions from Certain Continuous Disclosure Requirements

The Trust is a reporting issuer in each of the provinces of Canada where such concept exists. The Trust has received from the securities regulatory authorities in these provinces (the “Commissions”) exemptions from certain continuous disclosure requirements prescribed by provincial securities legislation for reporting issuers.

Prior to the filing of this prospectus, the Trust applied for and was granted exemptive relief from the obligation to include interim and audited annual financial statements and earnings coverage information of the Trust in this prospectus.

The exemptions are conditional upon holders of BMO BOaTS receiving the Bank’s interim and annual audited financial statements, its interim and annual Management’s Discussion and Analysis of Operations and Financial Condition, and annual reports and the Bank continuing to file with the Commissions its interim and annual audited financial statements, proxy solicitation material in connection with any meetings of the Bank’s security holders and annual reports (with L’Autorité des marchés financiers). Provided such conditions are met, the Trust is not required to file with the Commissions interim and annual audited financial statements, an annual filing in lieu of an information circular (an “annual filing”), an annual information form, including management discussion and analysis of the financial conditions and results of operation of the Trust (an “AIF”), and, in the case of L’Autorité des marchés financiers, an annual report, and holders of BMO BOaTS will not receive such financial statements and annual reports.

This exemptive relief was granted based upon the following terms and conditions of the BMO BOaTS and for the following reasons. The operating activity of the Trust consists of acquiring and holding Trust Assets for the purpose of generating income for distribution to holders of BMO BOaTS (and Special Trust Securities). Accordingly, the information relating to the financial condition and operations of a reporting issuer that is contained in an AIF and an annual filing would not, in respect of the Trust, be meaningful to holders of BMO BOaTS. The payment of the Indicated Distribution on BMO BOaTS is dependent on the payment of Dividends by the Bank because the Indicated Distribution will not be payable if the Bank fails to declare Dividends in the Reference Dividend Declaration Month (see “Description of the Trust Securities — The Trust Capital Securities — Series D — Indicated Distribution”). Furthermore, in certain circumstances including at a

time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced (see "Description of the Trust Securities — The Trust Capital Securities — Series D — Automatic Exchange"), the BMO BOaTS will be automatically exchanged for Bank Preferred Shares. As a result of the foregoing, details of the Bank's financial condition (as opposed to that of the Trust) will be of interest to holders of BMO BOaTS.

THE BANK

General

The Bank is a Schedule I bank under the Bank Act, which constitutes its charter. The principal executive offices are located at Bank of Montreal, 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario, Canada M5X 1A1. The Bank's head office is located at 129 Rue St. Jacques, Montréal, Québec, Canada H2Y 1L6. Certain information regarding the Bank is incorporated by reference into this prospectus. See "Documents Incorporated by Reference".

Limitations Affecting Holders of Bank Shares

The Bank Act contains restrictions on the allotment, transfer, acquisition, beneficial ownership, holding and voting of all shares of a chartered bank. By way of summary, no person shall be a major shareholder of a bank if the bank has equity of \$5 billion or more (which would include the Bank). A person is a major shareholder of a bank where (i) the aggregate of shares of any class of voting shares owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

Purchasers of BMO BOaTS — Series D (and Participants) may be required to furnish declarations relating to ownership (and ownership by clients of such Participants) in a form prescribed by the Bank. The Bank may not register a transfer or issue of shares to a person who has failed to obtain any requisite approval of the Minister of Finance as described above and such person is prohibited from exercising any voting rights attaching to such shares of the Bank.

The Bank Act also prohibits the registration of a transfer or issue of any shares of the Bank to Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them.

The Bank Act prohibits any person from exercising voting rights attached to shares of the Bank beneficially owned by Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty in either of those rights, or by the government of a foreign country, or any political subdivision, agent or agency of any of them.

Under the Bank Act, the Bank cannot redeem or purchase any of its shares, including the Bank Preferred Shares, unless the consent of the Superintendent has been obtained. In addition, the Bank Act prohibits the payment to purchase or redeem any shares or the payment of a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the Bank Act requirement to maintain, in relation to its operations, adequate capital and appropriate forms of liquidity and to comply with any regulations or directions of the Superintendent in relation thereto. In addition, under the Bank Act, the Bank is restricted from declaring and paying a dividend in any financial year without Superintendent Approval if, on the day the dividend is declared, the total of all dividends paid by the Bank in that year would exceed the aggregate of the Bank's net income up to that day in the year and of its retained net income for the preceding two financial years.

Consolidated Capitalization of the Bank

The following table sets forth the consolidated capitalization of the Bank at July 31, 2004 and the adjusted consolidated capitalization of the Bank at July 31, 2004 after giving effect to the Offering and the proposed redemption by the Bank of its Class B Preferred Shares Series 3 (the “Series 3 Shares”), which is scheduled to occur on September 30, 2004. This table should be read in conjunction with the Bank’s consolidated financial statements and the Bank’s Management’s Discussion and Analysis of Operations and Financial Condition incorporated by reference in this prospectus.

	<u>As at July 31, 2004</u>	
	<u>Actual</u>	<u>Adjusted⁽¹⁾</u>
	(in millions of Canadian dollars)	
Subordinated Debt	\$ 2,462	\$ 2,462
Non-Controlling Interest in Subsidiaries		
Trust Capital Securities		
BMO BOaTS — Series A	350	350
BMO BOaTS — Series B	400	400
BMO BOaTS — Series C	400	400
BMO BOaTS — Series D (the Offering)	—	600
Non-Controlling Interest in Other Subsidiaries	<u>379</u>	<u>379</u>
Total Non-Controlling Interest in Subsidiaries	<u>1,529</u>	<u>2,129</u>
Shareholders’ Equity		
Preferred Shares	1,446	1,046 ⁽²⁾
Common Shares	3,818	3,818
Contributed Surplus	8	8
Net Unrealized Foreign Exchange Gain (Loss)	(173)	(173)
Retained earnings	<u>8,526</u>	<u>8,518⁽³⁾</u>
Total Shareholders’ Equity	<u>13,625</u>	<u>13,217</u>
Total Capitalization	<u>\$17,616</u>	<u>\$17,808</u>

Notes:

- (1) The adjusted column does not reflect the reclassification of certain preferred shares to liabilities which will occur on November 1, 2004 and will result in the restatement of prior period’s financial information (for more information on this change, refer to Future Change in Accounting disclosure provided in note 6 of the Bank’s unaudited interim consolidated financial statements for the nine month period ended July 31, 2004). The accounting reclassification of these preferred shares will not change their regulatory or rating agency capital quality.
- (2) Reflects the redemption of the Series 3 Shares.
- (3) Reflects an \$8 million premium payable by the Bank on redemption of the Series 3 Shares.

Capital Adequacy Requirements

The Bank Act requires the Bank to maintain adequate capital and adequate and appropriate forms of liquidity in relation to its operations. The Superintendent has issued guidelines concerning the maintenance of adequate capital (the “Capital Guidelines”) and has statutory authority pursuant to subsection 485(3) of the Bank Act to direct the Bank to increase its capital even if the Bank is in compliance with the Capital Guidelines. The Superintendent has established risk-based capital targets for Canadian chartered banks of 7% (Tier 1 Capital) and 10% (Total Capital).

The following table sets forth the risk-based Tier 1 Capital ratios and risk-based Total Capital ratios of the Bank as at the dates indicated:

	<u>Risk-Based Tier 1 Capital Ratio</u>	<u>Risk-Based Total Capital Ratio</u>
July 31, 2004	9.44%	11.19%
October 31, 2003	9.55%	12.09%
October 31, 2002	8.80%	12.23%
October 31, 2001	8.15%	12.12%
October 31, 2000	8.83%	11.97%
October 31, 1999	7.72%	10.77%
October 31, 1998	7.26%	10.38%

The Offering will provide the Bank with a cost effective means of raising Tier 1 Capital for Canadian bank regulatory purposes (assuming the Superintendent approves the inclusion of the BMO BOaTS — Series D as Tier 1 capital of the Bank). After giving effect to the proceeds of this Offering and the redemption of the Series 3 Shares, the risk-based Tier 1 Capital ratio and risk-based Total Capital ratio levels of the Bank as at July 31, 2004, adjusted for such events would have been 9.58% and 11.34%, respectively.

BUSINESS OF THE TRUST

General and Capitalization

The Trust’s business objective is to acquire and hold Trust Assets that will generate income for distribution to holders of Trust Securities. Immediately after the issuance by the Trust of the BMO BOaTS — Series D pursuant to the Offering, the subscription by the Bank for additional Special Trust Securities and the purchase by the Trust of additional Trust Assets, the Trust will have approximately \$2,160,970,000 in Trust Assets, \$1,727,520,000 of capital attributable to the BMO BOaTS and \$437,500,000 of capital attributable to the Special Trust Securities. See “Capitalization of the Trust”.

Description of Eligible Trust Assets

General

The Trust Assets may consist of Mortgage Co-Ownership Interests, Residential Mortgages, Mortgage-Backed Securities and Eligible Investments and contractual rights in respect of the business and operations of the Trust (the “Eligible Trust Assets”). On the Closing Date, the Trust Assets will consist primarily of Mortgage Co-Ownership Interests. The Trust has to date acquired, and intends to continue to acquire, the Trust Assets primarily from the Bank and its affiliates and the assets so acquired are and will be serviced directly or indirectly by the Bank or its affiliates. The price of any Trust Asset purchased by the Trust has been and is intended to continue to be equal to the fair market value. The net income and gains received by the Trust from the Trust Assets will be distributed by way of payment of the aggregate Indicated Distribution on the BMO BOaTS on Regular Distribution Dates. Any balance will be distributed to the Bank as sole holder of the Special Trust Securities. Substantially all of the amounts received in respect of the principal amount of Trust Assets will be reinvested in additional Eligible Trust Assets. There can be no assurance that the net income and gains derived from the Trust Assets by the Trust, from time to time, will be sufficient to satisfy the Indicated Distribution in full on the BMO BOaTS on any Regular Distribution Date. **However, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Distribution on the BMO BOaTS on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertakings.** See “Description of the Trust Securities — The Trust Capital Securities — Series D — Bank Dividend Stopper Undertakings” and “Risk Factors”.

As contemplated by the Mortgage Sales, Pooling and Servicing Agreement, the Trust and the Bank will, on the Closing Date, enter into a Purchase Agreement in respect of the additional Trust Assets which will provide, among other things, for: (i) the sale and conveyance to the Trust of a Mortgage Co-Ownership Interest in specified Residential Mortgages to be held by the Custodian on behalf of the Co-Owners, and (ii) the principal

terms and attributes of such Mortgage Co-Ownership Interest, including the right of the Trust to participate as an undivided co-owner in the income and gains derived therefrom and to receive its proportionate share of principal collections therefrom. The Residential Mortgages forming part of the Co-Ownership Asset will remain registered in the name of the Bank unless the Bank is replaced as Servicer.

Mortgage Co-Ownership Interests

“Mortgage Co-Ownership Interests” means undivided co-ownership interests in one or more pools of Residential Mortgages.

Residential Mortgages

“Residential Mortgages” mean CMHC-insured or GE CMIC-insured first mortgages on residential property situated in Canada such as single family dwellings, semi-detached dwelling units, duplexes, townhouses, condominium units or multiple-unit family dwellings. CMHC-insured mortgages are mortgages securing loans made by an approved lender in respect of which the principal amount is insured by CMHC as agent of the Government of Canada. GE CMIC-insured mortgages are mortgages securing loans made by an approved lender in respect of which the principal amount is insured by GE CMIC, a private sector mortgage insurer in Canada. The insurable amount of these mortgages is determined by CMHC or GE CMIC, as applicable. These loans are generally drawn for a term of one to ten years and have an amortization period which is generally between 15 and 25 years.

Mortgage-Backed Securities

“Mortgage-Backed Securities” mean securities representing undivided interests in a pool of Residential Mortgages. The Trust Assets underlying such Mortgage-Backed Securities will be secured by single-family residential properties located throughout Canada. The Trust intends to acquire only investment-grade Mortgage-Backed Securities. The Trust does not intend to acquire any interest-only, principal-only or high-risk Mortgage-Backed Securities.

Eligible Investments

To the extent that the proceeds of the Trust Assets are not invested in Residential Mortgages, Mortgage Co-Ownership Interests or Mortgage-Backed Securities, the Trust will invest any remaining proceeds in “Eligible Investments”, which are money and certain debt obligations that are qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

The Administrative Agent

The Trustee has entered into the Administration and Advisory Agreement with the Bank, as Administrative Agent, pursuant to which the Trustee has retained the Bank to perform certain of its obligations in relation to the administration of the Trust. The Bank and its affiliates and their respective personnel have substantial experience in mortgage finance and in the administration of assets such as the Trust Assets.

The Administrative Agent, at the request of the Trustee, provides advice and counsel with respect to the acquisition, disposition and origination of Trust Assets and such other matters as may be requested by the Trustee from time to time. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration and Advisory Agreement to one or more of its qualified affiliates. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration and Advisory Agreement. The Administrative Agent will be entitled to receive an annual administration fee consistent with market terms and conditions.

As a result of the relationship between the Bank and the Trust, certain conflicts of interest may arise. See “Risk Factors — Dependence Upon the Bank and its Affiliates”.

Liquidity

The Trust will borrow funds from the Bank only pursuant to the Credit Facility extended by the Bank to the Trust and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust's business. The Bank will charge interest rates on any borrowings by the Trust that are not higher than prevailing market rates.

Conflict of Interest Policies

Due to the nature of the Trust's relationship with the Bank and its affiliates, it is possible that conflicts of interest will arise with respect to certain transactions including, without limitation, the Trust's acquisition of Trust Assets from, or disposition of Trust Assets to, the Bank or its affiliates. It will be the Trust's policy that the terms of any financial dealings with the Bank or any of its affiliates will be consistent with those available from third parties.

Conflicts of interest between the Trust and the Bank or its affiliates may also arise in connection with making decisions that bear upon the credit arrangements that the Bank or one of its affiliates may have with a borrower or in connection with actions taken by the Bank as the holder of the Special Trust Securities. It is intended that any agreements and transactions between the Trust, on the one hand, and the Bank or its affiliates, on the other hand, including, without limitation, the Mortgage Sales, Pooling and Servicing Agreement and the Administration and Advisory Agreement, will be fair to all parties and consistent with market terms for such types of transactions. However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties.

CAPITALIZATION OF THE TRUST

The following table sets forth the capitalization of the Trust as of the dates specified and as adjusted to reflect: (i) the closing of the Offering; and (ii) the use of the proceeds of the Offering as described under "Use of Proceeds".

	Outstanding as at June 30, 2004	Outstanding as at June 30, 2004 after giving effect to the Offering
	(000's)	(000's)
BMO BOaTS — Series A	\$ 350,000	\$ 350,000
BMO BOaTS — Series B	\$ 400,000	\$ 400,000
BMO BOaTS — Series C	\$ 400,000	\$ 400,000
BMO BOaTS — Series D	\$ —	\$ 600,000
Special Trust Securities	\$ 276,000	\$ 437,500
Original Settlement Amount	\$ 1	\$ 1
Deficit	<u>\$ (4,127)</u>	<u>\$ (10,927)⁽¹⁾</u>
Trust Capital	<u>\$1,421,874</u>	<u>\$2,176,574</u>

(1) Deficit as at June 30, 2004 less estimated issue costs relating to BMO BOaTS — Series D of \$6,800,000, including underwriters' fees and expenses.

DESCRIPTION OF THE TRUST SECURITIES

Certain Provisions of the Trust Capital Securities as a Class

Priority

BMO BOaTS of each series rank on a parity with BMO BOaTS of every other series with respect to the payment of Indicated Distributions and the distribution of property in the event of termination of the Trust.

Redemption at the Option of the Holder

The BMO BOaTS are not redeemable at the option of the holder.

Purchase for Cancellation

On or after the date that is five years after the date of issuance, the BMO BOaTS may be purchased, in whole or in part, by the Trust, with Superintendent Approval, in the open market or by tender or private contract at any price. BMO BOaTS purchased by the Trust shall be cancelled and shall not be reissued.

Voting Rights

The BMO BOaTS are non-voting, except in the limited circumstances set forth in the Declaration of Trust involving changes to the terms and conditions of the BMO BOaTS. The Declaration of Trust provides that such terms and conditions may be changed if authorized by the holders of BMO BOaTS by way of Extraordinary Resolution. Any such change must be approved by the Bank and, in addition, any such change that would affect the status of the BMO BOaTS as capital of the Bank is subject to Superintendent Approval. The quorum at any such meeting shall be one or more registered holders of BMO BOaTS present in person or represented by proxy and owning or representing not less than 25% of the aggregate number of BMO BOaTS then outstanding, provided that if a quorum is not present and the meeting is adjourned, at the meeting following such adjournment those registered holders present in person or represented by proxy shall constitute a quorum notwithstanding that they may not represent not less than 25% of the aggregate number of BMO BOaTS then outstanding. The Trustee may, without the consent of holders of BMO BOaTS, execute instruments supplemental to the Declaration of Trust and any other relevant instruments for certain limited purposes, including curing ambiguities or defects and making any modification that, in the opinion of the Trustee, would not be prejudicial to the interest of holders of BMO BOaTS and making such changes as may be required to conform with applicable regulatory requirements from time to time.

Issue of Additional Trust Securities

The Trust may, at any time and from time to time, issue additional Special Trust Securities or Trust Capital Securities of any series without the authorization of holders of BMO BOaTS. In the event that the Trust issues additional series of Trust Capital Securities, the rights, privileges, restrictions and conditions attached to such additional series may vary materially from those of any other series of BMO BOaTS. The right of holders of any other series of BMO BOaTS to receive the Indicated Distribution from the Net Distributable Funds of the Trust on any Regular Distribution Date and the right of the holder of any other series of BMO BOaTS to receive property of the Trust on a termination of the Trust rank *pari passu* with the rights of the holders of Trust Capital Securities of any other series.

The Trust Capital Securities — Series D

The following is a summary of the rights, privileges, restrictions and conditions attaching to the BMO BOaTS — Series D. This summary is qualified in its entirety by the provisions of the Declaration of Trust. For information concerning the Class B Preferred Shares Series 11 into which the BMO BOaTS — Series D are, in certain circumstances, exchangeable as described below, see “Description of Class B Preferred Shares Series 11”. Holders of BMO BOaTS — Series D shall have no recourse to the assets of the Trustee in connection with any payments in respect of the BMO BOaTS — Series D.

Indicated Distribution

The annual yield payable on the BMO BOaTS — Series D will be 5.474% to December 31, 2014 and the Bankers’ Acceptance Rate (reset semi-annually) plus 1.50% thereafter, as more particularly set forth below.

Each BMO BOaTS — Series D entitles the holder to receive an Indicated Distribution of \$27.37 on each Distribution Date on or before December 31, 2014, other than December 31, 2004, provided that such date is a Regular Distribution Date, representing a per annum yield of 5.474% of the initial issue price. The initial distribution, payable on December 31, 2004, will be \$13.80 per BMO BOaTS — Series D for the period from

and including the anticipated Closing Date of September 30, 2004 to but excluding December 31, 2004. For each Distribution Date after December 31, 2014, the Indicated Distribution will be an amount determined by multiplying \$1,000 by one half of the sum of the Bankers' Acceptance Rate for the Distribution Period immediately preceding such Distribution Date plus 1.50%, payable on the last day of June and December of each year commencing June 30, 2015 provided that such date is a Regular Distribution Date.

The Indicated Distribution in respect of each series of BMO BOaTS is payable by the Trust on the BMO BOaTS on each Distribution Date that is a Regular Distribution Date. The determination of whether any Distribution Date is a Regular Distribution Date or a Distribution Diversion Date will depend on whether the Bank has declared Dividends in the Reference Dividend Declaration Month. The Reference Dividend Declaration Month in respect of any Distribution Date will be that Dividend Declaration Month closest to but preceding the commencement of the Distribution Period terminating on the day preceding such Distribution Date. If the Bank declares Dividends in the Reference Dividend Declaration Month, the Distribution Date in question will be a Regular Distribution Date, with the result that the Trust will be obligated to pay the Indicated Distribution on the BMO BOaTS to the holders thereof. If on December 31 of any year Net Distributable Funds of the Trust remain after payment of the Indicated Distribution on each series of BMO BOaTS on each Regular Distribution Date during such year (if any), the Bank as sole holder of the Special Trust Securities will be entitled to receive such remaining Net Distributable Funds on that date.

If the Bank fails to declare Dividends in such Reference Dividend Declaration Month, the Distribution Date in question will be a Distribution Diversion Date, with the result that the Trust will not be obligated to and will not pay the Indicated Distribution on the BMO BOaTS and, instead, the Net Distributable Funds of the Trust will be payable to the Bank as sole holder of the Special Trust Securities. On any Regular Distribution Date, in circumstances where the Net Distributable Funds of the Trust are insufficient to meet the obligation of the Trust to pay the Indicated Distribution on all series of BMO BOaTS then outstanding (the amount of such insufficiency, the "Indicated Distribution Deficit"), such Indicated Distribution Deficit shall constitute the Indicated Distribution for each series of BMO BOaTS in respect of such Regular Distribution Date that remains unpaid and there will be added to the Accumulated Unpaid Indicated Distribution in respect of each series of BMO BOaTS an amount determined by multiplying the Indicated Distribution Deficit by the percentage that the Indicated Distribution on the particular series of BMO BOaTS represents of the aggregate Indicated Distribution on all series of BMO BOaTS in respect of such Regular Distribution Date (the "Indicated Distribution Ratio") and the Trust will pay to holders of each series of BMO BOaTS the amount of the Net Distributable Funds determined by multiplying the Net Distributable Funds by the Indicated Distribution Ratio in respect of the particular series of BMO BOaTS. Holders of BMO BOaTS shall have no right to sue the Trust to accelerate payment of that portion of the Indicated Distribution Deficit. Such amounts, which will form part of the Accumulated Unpaid Indicated Distribution, may be paid by the Trust to holders of BMO BOaTS at the time and in the manner as the Trustee may, in its sole discretion, determine.

Bank Dividend Stopper Undertakings

In the event that the Trust fails, on any Regular Distribution Date, to pay the Indicated Distribution on the BMO BOaTS — Series D in full, the Bank has, pursuant to a Bank Share Exchange Agreement, covenanted for the benefit of holders of BMO BOaTS — Series D that it will not declare dividends of any kind on the Dividend Restricted Shares until the Dividend Declaration Resumption Month, being the month that commences immediately after the fourth Dividend Declaration Month following the Trust's failure to pay the Indicated Distribution in full on the BMO BOaTS — Series D unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of BMO BOaTS — Series D. The duration of the Bank Dividend Stopper Undertaking will vary depending upon the frequency of the Dividend Declaration Months. If, for example, the Bank changes its current practice of declaring dividends quarterly to declaring dividends monthly, the amount of time for which the Bank will be prohibited from declaring dividends on the Dividend Restricted Shares will be less than it would have been under current practice. Any Indicated Distribution (or portion thereof) that the Trust fails to pay to the holders of BMO BOaTS — Series D on a Regular Distribution Date will form part of the Accumulated Unpaid Indicated Distribution and is payable on the occurrence of any event giving rise to the obligation of the Trust to pay or cause the payment of the Early Redemption Price or the Redemption Price, as the case may be, as part of such price. The first dividend in respect of the Dividend Restricted Shares declared

by the Bank in or following the Dividend Declaration Resumption Month shall be paid by the Bank no earlier than would ordinarily be the case. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution on the BMO BOaTS — Series D on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertakings.**

Set forth below is a table indicating the relationship among the Reference Dividend Declaration Month, the Distribution Period, the Distribution Date and the Dividend Declaration Resumption Month:

<u>Reference Dividend Declaration Month⁽¹⁾</u>	<u>Commencement of Current Distribution Period⁽²⁾</u>	<u>Distribution Date</u>	<u>Dividend Declaration Resumption Month⁽³⁾</u>
August, 2004	Closing Date	December 31, 2004	September, 2005
November, 2004	December 31, 2004	June 30, 2005	December, 2005
May, 2005	June 30, 2005	December 31, 2005	June, 2006

- (1) The Reference Dividend Declaration Months and the Dividend Declaration Resumption Months are based on the Bank's current practice with respect to declaring Dividends. If such practice were to change in the future in terms of the timing or frequency of the declaration of Dividends, the Reference Dividend Declaration Months and the Dividend Declaration Resumption Months referred to above may change. The Reference Dividend Declaration Month in respect of any Distribution Date would, in all events, continue to be the Dividend Declaration Month closest to but preceding the commencement of the Distribution Period ended on the day preceding such Distribution Date. Accordingly, based on the Bank's current practice with respect to declaring dividends, whether the Bank declares Dividends, in the months of February or August (except August, 2004) on its preferred shares or, if no such shares are then outstanding, on Bank Common Shares, will have no effect on whether the Indicated Distribution is payable on the BMO BOaTS — Series D on any Distribution Date.
- (2) Prior to the commencement of any Distribution Period, the question of whether the Distribution Date falling on the day after the last day of such Distribution Period will be a Regular Distribution Date or a Distribution Diversion Date, and the entitlement of holders of BMO BOaTS — Series D, will have been determined.
- (3) The Dividend Declaration Resumption Month is relevant only if the Trust fails to pay the Indicated Distribution in full on the BMO BOaTS on any Regular Distribution Date.

Automatic Exchange

Each BMO BOaTS will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder thereof, for Bank Preferred Shares (40 Class B Preferred Shares Series 11 in the case of BMO BOaTS — Series D) upon the occurrence of a Loss Absorption Event. The Class B Preferred Shares Series 11 will pay semi-annual non-cumulative cash dividends, as and when declared by the Board of Directors, equal to \$0.625 per share, representing an annual yield of 5.00%. The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) on the date that a Loss Absorption Event occurs. As of the time of exchange, each holder of BMO BOaTS shall be deemed to have exchanged and transferred to the Bank all of such holder's right, title and interest in and to its BMO BOaTS and shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares. If, for any reason, the Automatic Exchange does not result in the exchange of all BMO BOaTS then outstanding for Bank Preferred Shares, the Trust will redeem each BMO BOaTS not so exchanged for consideration consisting of Bank Preferred Shares (40 Class B Preferred Share Series 11 in the case of BMO BOaTS — Series D). The Trust will, pursuant to the Subscription Right, have the right to require the Bank to issue to it, upon receipt of appropriate consideration therefor, a sufficient number of Bank Preferred Shares to enable the Trust to allow it to redeem the BMO BOaTS, if any, remaining outstanding following the Automatic Exchange. As of the time of redemption, each holder of BMO BOaTS so redeemed shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares unless payment in the form of Bank Preferred Shares is not made. It shall not be necessary for the Trust, in such circumstances, to provide any prior written notice of redemption to holders of BMO BOaTS. The Trust will acquire the Bank Preferred Shares required by it for purposes of such redemption, if any, from the Bank pursuant to the Subscription Right. The Bank will mail notice of the occurrence of the Loss Absorption Event to the Trustee within 10 days of such event.

Upon an Automatic Exchange or a redemption of the BMO BOaTS for Bank Preferred Shares, the Bank reserves the right not to issue Bank Preferred Shares to Ineligible Persons or to persons who would as a result of the Automatic Exchange or redemption, become Significant Shareholders. In such circumstances, all Bank Preferred Shares that would otherwise be issued to Ineligible Persons or Significant Shareholders, will be delivered to the Exchange Trustee, as their agent, and the Exchange Trustee will attempt to sell such Bank Preferred Shares (to parties other than the Bank and its affiliates) on behalf of such Ineligible Persons or Significant Shareholders. Such sales, if any, will be made at such times and at such prices as the Exchange Trustee may, in its sole discretion, determine. Neither the Bank, the Trustee or the Exchange Trustee will be subject to any liability for failure to sell such Bank Preferred Shares on behalf of any such Ineligible Persons or Significant Shareholders or at any particular price on any particular day. The net proceeds received by the Exchange Trustee from the sale of any such Bank Preferred Shares will be divided among the Ineligible Persons or Significant Shareholders in proportion to the number of Bank Preferred Shares that would otherwise have been issuable to them, after deducting the costs of sale, net of any applicable withholding taxes. The Exchange Trustee will provide a cheque representing the aggregate net proceeds to CDS (if the BMO BOaTS are then held in the book-entry only system) or to the Trustee (in all other cases) for distribution to such Ineligible Persons or Significant Shareholders in accordance with CDS Procedures or otherwise.

If the Automatic Exchange were to occur and Bank Preferred Shares were issued in exchange for BMO BOaTS as a result thereof, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the BMO BOaTS would be lost. Accordingly, it is in the interests of the Bank to ensure that a Loss Absorption Event does not occur, although the events that could give rise to a Loss Absorption Event may be beyond the Bank's control.

Redemption at the Option of the Holder

The BMO BOaTS — Series D are not redeemable at the option of the holder.

Trust Special Event Redemption Right

Upon the occurrence of a Tax Event or a Capital Disqualification Event, in each case prior to December 31, 2009, the Trust may, at its option, redeem the BMO BOaTS — Series D, in whole (but not in part) and without the consent of the holders thereof, upon at least 30 and not more than 90 days' prior written notice by the Trustee, with Superintendent Approval, for a cash amount per BMO BOaTS — Series D equal to the Early Redemption Price, being the greater of: (i) the Redemption Price, and (ii) the BMO BOaTS — Series D Canada Yield Price.

Trust Redemption Right

On December 31, 2009 and on any Distribution Date thereafter, the Trust may, at its option, redeem the BMO BOaTS — Series D in whole (but not in part) and without the consent of the holders thereof, upon at least 30 and not more than 60 days' prior written notice and with Superintendent Approval, for a cash amount per BMO BOaTS — Series D equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2014; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2014.

Purchase for Cancellation

On or after the date that is five years after the Closing Date, the BMO BOaTS — Series D may be purchased, in whole or in part, by the Trust, with Superintendent Approval, in the open market or by tender or private contract at any price. BMO BOaTS — Series D purchased by the Trust shall be cancelled and shall not be reissued.

Rights on Termination of the Trust

As long as any BMO BOaTS are outstanding, the Trust may be terminated only with the approval of the Bank, as the holder of the Special Trust Securities, and with Superintendent Approval: (i) upon the occurrence of a Special Event prior to December 31, 2009; or (ii) for any reason on December 31, 2009 or any Distribution

Date thereafter. The Declaration of Trust provides that holders of BMO BOaTS are not entitled to initiate proceedings for the termination of the Trust.

Pursuant to a Bank Share Exchange Agreement, the Bank has covenanted for the benefit of holders of BMO BOaTS — Series D that, as long as any BMO BOaTS — Series D are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price (if the termination is as a result of action taken by the Bank and occurs prior to December 31, 2014) or the Redemption Price (in all other cases).

Holders of BMO BOaTS and the holder of the Special Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust, after the discharge of claims of creditors, if any. The entitlement of the holder of each BMO BOaTS on a termination of the Trust will be determined by multiplying the Early Redemption Price (if the termination is as a result of action taken by the Bank and occurs prior to a date specified with respect to each series (December 31, 2014 in the case of BMO BOaTS — Series D)) or the Redemption Price (in all other cases), in either case, by the Termination Distribution Ratio. The entitlement of the Bank or its affiliates, as the holders of the Special Trust Securities, shall be determined by multiplying the invested amount of the Bank in respect of all Special Trust Securities then outstanding by the Termination Distribution Ratio.

Additional Bank Covenants

In addition to the Dividend Stopper Undertakings, the Bank has covenanted, for the benefit of holders of BMO BOaTS — Series D pursuant to a Bank Share Exchange Agreement, that:

- (a) all of the outstanding Special Trust Securities will be owned at all times by the Bank; and
- (b) as long as any BMO BOaTS — Series D are outstanding, the Bank will not take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — The Trust Capital Securities — Series D — Rights on Termination of the Trust” and only with Superintendent Approval.

The Bank may assign or otherwise transfer its obligations under the Bank Share Exchange Agreements only in the event of a merger, consolidation, amalgamation or reorganization or a sale of all or substantially all of the assets of the Bank.

Issue of Class B Preferred Shares Series 11 in Connection with Automatic Exchange

All corporate action necessary for the Bank to issue Class B Preferred Shares Series 11 pursuant to the Automatic Exchange will be completed prior to the closing of the Offering. The issuance of Class B Preferred Shares Series 11 pursuant to the Automatic Exchange is subject to the obtaining of exemptions under applicable securities legislation in certain of the provinces of Canada and Superintendent Approval. Applications for the foregoing approvals and exemptions have been or will be filed by the Bank.

Bank Share Exchange Agreement

Contemporaneously with the completion of the Offering, the Trust, the Bank and the Exchange Trustee, as trustee for the holders of the BMO BOaTS — Series D, will enter into a Bank Share Exchange Agreement providing for the Dividend Stopper Undertakings as well as the grant of and certain rights and obligations relating to the Automatic Exchange and the Subscription Right. Pursuant to such Bank Share Exchange Agreement, the Bank will grant to the Exchange Trustee for the benefit of the holders of BMO BOaTS — Series D the right to exchange BMO BOaTS — Series D for Class B Preferred Shares Series 11 upon an Automatic Exchange and the Exchange Trustee on behalf of the holders of BMO BOaTS — Series D will grant to the Bank the right to exchange BMO BOaTS — Series D for Class B Preferred Shares Series 11 upon an Automatic Exchange. Pursuant to such Bank Share Exchange Agreement, the Bank will covenant to take or refrain from taking certain actions so as to ensure that holders of BMO BOaTS — Series D will receive the benefit of the Automatic Exchange, including obtaining the requisite approval of holders of the BMO BOaTS — Series D to any amendment to the provisions of the Class B Preferred Shares Series 11 (other than any amendments relating to the Bank Preferred Shares as a class).

Voting Rights

The BMO BOaTS — Series D are non-voting, except in the limited circumstances set forth in the Declaration of Trust involving changes to the terms and conditions of the BMO BOaTS. The Declaration of Trust provides that where such changes affect the terms and conditions of the BMO BOaTS — Series D differently than any other series of BMO BOaTS then outstanding, the terms and conditions may be changed only if authorized by the holders of BMO BOaTS — Series D by way of a BMO BOaTS — Series D Extraordinary Resolution. Any such change must be approved by the Bank and, in addition, any such change that would affect the status of the BMO BOaTS — Series D as capital of the Bank is subject to Superintendent Approval. The quorum at any such meeting shall be one or more registered holders of BMO BOaTS — Series D present in person or represented by proxy and owning or representing not less than 25% of the aggregate number of BMO BOaTS — Series D then outstanding, provided that if a quorum is not present and the meeting is adjourned, at the meeting following such adjournment those registered holders present in person or represented by proxy shall constitute a quorum notwithstanding that they may not represent not less than 25% of the aggregate number of BMO BOaTS — Series D then outstanding. The Trustee may, without the consent of holders of BMO BOaTS — Series D, execute instruments supplemental to the Declaration of Trust and any other relevant instruments for certain limited purposes, including curing ambiguities or defects and making any modification that, in the opinion of the Trustee, would not be prejudicial to the interests of holders of BMO BOaTS — Series D and making such changes as may be required to conform with applicable regulatory requirements from time to time.

Capital Reorganizations and Amalgamations

In the event of a capital reorganization, merger or amalgamation of the Bank, the terms and conditions of the BMO BOaTS — Series D provide that holders of BMO BOaTS — Series D shall be entitled to receive pursuant to the Automatic Exchange, after such capital reorganization, merger or amalgamation, the number of securities or consideration of the Bank or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation that such holder would have received had his or her BMO BOaTS — Series D been exchanged, pursuant to the Automatic Exchange, for Class B Preferred Shares Series 11 immediately prior to the record date of the capital reorganization, merger or amalgamation. The entitlement of the Trust under the Subscription Right shall be similarly adjusted.

Book-Entry Only Form

Except as otherwise provided below, the BMO BOaTS — Series D will be issued under the “book-entry only” system operated by CDS and must be purchased or transferred through Participants. Participants include securities brokers and dealers, banks and trust companies. On the Closing Date, the Trust will cause a global certificate representing the BMO BOaTS — Series D to be delivered to, and registered in the name of, CDS. Except as described below, no holder of BMO BOaTS — Series D will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder’s ownership, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of BMO BOaTS — Series D will receive a customer confirmation of purchase from the registered dealer from which the BMO BOaTS — Series D are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order.

CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the BMO BOaTS — Series D. If: (i) required to do so by applicable law or the rules of any securities exchange; (ii) the book-entry only system ceases to exist; (iii) the Trust determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the BMO BOaTS — Series D and the Trust is unable to locate a qualified successor; or (iv) the Trust at its option elects, or is required by law, to withdraw the BMO BOaTS — Series D from the book-entry only system, then physical certificates representing the BMO BOaTS — Series D will be issued to holders or their nominees.

None of the Bank, the Trustee or the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the BMO BOaTS — Series D held by CDS or the payments or deliveries

relating thereto; (ii) maintaining, supervising or reviewing any records relating to the BMO BOaTS — Series D; or (iii) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS, and persons other than Participants having an interest in the BMO BOaTS — Series D must look solely to Participants, for payments or deliveries made by or on behalf of the Trust or the Bank to CDS in respect of the BMO BOaTS — Series D.

Transfers

Transfers of ownership of the BMO BOaTS — Series D will be effected only through records maintained by CDS for such BMO BOaTS — Series D with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of BMO BOaTS — Series D who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the BMO BOaTS — Series D, may do so only through Participants. The ability of a holder to pledge BMO BOaTS — Series D or otherwise take action with respect to such holder's interest in BMO BOaTS — Series D (other than through a Participant) may be limited due to the lack of a physical certificate. See "Risk Factors — Liquidity of and Dealings in BMO BOaTS — Series D".

Payments and Deliveries

The Trust will make or cause to be made payments of the Indicated Distribution in respect of BMO BOaTS — Series D to CDS as the registered holder of the BMO BOaTS — Series D and the Trust understands that such payments will be forwarded by CDS to Participants in accordance with CDS Procedures. Deliveries of Class B Preferred Shares Series 11 in respect of the operation of the Automatic Exchange as described under "Description of the Trust Securities — The Trust Capital Securities — The Automatic Exchange" will be made by the Bank or the Trust, as the case may be, to CDS as the registered holder of the BMO BOaTS — Series D and the Bank and the Trust understand that such shares will be forwarded by CDS to Participants in accordance with CDS Procedures. As long as CDS is the registered owner of the BMO BOaTS — Series D, CDS will be considered the sole owner of the BMO BOaTS — Series D for the purposes of receiving payments on the BMO BOaTS — Series D or the delivery of Class B Preferred Shares Series 11 upon the operation of the Automatic Exchange. As long as the BMO BOaTS — Series D are held in the CDS book-entry only system, the responsibility and liability of the Trustee or the Bank in respect of the BMO BOaTS — Series D is limited to making payment of any amount due on the BMO BOaTS — Series D or making delivery of Class B Preferred Shares Series 11 to CDS or its nominee, as registered holder of BMO BOaTS — Series D.

Trust Capital Securities — Series A, Series B and Series C

On October 11, 2000, the Trust issued 350,000 of the initial series of BMO BOaTS designated Trust Capital Securities — Series A (the "BMO BOaTS — Series A") at a price of \$1,000 per BMO BOaTS — Series A for total gross proceeds of \$350,000,000. Holders of BMO BOaTS — Series A are entitled to receive an Indicated Distribution of \$34.52 per BMO BOaTS — Series A. BMO BOaTS — Series A may be exchanged on and after December 31, 2010 at the option of the holder, or automatically under certain circumstances for Class B Preferred Shares Series 7 paying a semi-annual non cumulative cash dividend of \$0.863 per share.

On March 13, 2001, the Trust issued 400,000 of the second series of BMO BOaTS designated Trust Capital Securities — Series B (the "BMO BOaTS — Series B") at a price of \$1,000 per BMO BOaTS — Series B for total gross proceeds of \$400,000,000. Holders of BMO BOaTS — Series B are entitled to receive an Indicated Distribution of \$33.24 per BMO BOaTS — Series B. BMO BOaTS — Series B may be exchanged on or after June 30, 2011 at the option of the holder, or automatically under certain circumstances, for Class B Preferred Shares Series 8 paying a semi-annual non-cumulative cash dividend of \$0.831 per share.

On September 18, 2001, the Trust issued 400,000 of the third series of BMO BOaTS designated Trust Capital Securities — Series C (the "BMO BOaTS — Series C") at a price of \$1,000 per BMO BOaTS — Series C for total gross proceeds of \$400,000,000. Holders of BMO BOaTS — Series C are entitled to receive an Indicated Distribution of \$33.43 per BMO BOaTS — Series C. BMO BOaTS — Series C may be exchanged on

or after June 30, 2012 at the option of the holder, or automatically under certain circumstances, for Class B Preferred Shares Series 9 paying a semi-annual non-cumulative cash dividend of \$0.836 per share.

The BMO BOaTS — Series A, the BMO BOaTS — Series B, the BMO BOaTS — Series C and the BMO BOaTS — Series D rank *pari passu* on the distribution of the property of the Trust in the event of a termination of the Trust (together with the Bank, as sole holder of the Special Trust Securities) and rank *pari passu* in respect of the Indicated Distribution payable on each series of BMO BOaTS.

The Special Trust Securities

Voting Rights

The Declaration of Trust provides that the Special Trust Securities are voting. Pursuant to the Declaration of Trust, holders of Special Trust Securities are entitled to vote in respect of, among other things: (i) the termination of the Trust as set forth under “Description of the Trust Securities — The Trust Capital Securities — Series D — Rights on Termination of the Trust”; (ii) the removal and replacement of the Trustee; and (iii) the removal and replacement of the Administrative Agent.

Distributions

If on December 31 of any year Net Distributable Funds of the Trust remain after payment of the Indicated Distribution on each series of BMO BOaTS on each Regular Distribution Date during such year (if any), the Bank as sole holder of the Special Trust Securities will be entitled to receive such remaining Net Distributable Funds on that date. On a Distribution Date that is a Distribution Diversion Date, the Bank as sole holder of the Special Trust Securities shall be entitled to receive the Net Distributable Funds of the Trust and no payment of the Indicated Distribution shall be made on the BMO BOaTS.

Redemption

The Special Trust Securities are not redeemable at the option of the Trust or at the option of the holder.

Rights on Termination of the Trust

In the event of a termination of the Trust, after the discharge of the obligations of the Trust to creditors, the Bank, as sole holder of the Special Trust Securities, will be entitled to participate, *pari passu* with the holders of the BMO BOaTS, in the distribution of the remaining property of the Trust. On a termination of the Trust, the Bank, as sole holder of the Special Trust Securities, will be entitled to receive an amount equal to the subscription price of the Special Trust Securities then outstanding multiplied by the Termination Distribution Ratio.

DESCRIPTION OF CLASS B PREFERRED SHARES SERIES 11

Certain Provisions of the Class B Preferred Shares as a Class

Issuable in Series

The Class B Preferred Shares may be issued, from time to time, in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine by resolution.

Priority

The Class B Preferred Shares of each series rank on a parity with the Class B Preferred Shares of every other series and with every series of Class A Preferred Shares and are entitled to preference over the Bank Common Shares and over any other shares ranking junior to the Class A Preferred Shares and the Class B Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding-up of the Bank.

Creation and Issues of Shares

Pursuant to the Bank Act, the Bank may not, without the approval of the holders of the Class B Preferred Shares, create any other class of shares ranking equal with or superior to the Class B Preferred Shares. In addition, the Bank may not, without the prior approval of the holders of the Class B Preferred Shares as a class given as specified below under “Shareholder Approvals” (in addition to such approvals as may be required by the Bank Act or any other legal requirement), (i) create or issue any shares ranking in priority to the Class B Preferred Shares; or (ii) create or issue any additional series of Class B Preferred Shares or any shares ranking *pari passu* with the Class B Preferred Shares unless at the date of such creation or issuance all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of cumulative Class B Preferred Shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Class B Preferred Shares then issued and outstanding. Currently, there are no outstanding Class B Preferred Shares which carry the right to cumulative dividends.

Voting Rights

The holders of the Class B Preferred Shares are not entitled to any voting rights as a class except as provided below or by law or with respect to the right to vote on certain matters as specified below under “Shareholder Approvals”.

Shareholder Approvals

Any approval to be given by the holders of the Class B Preferred Shares may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Class B Preferred Shares at which a majority of the outstanding Class B Preferred Shares is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum requirements would apply.

Description of Class B Preferred Shares Series 11 as a Series

Issue Price

The Class B Preferred Shares Series 11 will have an issue price of \$25.00 per share.

Dividends

The holders of the Class B Preferred Shares Series 11 will be entitled to receive semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors, equal to \$0.625 per share, payable on the last day of June and December in each year (subject to adjustment on the first such payment date if the Class B Preferred Shares Series 11 have been issued and outstanding for less than six months). If the Board of Directors has not declared a dividend or any part thereof on the Class B Preferred Shares Series 11 on or before the dividend payment date therefor, then the rights of the holders of Class B Preferred Shares Series 11 to such dividend, or to any part thereof, will be extinguished.

Redemption

The Class B Preferred Shares Series 11 will not be redeemable prior to December 31, 2009. On and after December 31, 2009, but subject to the provisions of the Bank Act and Superintendent Approval and the provisions described below under “Description of the Class B Preferred Shares Series 11 — Restrictions on Dividends and Retirement of Shares”, the Bank may redeem at any time all, or from time to time any part, of the outstanding Class B Preferred Shares Series 11, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share if redeemed on or prior to December 31, 2010; (ii) \$25.75 per share if redeemed after December 31, 2010 and on or prior to December 31, 2011; (iii) \$25.50 per share if redeemed after December 31, 2011 and on or prior to December 31, 2012; (iv) \$25.25 per share if redeemed after December 31, 2012 and on or prior to December 31, 2013; or

(v) \$25.00 per share if redeemed after December 31, 2013, plus, in each case, all declared and unpaid dividends up to but excluding the date fixed for redemption.

Written notice of any redemption will be given by the Bank at least 30 and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Class B Preferred Shares Series 11 are at any time to be redeemed, the shares to be redeemed will be selected by lot or *pro rata* disregarding fractions or in such other manner as the Bank may determine. Reference is also made to “The Bank — Limitations Affecting Holders of Bank Shares”.

Conversion into Another Series of Class B Preferred Shares at the Option of the Holder

The Bank may, by resolution of its Board of Directors, constitute a further series of Class B Preferred Shares (the “New Class B Preferred Shares”) having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Class B Preferred Shares as risk-based Tier 1 Capital or equivalent of the Bank under the then current Capital Guidelines if applicable, and if not applicable having such rights, privileges, restrictions and conditions as the Board of Directors may determine, provided that, in each case, such New Class B Preferred Shares do not constitute “short term preferred shares” under the Tax Act. In such event, the Bank may, with Superintendent Approval, give holders of the Class B Preferred Shares Series 11 written notice that they have the right, pursuant to the terms of the Class B Preferred Shares Series 11, at their option, to convert their Class B Preferred Shares Series 11 on the date specified in the notice into fully-paid New Class B Preferred Shares on a share for share basis. Notice shall be given by the Bank in writing not more than 60 days and not less than 30 days prior to such Conversion Date.

Upon exercise by the holder of this right to convert Class B Preferred Shares Series 11 into New Class B Preferred Shares, the Bank reserves the right not to issue New Class B Preferred Shares to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See “The Bank — Limitations Affecting Holders of Bank Shares”.

Presentation for Conversion, Redemption or Sale

A conversion, redemption or sale to the Bank of Class B Preferred Shares Series 11 will be effected by the holder transferring such holder’s Class B Preferred Shares Series 11 to be converted, redeemed or sold, as the case may be, to the account of the Bank in CDS (or, in the event that the Class B Preferred Shares Series 11 are not then issued in book-entry only form, by depositing with the transfer agent for the Class B Preferred Shares Series 11, at one of its principal offices, certificates representing such Class B Preferred Shares Series 11).

Purchase for Cancellation

Subject to the provisions of the Bank Act and to Superintendent Approval and to the provisions described below under “Description of the Class B Preferred Share Series 11 — Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Class B Preferred Share Series 11 at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Class B Preferred Shares Series 11 shall be entitled to receive \$25.00 per share, together with the amount of declared and unpaid dividends to the date of payment, before any amount shall be paid or any assets of the Bank distributed to the holders of Bank Common Shares or any shares ranking junior to the Class B Preferred Shares Series 11. The holders of the Class B Preferred Shares Series 11 shall not be entitled to share in any further distribution of the property or assets of the Bank.

Restrictions on Dividends and Retirement of Shares

So long as any of the Class B Preferred Shares Series 11 are outstanding, the Bank will not, without the approval of the holders of the Class B Preferred Shares Series 11 given as specified below:

- (a) declare any dividend on the Bank Common Shares or any other shares ranking junior to the Class B Preferred Shares Series 11 (other than stock dividends on shares ranking junior to the Class B Preferred Shares Series 11); or
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Class B Preferred Shares Series 11 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class B Preferred Shares Series 11); or
- (c) redeem, purchase or otherwise retire: (i) less than all the Class B Preferred Shares Series 11; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, any other shares ranking on a parity with the Class B Preferred Shares Series 11;

unless, in each case, all dividends on the Class B Preferred Shares Series 11, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable, shall have been declared and paid or set apart for payment in respect of each series of cumulative preferred shares of the Bank then issued and outstanding and on all other cumulative shares ranking on a parity with the Class B Preferred Shares and there shall have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative preferred shares of the Bank (including the Class B Preferred Shares Series 11) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Class B Preferred Shares and in respect of which the rights of holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or on a parity with the Class B Preferred Shares Series 11, have been declared and paid or set apart for payment.

Issue of Additional Series of Class B Preferred Shares

The Bank may issue other series of Class B Preferred Shares without the authorization of the holders of the Class B Preferred Shares Series 11.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Class B Preferred Shares Series 11 may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of Class B Preferred Shares Series 11 at which a majority of the outstanding Class B Preferred Shares Series 11 is represented or, if no quorum is present at the meeting, at a meeting following such adjourned meeting at which no quorum would apply. Pursuant to a Bank Share Exchange Agreement, the Bank will covenant that for so long as the BMO BOaTS — Series D are outstanding no amendment will be made to the rights, privileges, restrictions and conditions of the Class B Preferred Shares Series 11 (other than any amendments relating to the Class B Preferred Shares as a class) without the prior approval of 66 $\frac{2}{3}$ % of the holders of the BMO BOaTS — Series D.

In addition to the aforementioned approval, the Bank may from time to time with Superintendent Approval, make such deletion or variation which might affect the classification afforded to the Class B Preferred Shares Series 11 for capital adequacy requirements pursuant to the Bank Act.

Voting Rights

The holders of the Class B Preferred Shares Series 11 as such will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Bank unless and until the first time at which the Board of Directors of the Bank has not declared the whole dividend on the Class B Preferred Shares Series 11 in any semi-annual period. In that event, the holders of the Class B Preferred Shares Series 11 will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Class B Preferred Shares

Series 11 shall forthwith cease upon payment by the Bank of the first dividend on the Class B Preferred Shares Series 11 to which the holders are entitled subsequent to the time such voting rights first arose, At such time as the rights of such holders to any undeclared dividends on the Class B Preferred Shares Series 11 have again become extinguished, such voting rights shall become effective again and so on from time to time.

Book-Entry Only Form

Unless the Bank elects otherwise, the Class B Preferred Shares Series 11 will be issued under the “book-entry only” system operated by CDS, and may be purchased, held and transferred in substantially the same manner as the BMO BOaTS — Series D. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Book-Entry Only Form”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Trust, and Fraser Milner Casgrain LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the Trust and a holder of BMO BOaTS — Series D who acquires BMO BOaTS — Series D under the Offering and who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm’s length and is not affiliated with the Bank and the Trust, holds the BMO BOaTS — Series D and any Class B Preferred Shares as capital property, is not exempt from tax under Part I of the Tax Act and does not hold the BMO BOaTS — Series D, any Class B Preferred Shares Series 11 acquired on an exchange of BMO BOaTS — Series D, or any New Bank Preferred Shares in a Deferred Income Plan. This summary does not take into account (other than in respect of the Trust) the “mark-to-market” rules contained in the Tax Act which apply to certain financial institutions. Furthermore, the part of this summary dealing with the Class B Preferred Shares Series 11 does not apply to a “specified financial institution” (as defined in the Tax Act) that, either alone or together with non-arm’s length persons, receives (or is deemed to receive) in the aggregate dividends in respect of more than 10% of the Class B Preferred Shares Series 11 outstanding at the time a dividend is received. This summary also assumes that all issued and outstanding Class B Preferred Shares Series 11 are listed on a prescribed stock exchange in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are paid or received on such shares.

The summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Consequently, investors are urged to consult their own tax advisers with respect to their particular circumstances.

This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current administrative and assessing policies of the Canada Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account any changes in law or administrative and assessing policies, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or provincial, territorial or foreign tax considerations.

BMO BOaTS — Series D

Taxation of the Trust

In each taxation year of the Trust, the net income and net realized capital gains, if any, of the Trust as would otherwise be taxable in the Trust will be payable to holders of BMO BOaTS or the Bank as sole holder of the Special Trust Securities. Consequently, the Trust will not be liable for income tax under Part I of the Tax Act. Capital or income losses incurred by the Trust cannot be allocated to holders of the BMO BOaTS or the Bank as sole holder of the Special Trust Securities but may, subject to certain limitations, be deducted by the Trust from taxable capital gains or net income realized in other years.

As a registered investment, the Trust is potentially subject to special taxes under the Tax Act. The Trust intends to restrict its investments in a manner that it will not be subject to any of these special taxes.

The Tax Act provides for a special tax on the designated income of certain trusts which have designated beneficiaries. This special tax will not apply to the Trust.

Taxation of Holders of BMO BOaTS — Series D

Distributions

A holder of BMO BOaTS — Series D will be required to include in computing the holder's income for a taxation year all net income and net realized capital gains, if any, payable to the holder by the Trust in such taxation year. Substantially all of the amounts payable to holders of BMO BOaTS — Series D are expected to be treated as income from a trust, rather than capital gains, for income tax purposes.

Disposition

A holder of BMO BOaTS — Series D who disposes of or is deemed to dispose of the BMO BOaTS — Series D will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the BMO BOaTS — Series D to the holder. A disposition or deemed disposition of a holder's BMO BOaTS Series D will be considered to occur on, amongst other events (a) an exchange of the BMO BOaTS — Series D for Class B Preferred Shares Series 11 pursuant to the Automatic Exchange (on which event a holder's proceeds of disposition will be equal to the fair market value of the Class B Preferred Shares Series 11 received on the exchange), (b) a redemption of the BMO BOaTS — Series D on the Trust Special Event Redemption Right or the Trust Redemption Right (on which event a holder's proceeds of disposition will be equal to the Early Redemption Price or the Redemption Price, as the case may be), and (c) a termination of the Trust.

One-half of any such capital gain will be included in the holder's income for the year of disposition as a taxable capital gain and one-half of any such loss may be deducted from the holder's taxable capital gains in accordance with the rules contained in the Tax Act. Taxable capital gains of a Canadian-controlled private corporation may be subject to an additional refundable tax of $6\frac{2}{3}\%$ of such taxable gains.

Automatic Exchange

The Bank and the Exchange Trustee have been advised by BMO Nesbitt Burns Inc. that the value to holders of the BMO BOaTS — Series D of the Automatic Exchange is nominal. Based on that valuation, no gain will be realized by holders of BMO BOaTS — Series D upon the granting of such rights. Counsel expresses no opinion as to the appropriateness or accuracy of this valuation. Any determination of value is not binding upon the Canada Revenue Agency.

Class B Preferred Shares Series 11

Dividends

Dividends (including deemed dividends) received on the Class B Preferred Shares Series 11 by an individual will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Dividends (including deemed dividends) on the Class B Preferred Shares Series 11 received by a corporation will be included in computing its income and will generally be deductible in computing its taxable income.

The Class B Preferred Shares Series 11 will be taxable preferred shares as defined in the Tax Act. The terms of the Class B Preferred Shares Series 11 require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Class B Preferred Shares Series 11.

A private corporation, as defined in the Tax Act, or any other corporation controlled whether by reason of a beneficial interest in one or more trusts or otherwise by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Class B Preferred Shares Series 11 to the extent such dividends are deductible in computing its taxable income.

Disposition

A holder of Class B Preferred Shares Series 11 who disposes of or is deemed to dispose of the Class B Preferred Shares Series 11 (either on purchase for cancellation or redemption of the shares for cash or otherwise but not on a conversion of Class B Preferred Shares Series 11 into another series of Class B Preferred Shares) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder thereof. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Bank of the Class B Preferred Shares Series 11 will generally not be included in computing a holder's proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such shares. If the shareholder is a corporation, any such capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. See "BMO BOaTS — Series D — Taxation of Holders of BMO BOaTS — Series D — Disposition" for a discussion of the tax treatment of capital gains or losses.

Redemption and Conversion

If the Bank redeems for cash or otherwise acquires the Class B Preferred Shares Series 11, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market or by reason of a conversion of Class B Preferred Shares Series 11 into another series of Class B Preferred Shares, the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

The conversion of the Class B Preferred Shares Series 11 for New Class B Preferred Shares by the holder will be deemed not to be a disposition of property and accordingly will not give rise to any deemed dividend or capital gain or capital loss. The cost to a holder of New Class B Preferred Shares will be deemed to be equal to the holder's adjusted cost base of the Class B Preferred Shares Series 11 so converted.

PLAN OF DISTRIBUTION

Pursuant to an agreement (the "Underwriting Agreement") dated September 23, 2004 between the Trust, the Bank and BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and Desjardins Securities Inc. (the "Underwriters"), the Trust has agreed to sell, and the Underwriters have severally agreed to purchase, on September 30, 2004, or on such other date not later than November 30, 2004 as may be agreed upon all but not less than all of the 600,000 BMO BOaTS — Series D at a price of \$1,000 per BMO BOaTS — Series D, subject to the terms and conditions set forth therein. The Trust has agreed to pay to the Underwriters a fee per BMO BOaTS — Series D equal to \$10.00 per BMO BOaTS — Series D, for an aggregate Underwriters' fee of \$6,000,000.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the BMO BOaTS — Series D if any of the BMO BOaTS — Series D are purchased under the Underwriting Agreement.

The Offering is being made concurrently in all provinces of Canada. The BMO BOaTS — Series D have not been and will not be registered under the *United States Securities Act of 1933*, as amended, (the “U.S. Securities Act”) and may not be offered or sold within the United States or to a U.S. Person (as defined in the U.S. Securities Act). In addition, until 40 days after the commencement of the Offering, an offer or sale of BMO BOaTS — Series D within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption under the U.S. Securities Act.

BMO Nesbitt Burns Inc., one of the Underwriters, is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which is, in turn, an indirect majority-owned subsidiary of the Bank. As a result, each of the Bank and the Trust is a related issuer of BMO Nesbitt Burns Inc. under applicable securities legislation. The terms of the Offering were negotiated at arm’s length between the Bank, the Trust and the Underwriters. BMO Nesbitt Burns Inc. will not receive any benefit in connection with the Offering other than as described herein. TD Securities Inc., an underwriter in respect of which neither the Trust nor the Bank is a connected or related issuer, has participated in the structuring and pricing of the Offering, the drafting of this prospectus and in the due diligence activities performed by the Underwriters for the Offering.

Pursuant to policy statements of the Ontario Securities Commission and L’Autorité des marchés financiers, the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase BMO BOaTS — Series D. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of The Toronto Stock Exchange relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. Pursuant to the first mentioned exception, in connection with this Offering and subject to applicable law, the Underwriters may effect the transactions which stabilize or maintain the market price of such securities at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RATINGS

The BMO BOaTS — Series D are provisionally rated “A”^{yn} by DBRS, the second highest of five rating categories granted by DBRS for debt generally. The BMO BOaTS — Series D are provisionally rated A/P-1(low) by S&P, the third highest of ten rating categories granted by S&P for debt generally.

None of the foregoing ratings should be construed as a recommendation to buy, sell or hold the BMO BOaTS — Series D offered hereby. Any of the foregoing ratings may be revised or withdrawn at any time by the respective rating organization.

USE OF PROCEEDS

The gross proceeds to the Trust from the sale of the BMO BOaTS — Series D offered hereby will be \$600,000,000. The Trust will use the aggregate estimated net proceeds received on closing of approximately \$754,700,000 in connection with both the Offering and the subscription by the Bank for additional Special Trust Securities to purchase additional Trust Assets on a fully serviced basis from the Bank upon the closing of the Offering. See “Business of the Trust.”

The following table illustrates the use of the net proceeds received by the Trust on the Closing Date from the sale of the BMO BOaTS — Series D offered hereby and the subscription by the Bank for additional Special Trust Securities described above.

Gross proceeds from the sale of additional Special Trust Securities to the Bank	\$161,500,000
Gross proceeds from the Offering	600,000,000
Estimated underwriting fee and expenses applicable to the Offering	<u>(6,800,000)</u>
Net proceeds to be applied to the purchase of the Trust Assets	<u>\$754,700,000</u>

MATERIAL CONTRACTS

The material contracts of the Trust in connection with the Offering are as follows:

1. the Administration and Advisory Agreement described under “Business of the Trust — The Administrative Agent”;
2. the Declaration of Trust described under “The Trust”;
3. the Mortgage Sales, Pooling and Servicing Agreement described under “The Trust”;
4. the Purchase Agreements described under “Business of the Trust — Description of Eligible Trust Assets”;
5. the Bank Share Exchange Agreement described under “Description of the Trust Securities — The Trust Capital Securities — Series D — Bank Share Exchange Agreement”;
6. the Credit Facility described under “Business of the Trust — Liquidity”;
7. the Subscription Agreement; and
8. the Underwriting Agreement described under “Plan of Distribution”.

Copies of these agreements may be inspected at the executive offices of the Bank during regular business hours on any business day during the period of distribution.

RISK FACTORS

Prospective investors should carefully consider the following information in conjunction with the other information contained in this prospectus before purchasing BMO BOaTS — Series D.

Automatic Exchange of BMO BOaTS — Series D for Class B Preferred Shares Series 11

The purchase of BMO BOaTS — Series D involves risk with respect to the capital levels and solvency of the Bank. In the event of decline in the capital levels of the Bank or the Bank becoming insolvent or bankrupt or resolving to wind-up or liquidate or being ordered wound-up or liquidated or the occurrence of any other event constituting a Loss Absorption Event, the BMO BOaTS — Series D will be automatically exchanged for Class B Preferred Shares Series 11, without the consent of the holders. Such shares are an investment in the Bank and not in the Trust. Holders of BMO BOaTS — Series D could become shareholders of the Bank at a time when the Bank’s financial condition is deteriorating or when the Bank has become insolvent or bankrupt or resolved to wind-up or has been ordered wound-up or liquidated or upon the occurrence of any other event constituting a Loss Absorption Event.

The Indicated Distribution payable on the BMO BOaTS — Series D after December 31, 2014 will be based on a floating rate and will vary from time to time. The Class B Preferred Shares Series 11 that will be issued to holders upon the operation of the Automatic Exchange will pay a fixed semi-annual, non-cumulative preferential cash dividend of \$0.625. There can be no guarantee that, if the Automatic Exchange occurs after December 31, 2014, the dividend payable on the Class B Preferred Shares Series 11 will not be less than the Indicated Distribution that would otherwise have been payable on the BMO BOaTS — Series D had the Automatic Exchange not occurred.

An investment in the Bank is also subject to certain risks that are distinct from the risks associated with an investment in the Trust. In the event of a liquidation of the Bank, the claims of depositors and creditors of the Bank would be entitled to a priority of payment over the claims of holders of equity interests such as the Class B Preferred Shares Series 11. As a result, if the Bank were to become insolvent or bankrupt or resolved to wind-up or was ordered wound-up or liquidated after the Automatic Exchange or if the Automatic Exchange were to occur after the insolvency of the Bank, the holders of the Class B Preferred Shares Series 11 may receive, if anything, substantially less than the holders of the BMO BOaTS — Series D would have received had the BMO BOaTS — Series D not been exchanged for Class B Preferred Shares Series 11.

Potential investors in the BMO BOaTS — Series D should carefully consider the description of the Bank set forth under “The Bank”. See also “Description of the Trust Securities — The Trust Capital Securities — Series D — Automatic Exchange”.

Indicated Distribution is Non-Cumulative

The Indicated Distribution on the BMO BOaTS — Series D is non-cumulative. The Indicated Distribution on the BMO BOaTS — Series D is payable by the Trust on each Regular Distribution Date out of Net Distributable Funds of the Trust. If the Indicated Distribution on the BMO BOaTS — Series D for any Distribution Date is not paid by reason of the failure (which includes failure as a result of the operation of the Dividend Stopper Undertakings) of the Bank to declare Dividends in a Reference Dividend Declaration Month, holders of BMO BOaTS — Series D will not be entitled to receive such Indicated Distribution subsequently. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Indicated Distribution”.

Perpetual Nature of BMO BOaTS — Series D

The BMO BOaTS — Series D have no fixed final maturity date and holders of BMO BOaTS — Series D have no rights to call for the redemption of the BMO BOaTS — Series D. Unlike the other three series of BMO BOaTS, the BMO BOaTS — Series D cannot be exchanged for Class B Preferred Shares at the option of the holder.

Income From Trust

There can be no assurance that the net income and gains derived from the Trust Assets by the Trust will be sufficient to satisfy the Indicated Distribution on the BMO BOaTS — Series D in full on Regular Distribution Dates.

Interest Rate Risk

The Trust’s income will consist primarily of interest payments on the Trust Assets held by it. Because the Indicated Distribution in respect of the BMO BOaTS — Series D is fixed, there can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Trust’s ability to pay the Indicated Distribution on the BMO BOaTS — Series D in full on each Regular Distribution Date. It is, however, in the Bank’s interest to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Distribution on the BMO BOaTS — Series D on each Regular Distribution Date to avoid triggering the Dividend Stopper Undertakings.

Restrictions on Ownership of Bank Shares

Under the Bank Act, no person shall have a significant interest in any class of shares of the Bank, unless the person first receives the approval of the Minister of Finance (Canada). See “The Bank — Limitations Affecting Holders of Bank Shares”. Accordingly, certain holders of BMO BOaTS — Series B who are to acquire Class B Preferred Shares Series 11 upon the operation of the Automatic Exchange may have some or all of such shares disposed of on their behalf pursuant to the procedures referred to under “Description of the Trust Securities — The Trust Capital Securities — Automatic Exchange”.

Dependence Upon the Bank and its Affiliates

The Trust is and will continue to be dependent for the selection, structuring and monitoring of the Trust Assets on the diligence and skill of the employees of the Bank as Administrative Agent. In addition, potential conflicts of interest may arise between the Trust and the Bank and its affiliates. See “Business of the Trust”. The Administrative Agent may also retain other persons to perform all or a portion of its obligations under the Administration and Advisory Agreement, or it may assign its obligations or a part of its obligations under such agreement to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Administrative Agent retains other persons to perform its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services,

however, the Bank will not be discharged or relieved in any respect from its obligations under the Administration and Advisory Agreement. See “Business of the Trust — The Administrative Agent”.

The Trust is and will continue to be dependent upon the expertise of the Servicer for the servicing of the assets acquired under the Mortgage Sales, Pooling and Servicing Agreement and the Purchase Agreements. In addition, potential conflicts of interest may arise between the Trust and the Bank and its affiliates. The Servicer of the Trust Assets may also subcontract all or a portion of its obligations under the Mortgage Sales, Pooling and Servicing Agreement to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Servicer subcontracts its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services, however, the Servicer will not be discharged or relieved in any respect from its obligations under the Mortgage Sales, Pooling and Servicing Agreement. See “The Trust”.

Liquidity of and Dealings in BMO BOaTS — Series D

There can be no assurance that an active trading market will develop or be sustained or that the BMO BOaTS — Series D may be resold at or above the initial public offering price.

The ability of a holder to pledge BMO BOaTS — Series D or otherwise take action with respect to such holder’s interest in BMO BOaTS — Series D (other than through a Participant) may be limited due to the lack of a physical certificate.

PRINCIPAL HOLDERS OF SECURITIES

The Bank currently owns and it is intended that, at all times following the Closing Date, the Bank will continue to own all of the Special Trust Securities. See “Capitalization of the Trust” and “Use of Proceeds”.

INTERESTS OF THE BANK AND ITS AFFILIATES IN MATERIAL TRANSACTIONS

Pursuant to the Administration and Advisory Agreement, the Bank provides certain advice to the Trust and administers the day-to-day operations of the Trust. In addition, the Bank or its affiliates service the Trust Assets acquired pursuant to the Mortgage Sales, Pooling and Servicing Agreement and the Purchase Agreements and may service other Trust Assets acquired by the Trust from the Bank or its affiliates. In addition, BMO Nesbitt Burns Inc. is an affiliate of the Bank and will receive a portion of the underwriting fee payable by the Trust on account of services rendered in connection with the Offering. See “Plan of Distribution”.

The Bank and its affiliates may have interests which are not identical to those of the Trust. Consequently, conflicts of interest may arise with respect to transactions, including, without limitation, the sale of the Trust Assets, future acquisitions and dispositions of the Trust Assets from or to the Bank or its affiliates, and the renewal, termination or modification of the Administration and Advisory Agreement or the Mortgage Sales, Pooling and Servicing Agreement. It is the intention of the Trust and the Bank that any agreements and transactions between the Trust, on the one hand, and the Bank or its affiliates, on the other hand, are fair to all parties and consistent with market terms, including the prices paid and received for Trust Assets or in connection with the servicing of Trust Assets.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon by Osler, Hoskin & Harcourt LLP, on behalf of the Trust and the Bank, and by Fraser Milner Casgrain LLP, on behalf of the Underwriters. The partners, counsel and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially own, directly or indirectly, less than one per cent of any class of security issued by the Trust or the Bank. The partners, counsel and associates of Fraser Milner Casgrain LLP, as a group, beneficially own, directly or indirectly, less than one per cent of any class of security issued by the Trust or the Bank.

TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE

BNY Trust Company of Canada is the transfer agent, registrar and Exchange Trustee in respect of the BMO BOaTS. The BMO BOaTS — Series D will be issued in book-entry only form through CDS. See “Description of the Trust Securities — The Trust Capital Securities — Series D — Book-Entry Only Form”. Subject to the CDS Procedures, registration and transfer of the BMO BOaTS — Series D may be effected at the principal office of BNY Trust Company of Canada in Toronto.

AUDITORS

KPMG LLP, Chartered Accountants, Toronto, Ontario have been appointed as auditors of the Trust.

LEGAL PROCEEDINGS

Neither the Trust nor the Bank is involved in any litigation or arbitration proceedings which may have or have had during the twelve months prior to the date hereof a significant effect on the financial position of the Trust or the Bank and its subsidiaries, taken as a whole, nor is the Trust or the Bank aware that any such proceedings are pending or threatened.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in several of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the Prospectus of BMO Capital Trust (the "Trust") dated September 23, 2004 relating to the issue of Trust Capital Securities — Series D ("BMO BOaTS — Series D") (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus, of our report to the Shareholders of Bank of Montreal (the "Bank") on the following consolidated financial statements of the Bank:

- Consolidated balance sheets as at October 31, 2003 and 2002;
- Consolidated statements of income, changes in shareholders' equity and cash flow for each of the years in the three-year period ended October 31, 2003.

Our report is dated November 25, 2003.

(Signed) "KPMG LLP"

KPMG LLP
Chartered Accountants

Toronto, Canada
September 23, 2004

(Signed) "PRICEWATERHOUSECOOPERS LLP"

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

CERTIFICATE OF THE TRUST

Dated: September 23, 2004

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act*, 1988 (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), and by Part XIV of the *Securities Act*, 1990 (Newfoundland and Labrador) and the respective regulations thereunder. This prospectus, as supplemented by the documents incorporated herein by reference, does not contain any misrepresentation that is likely to affect the value of the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

BMO CAPITAL TRUST
by its Administrative Agent
BANK OF MONTREAL

(Signed) F. ANTHONY COMPER
Chief Executive Officer

(Signed) KAREN E. MAIDMENT
Senior Executive Vice-President &
Chief Financial Officer

CERTIFICATE OF THE BANK

Dated: September 23, 2004

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act*, 1988 (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), and by Part XIV of the *Securities Act*, 1990 (Newfoundland and Labrador) and the respective regulations thereunder. This prospectus, as supplemented by the documents incorporated herein by reference, does not contain any misrepresentation that is likely to affect the value of the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

(Signed) F. ANTHONY COMPER
Chief Executive Officer

(Signed) KAREN E. MAIDMENT
Senior Executive Vice-President &
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) DAVID A. GALLOWAY
Director

(Signed) BRUCE H. MITCHELL
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 23, 2004

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), and by Part XIV of the *Securities Act, 1990* (Newfoundland and Labrador) and the respective regulations thereunder. To the best of our knowledge, information and belief, this prospectus, as supplemented by the documents incorporated herein by reference, does not contain any misrepresentation that is likely to affect the value of the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

BMO NESBITT BURNS INC.

By: (Signed) PETER K. MARCHANT

TD SECURITIES INC.

By: (Signed) J. DAVID BEATTIE

CIBC WORLD
MARKETS INC.

RBC DOMINION
SECURITIES INC.

SCOTIA CAPITAL INC.

By: (Signed) DONALD A. FOX

By: (Signed) BARRY W.
NOWOSELSKI

By: (Signed) MARY ROBERTSON

HSBC SECURITIES
(CANADA) INC.

MERRILL LYNCH
CANADA INC.

NATIONAL BANK
FINANCIAL INC.

By: (Signed) MARK J. REDMOND

By: (Signed) ERIC MICHAUD

By: (Signed) MICHAEL D. SHUH

DESJARDINS SECURITIES INC.

By: (Signed) PIERRE CHARBONNEAU