



FREQUENTLY ASKED QUESTIONS

The following are answers to some frequently asked questions about the conversion of Marshall & Ilsley Corporation (**M&I**) common shares in connection with the merger (the **Merger**) of M&I with an indirect wholly-owned subsidiary of Bank of Montreal (**BMO**). The information presented is qualified by (i) the Agreement and Plan of Merger, dated as of December 17, 2010, between BMO and M&I (the **Merger Agreement**), and (ii) the Proxy Statement/Prospectus dated April 12, 2011 and delivered to M&I shareholders in connection with the May 17, 2011 special meeting of shareholders of M&I at which the Merger was approved by the M&I shareholders. A copy of the Merger Agreement was included as Appendix A to the Proxy Statement/Prospectus. You are urged to read these materials carefully.

INFORMATION REGARDING YOUR NEW BMO SHARES

1. Why am I receiving a Direct Registration Advice?

Because you are a registered holder of M&I common shares (**M&I Shares**) in book-entry form, your M&I Shares were automatically exchanged to common shares of BMO (the **BMO Shares**) at the effective time of the Merger by Computershare Trust Company of Canada (**Computershare**), the exchange agent for BMO. Your new BMO Shares are represented in the initial Direct Registration Advice (**DRS Advice**), which has been provided to you by Computershare. You have also received a cheque representing your fractional cash entitlement (subject to withholding, if applicable) resulting from the cash payment for fractional BMO Shares.

For more information with respect to the DRS Advice, please refer to the questions and answers below under "Information Regarding the Direct Registration System (DRS)".

2. What if my address has/will change? What if the address on the DRS Advice is incorrect?

The DRS Advice was sent to the address of each registered shareholder of M&I as listed on the current M&I shareholder register. If you have changed or will be changing your address, or if the address as indicated at the top of the DRS Advice is incorrect, please contact Computershare at 1-800-340-5021. You will need to provide Computershare with your Computershare account number (which appears at the top of your DRS Advice) and your previous address. Computershare will update your address on the shareholder register of BMO.

3. Will the M&I Shares continue to be listed on the New York Stock Exchange (NYSE) now that the Merger is effective?

No. After the effective time of the Merger, the M&I Shares were effectively delisted from the NYSE.

4. When will I be able to trade my new BMO Shares? Where can I trade my new BMO Shares?

You are able to sell or otherwise transfer your BMO Shares now that you have received your initial DRS Advice.

You can trade your BMO Shares on the Toronto Stock Exchange (**TSX**) or the NYSE, as BMO is listed on both the TSX and the NYSE under the symbol "BMO".

INFORMATION REGARDING BMO DIVIDENDS

5. When will I be entitled to dividends on my BMO Shares?

You are entitled to any dividends to be paid to BMO shareholders of record on a record date falling after the effective time of the Merger. For example, BMO's board of directors declared a dividend to be paid on August 26, 2011 to shareholders of record on August 2, 2011 (the **Record Date**). Accordingly, because the Record Date falls after the effective time of the Merger, July 5, 2011, you will be entitled to the dividends paid on August 26, 2011; provided that you continue to hold BMO Shares on the Record Date.

Please note that U.S. shareholders are generally subject to a 15% Canadian withholding tax on BMO dividend payments. The Canadian taxes withheld will, subject to certain limitations, be creditable or deductible against U.S. federal income taxes. You should consult your tax advisor to obtain further details on the taxation of BMO dividends received by you.

6. How and when are BMO dividends paid?

Dividends on BMO Shares are declared and approved by the Board of Directors of BMO and have historically been paid quarterly in the months of February, May, August and November, while the record dates have historically been at the beginning of such months.

Dividends are paid in U.S., Canadian and U.K. funds according to the address of record of the shareholder. U.S. and Canadian shareholders can elect to have their dividends paid in either U.S. or Canadian funds, however if no election is made, shareholders will be paid in funds according to their address of record.

7. What happens to any dividends that I may be entitled to if I have my BMO Shares held in my Direct Registration System (DRS) account?

Your dividends will not be affected by having a DRS account. You will continue to have the same choices as to how to receive your dividends, whether your account is set-up for dividends to be reinvested, paid to you by cheque or directly deposited into a bank account.

INFORMATION REGARDING THE DIRECT REGISTRATION SYSTEM (DRS)

8. What is Direct Registration?

The Direct Registration System (DRS) is a system that allows you to hold your BMO Shares in “book-entry” form without having a physical share certificate issued as evidence of ownership. Instead, your BMO Shares are held in your name and registered electronically in BMO’s records, which will be maintained by its transfer agent, Computershare Trust Company of Canada.

9. What are the benefits of participating in DRS?

The benefits of participating in DRS include:

- It eliminates the need for shareholders to safeguard and store certificates.
- It avoids the significant cost of a surety bond for the replacement of, and the effort involved in replacing physical certificate(s) that might be lost, stolen or destroyed.
- It permits/enables electronic share transactions.

10. How can I access my DRS account on-line?

Registered shareholders of BMO are entitled to full portfolio access to their DRS account(s) through Computershare at www.computershare.com/bmo. To create an account in the Computershare Investor Centre simply click on the link “Register now”. In order to create your User ID and Password, you will require your Computershare account number (which appears on the front page of your initial DRS Advice), your postal or zip code and/or your last name.

11. Is there a fee to participate in DRS?

No, there is no fee to participate.

12. Can I transfer my BMO Shares from my DRS account to my brokerage account?

Yes.

In the United States, you should have your broker request that your BMO Shares in your DRS account be sent to them through the Depository Trust Company’s Direct Registration Profile System. You need to supply your broker with a copy of your latest DRS Advice and the following information:

- Your Computershare account number (on your DRS Advice)
- Your Social Security Number or Taxpayer Identification Number
- Computershare’s DTC number: 7807
- The number of whole BMO Shares you wish to move from your Computershare DRS account to your brokerage account

In Canada, you should have your broker request that your BMO Shares in your DRS account be sent to them through the Canadian Depository for Securities CDSX System. You need to supply your broker with a copy of your latest DRS Advice and the following information:

- Your Computershare account number (on your DRS Advice)
- Your Social Insurance Number
- The number of whole BMO Shares you wish to move from your Computershare DRS account to your brokerage account.

Your broker will then electronically initiate the transfer from your BMO Shares in your DRS account based on your instructions.

13. How can I sell my BMO Shares held in my DRS account?

To sell your BMO Shares in your DRS account, you can:

- Instruct your broker to sell all or part of your BMO Shares in your DRS account, but first your BMO Shares must be delivered or transferred to your broker. Please read the instructions immediately above which describes the information your broker requires to move your BMO Shares in your DRS account electronically to their control within their respective depository; or
- Request a physical share certificate from Computershare and deliver it to your broker to sell.

14. Can I request a share certificate for my BMO Shares?

Yes. You may request a physical share certificate for all or a portion of your BMO Shares by checking the "Issue securities" box on the reverse side of your DRS Advice indicating the number of BMO Shares for which you would like a certificate issued and returning the DRS Advice to Computershare at Attn: Stock Transfer Department; 9th Floor, 100 University Ave, Toronto Ontario, Canada. A certificate, at no cost to you, will be sent by first class mail within approximately three (3) business days of receipt by Computershare of your instructions. Any BMO Shares for which you requested a certificate be issued will be removed from your DRS account.

15. What if I have more questions about DRS?

For more information about DRS, please contact Computershare at 1-800-340-5021 (toll free within Canada and the U.S.) or 514-982-7555 (outside of Canada and the U.S.) or visit Computershare on-line at www.computershare.com/service.

INFORMATION REGARDING M&I'S AND BMO'S DIVIDEND REINVESTMENT PLANS

16. How will the Merger affect the M&I Dividend Reinvestment Plan (the M&I DRIP)?

If you held M&I Shares in the M&I DRIP, all M&I Shares held in the M&I DRIP have automatically been exchanged to BMO Shares and should appear on your initial DRS Advice which has been sent with these questions, along with the applicable fractional cash payment.

17. How do I enroll my BMO Shares in the BMO Dividend Reinvestment Plan (the BMO DRIP) following the exchange of my M&I Shares?

You have received an information package with these questions which includes the Bank of Montreal Shareholder Dividend Reinvestment and Share Purchase Plan Prospectus that describes the features of the BMO DRIP, as well as an enrolment form if you wish to participate in the BMO DRIP. In addition, an enrolment form and other information about the BMO DRIP can be found on Computershare's website at www.computershare.com/bmo. All BMO shareholders are eligible to participate in the BMO DRIP.

U.S. TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE

Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this document or any document referred to herein is not intended or written to be used, and cannot be used by you for the purpose of avoiding penalties that may be imposed on them under the U.S. Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) you should seek advice based on their particular circumstances from an independent tax advisor.

INFORMATION REGARDING TAX CONSEQUENCES OF THE MERGER

It is important to note that the U.S. federal income tax consequences described below may not apply to some holders of M&I Shares, including certain holders specifically referred to under "The Merger—Material United States Federal Income Tax Consequences" beginning on page 64 of the Proxy Statement/Prospectus. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the tax consequences of the Merger in your particular circumstances, as well as any tax consequences that may arise from the laws of any other taxing jurisdiction.

18. What are the material U.S. federal and Canadian income tax consequences of the Merger to holders of M&I Shares?

The Merger has been structured to qualify as a reorganization for U.S. federal income tax purposes. It was a condition to M&I's and BMO's respective obligations to complete the Merger that each of BMO and M&I receive a legal opinion from Sullivan & Cromwell LLP and Wachtell, Lipton, Rosen & Katz, respectively, to the effect that (i) the Merger, together with the purchase by a subsidiary of BMO from the

U.S. Treasury of all of the issued and outstanding shares of the TARP Preferred Stock will qualify as a “reorganization” within the meaning of Section 368(a) of the U.S. Internal Revenue Code and that each of BMO, a BMO subsidiary and M&I will be a party to that reorganization within the meaning of Section 368(b) of the U.S. Internal Revenue Code and (ii) the merger will not result in gain recognition to the holders of M&I common shares pursuant to Section 367(a) of the U.S. Internal Revenue Code (assuming that, in the case of any such holder who would be treated as a “five-percent transferee shareholder” within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii), such holder enters into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8, as provided for in Treasury Regulations Section 1.367(a)-3(c)(1)(iii)(B), and complies with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain). Assuming that the aforementioned opinions are correct, U.S. shareholders generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of their M&I Shares for BMO Shares pursuant to the Merger, except for any gain or loss that may result from the receipt by such holders of cash instead of fractional BMO Shares. Computershare will issue an IRS Form 1099-B to U.S. shareholders representing the cash payment for the fractional BMO Shares.

The exchange of M&I Shares for BMO Shares pursuant to the Merger will not, in general, give rise to Canadian tax for holders of M&I Shares who are not, and who are not deemed to be, resident in Canada. See “The Merger—Material Canadian Federal Income Tax Consequences” beginning on page 71 of the Proxy Statement/Prospectus.

19. Will I be subject to backup withholding?

Each M&I shareholder who is a U.S. person should have provided M&I’s transfer agent, Continental Stock Transfer & Trust Company (**Continental**), with a correct Taxpayer Identification Number (**TIN**) and should have indicated, if applicable, that such person is not subject to backup withholding. If such person is an individual, the TIN is his or her social security number. If Continental has not been provided with the correct TIN, such person may be subject to a \$50 penalty imposed by the IRS. In addition, failure to provide such information may subject such person to 28% federal income tax withholding on any cash payment received pursuant to the Merger. Exempt shareholders are not subject to these backup withholding and reporting requirements. If you have not provided Continental with a TIN, please contact Computershare for further instructions on completing a Form W-9 to avoid erroneous backup withholding. To determine if you are a U.S. person, please review the instructions in the Form W-9 or visit the IRS’s website at www.irs.gov.

Non-U.S. persons may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate IRS Form W-8. IRS forms can be obtained from Computershare or the IRS’s website at www.irs.gov.

20. What form should I use if I am a non-U.S. shareholder?

Non-U.S. persons should provide an appropriate IRS Form W-8, which may be obtained from Computershare or the IRS’s website at www.irs.gov. Non-U.S. shareholders should contact Computershare at 1-877-477-1537 for further information.