

INFORMATION STATEMENT DATED MARCH 1, 2010

This Information Statement has been prepared solely for assisting prospective purchasers in making an investment decision with respect to these Deposit Notes. This Information Statement constitutes an offering of these Deposit Notes only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Deposit Notes. No securities commission or similar authority in Canada has in any way passed upon the merits of the Deposit Notes offered hereunder and any representation to the contrary is an offence. The Deposit Notes offered under this Information Statement have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any State securities laws and may not be offered for sale or sold in the United States or to United States persons.



Bank of Montreal

Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7

PRICE: \$100 PER DEPOSIT NOTE

The Bank of Montreal Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7 (the "Deposit Notes") will be issued by Bank of Montreal on or about May 5, 2010 and will mature on May 5, 2020. The Deposit Notes are a principal protected product that provides, except following an extraordinary event, up to 200% exposure to the total return of a fund portfolio of notional units of certain BMO Harris Private Portfolios described herein that could have been notionally purchased with the proceeds of the offering of the Deposit Notes. The BMO Harris Private Portfolios are managed by BMO Harris Investment Management Inc. (the "Investment Manager"), an indirect subsidiary of Bank of Montreal.

BMO Nesbitt Burns Inc. is the selling agent (the "Selling Agent") and a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which, in turn, is an indirect majority-owned subsidiary of Bank of Montreal. **Consequently, Bank of Montreal is a related issuer of the Selling Agent under applicable securities legislation.** See "Plan of Distribution".

Bank of Montreal has taken reasonable care to ensure that the facts stated in this Information Statement with respect to the description of the Deposit Notes are true and accurate in all material respects. All information in this Information Statement relating to the Investment Manager, the portfolio advisors to each of the funds and the funds and their units has been provided by the Investment Manager. Bank of Montreal makes no assurances, representations or warranties with respect to the accuracy, reliability or completeness of information obtained from third parties including information provided by the Investment Manager. Furthermore, Bank of Montreal makes no recommendation concerning the Investment Manager, the portfolio advisors to each of the funds, the funds or their units, mutual funds as an asset class or the suitability of investing in securities generally or the Deposit Notes in particular. In connection with the issue and sale of Deposit Notes by Bank of Montreal, no person is authorized to give any information or to make any representation not contained in this Information Statement and Bank of Montreal does not accept any responsibility for any information not contained herein.

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SUMMARY OF THE OFFERING

This is a summary of the offering of Deposit Notes under this Information Statement. Please note that this summary is not intended to be a detailed description of the offering and may not contain all the information that you may need to make a decision as to whether to purchase any Deposit Notes. For more detailed and complete information please refer to the body of this Information Statement. In this summary, "\$" refers to Canadian dollars, unless otherwise specified, "we", "us" and "our" each refer to Bank of Montreal, and "BMO Capital Markets" refers to a company owned by us called BMO Nesbitt Burns Inc. and any of its affiliates.

Issuer: We will issue the Bank of Montreal Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7 (the "Deposit Notes") as described below.

Subscription Price: The price for each Deposit Note is \$100.

Minimum Subscription: You must invest a minimum of \$100,000 (1,000 Deposit Notes). We may change the minimum subscription at our discretion.

Closing Date: The Deposit Notes will be issued on or about May 5, 2010.

Maturity Date: The Deposit Notes will mature on May 5, 2020. The term is approximately 10 years.

Offering: The offering of Deposit Notes provides you with the opportunity to purchase a principal protected product that provides, except following an extraordinary event, up to 200% exposure to the total return of a portfolio of Units (as described below) that could have been notionally purchased with the proceeds of the offering of Deposit Notes.

The amount of variable return, if any, on Deposit Notes will be based on the return on a notional investment of the proceeds of the offering of Deposit Notes in a basket of assets consisting of a portfolio of Units (referred to in this summary as the "fund portfolio") and/or a notional bond portfolio maturing on the maturity date. It is expected that on the closing of the offering of Deposit Notes, 100% of the basket will consist of the fund portfolio. See "Note Program".

Fund Portfolio: The fund portfolio will be comprised of Units of some or all of nine BMO Harris Private Portfolios (each referred to in this summary as a "fund"). A Unit comprises a notional unit of a fund, the investment performance of which reflects the actual investment performance of a unit of the fund that would occur if the operating expenses of the fund pertaining to that unit were nil and all distributions on that unit during the relevant period were reinvested in units of the fund.

It is expected that the fund portfolio will initially be comprised of all nine of the funds at or near their respective initial target proportions set out below. Thereafter, the relative proportions of the funds in the fund portfolio will fluctuate based on the relative performance of the units of each fund. In addition, the investment manager in its discretion may rebalance the relative proportions of the funds in the fund portfolio once or twice during each calendar year between minimum and maximum proportions consented to by the manager from time to time. It is intended that the fund portfolio will be comprised of all nine of the funds, but it is possible that the fund portfolio could only contain two funds at any given time.

The following table sets out (i) the nine funds which may be included in the fund portfolio, and (ii) the initial target proportions of the funds.

Fund	Initial Target Proportions
BMO Harris Canadian Money Market Portfolio	2.5%
BMO Harris Canadian Total Return Bond Portfolio	26.2%
BMO Harris Diversified Yield Portfolio	6.9%
BMO Harris Canadian Conservative Equity Portfolio	39.9%
BMO Harris Canadian Special Growth Portfolio	2.3%
BMO Harris U.S. Equity Portfolio	10.9%
BMO Harris International Special Equity Portfolio	2.1%
BMO Harris International Equity Portfolio	7.0%
BMO Harris Emerging Markets Equity Portfolio	2.2%

It is important for you to know that you will not have, and the Deposit Notes do not represent, a direct or indirect ownership interest in the funds, their units or their holdings, the fund portfolio, the Units or the notional bond portfolio.

The Funds: The Deposit Notes will provide exposure to the funds in the fund portfolio. It is expected that the fund portfolio will initially be comprised of all nine of the funds. The funds invest in a diversified portfolio of securities, which may include securities of Canadian, U.S. and international issuers and debt instruments issued by certain governments and corporations. See “The Funds”.

You may obtain further information about each fund at www.bmoharrisprivatebanking.com, www.sedar.com or through your advisor.

Investment Manager: BMO Harris Investment Management Inc., an indirect subsidiary of Bank of Montreal, is the investment manager for each of the funds, and will also determine the composition of the fund portfolio from time to time as described in this Information Statement. See “The Funds – Fund Portfolio”.

Each of the funds has its own portfolio advisor. See “The Funds – Portfolio Advisor”.

Payment at Maturity: At maturity, you will be entitled to at least the amount deposited of \$100 per Deposit Note (the “deposit amount”). The term “variable return” refers to the amount, if any, that you are entitled to at maturity in excess of \$100, determined using the “Variable Return Payment Formula” described below. See “Note Program” and “Description of the Deposit Notes – Settlement of Payments”.

No interest payments will be made to you during the term of a Deposit Note.

Variable Return Payment Formula: The variable return payment formula used to determine the amount of variable return on the Deposit Notes at maturity is as follows:

Deposit Amount x the greater of (i) Basket Appreciation and (ii) zero.

Under the variable return payment formula, the variable return will equal the positive return, if any, on the basket consisting of notional investments in the fund portfolio and/or the notional bond portfolio, as applicable, for the period from the closing of the offering to the final valuation date (determined as though distributions, if any, on the value of the Units are reinvested in the basket). You should be aware that (i) there is no assurance that the respective investment objectives and strategies of the funds will generate positive returns, (ii) for you to be entitled to an amount at maturity that is greater than the amount you deposited with us, the return on the notional assets in the basket over the term of the Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any, described below) charged in respect of the Deposit Notes, and (iii) there is no assurance that you will receive any amount at maturity other than repayment of the amount you deposited with us. See “Note Program”, “The Funds” and “Fees and Expenses of the Note Program”.

Weighting: The term “weighting” refers to the value of the fund portfolio in the basket expressed as a percentage of the total value of the basket. Weighting during the term of the Deposit Notes will be based on the percentage (referred to in this summary as “distance”) obtained by dividing the difference between (i) the value of the basket calculated on a per Deposit Note basis and (ii) how much it would cost to purchase a notional bond that would provide you with a payment of \$100 at maturity, by 100.

It is possible to have weighting from 40% up to 200%, except that, following an extraordinary event, the basket will consist entirely of the notional bond portfolio and thus will not include the fund portfolio for the remainder of the term of the Deposit Notes. The possibility of you being entitled to more than \$100 for each of your Deposit Notes at maturity is significantly reduced if the basket does not include the fund portfolio. See “Definitions” and “Note Program”.

If weighting exceeds 100%, the basket will have notionally borrowed money to acquire additional Units. You will not have any personal liability for the notional borrowing but it may affect the value of or return on Deposit Notes. The variable return you are entitled to at maturity will be determined after deducting the interest payable to BMO Capital Markets on the notional borrowing, calculated at an annual interest rate equal to the one-month bankers' acceptance rate plus one-quarter of one percent.

Reallocation of Assets: During the term of the Deposit Notes, the allocations and reallocations to the fund portfolio and the notional bond portfolio in the basket will be determined in accordance with the methodology (the "asset allocation methodology") described in this Information Statement.

On each Calculation Date (as hereinafter defined), BMO Capital Markets or a third party appointed by BMO Capital Markets will, as calculation agent, calculate distance, determine weighting and determine whether the proportion of the fund portfolio and the notional bond portfolio in the basket needs to be reallocated in accordance with the asset allocation methodology.

Any reallocation of assets in the basket between the fund portfolio and the notional bond portfolio will occur as of the business day following the date on which it is determined that such a reallocation is necessary. A number of factors will affect reallocation between the fund portfolio and the notional bond portfolio under the asset allocation methodology including the performance of the fund portfolio, the remaining term of the Deposit Notes and interest rates as of the relevant date of determination. See "Note Program – Reallocation of Assets".

Expenses of the Offering: No expenses will be paid out of the proceeds of the offering. See "Expenses of the Offering".

Fees and Expenses: **The following fees and expenses will be deducted prior to payment to you of any variable return of the Deposit Notes at maturity:**

While you will be repaid the amount you deposited if you hold your Deposit Notes at maturity, in order for you to be entitled to variable return on the Deposit Notes at maturity, the return on the notional assets in the basket over the term of the Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any) charged to the note program during the term.

The total annual fees that will be charged in respect of the basket under the note program will vary depending on the allocations to the fund portfolio and the notional bond portfolio from time to time during the term of the Deposit Notes. The total annual fees account for, among other things, management fees paid by Bank of Montreal to BMO Harris Investment Management Inc. for management services.

Annual Fund Portfolio Fees

The total annual fees applicable to the fund portfolio in the basket will be comprised of annual fund portfolio fees equal to 2.20% of the value of the fund portfolio (including any Units acquired with notionally borrowed money resulting from weighting of greater than 100%). See "Fees and Expenses of the Note Program".

Annual fund portfolio fees will be calculated and accrued daily and deducted from the value of the fund portfolio monthly and at maturity by selling Units in the fund portfolio. Such annual fund portfolio fees will reduce the value of the fund portfolio and therefore affect the variable return, if any, that you are entitled to at maturity.

Annual Bond Portfolio Fees

The total annual fees applicable to the notional bond portfolio in the basket will be comprised of annual bond portfolio fees equal to 1.00% of the face amount of the coupon bonds in the basket. The 1.00% coupon payable on the coupon bonds in the basket will be used to pay annual bond portfolio fees and will not accrue to the benefit of the holders of the Deposit Notes.

Where the basket consists entirely of the notional bond portfolio, the total annual fees under the note program will be limited to annual bond portfolio fees of 1.00% of the face amount of the coupon bonds in the basket.

Leverage

In consideration for BMO Capital Markets providing leverage to the basket to increase weighting above 100%, interest on any amounts notionally borrowed under the note program will be calculated and accrued daily at an annual interest rate equal to the one-month bankers' acceptance rate plus one-quarter of one percent and deducted from the value of the fund portfolio monthly and at maturity by selling Units in the fund portfolio. See "Note Program".

Secondary Market:

The Deposit Notes will not be listed on any stock exchange. Moreover, we do not have the right to redeem the Deposit Notes prior to maturity and you do not have the right to require us to redeem (that is, buy or repay) the Deposit Notes prior to maturity. However, BMO Capital Markets will use reasonable efforts to arrange for a secondary market for the sale of Deposit Notes using the FundSERV network. This secondary market is available only for Deposit Notes purchased using the FundSERV network and is the only way that you may seek to sell such Deposit Notes prior to maturity. The price that BMO Capital Markets will pay for Deposit Notes sold by you in the secondary market, if available, prior to maturity will be determined by BMO Capital Markets, acting in its sole discretion, and will be based on, among other things, factors described under "Secondary Market". If you sell your Deposit Notes prior to maturity, you may receive less than the amount you deposited with us even if the performance of the fund portfolio has been positive, and as a result, you may suffer a loss.

If you sell a Deposit Note within the first three years from the closing of the offering, the proceeds from the sale of such Deposit Note will be reduced by an early trading charge equal to the percentage of the deposit amount determined as follows:

<i>If Sold Within</i>	<i>Early Trading Charge</i>
Year 1	3.00%
Year 2	2.00%
Year 3	1.00%
Thereafter	Nil

See "Secondary Market".

BMO Capital Markets is under no obligation to facilitate or arrange for such a secondary market and such secondary market, if commenced, may be suspended at any time at the sole discretion of BMO Capital Markets, without notice to you. Accordingly, if there is no secondary market, you will not be able to sell your Deposit Notes. The Deposit Notes are intended to be instruments held to maturity, with their principal repayable at maturity. The Deposit Notes are generally not suitable for an investor who requires liquidity prior to maturity. You should consult your financial advisor on whether it would be more favourable in the circumstances at any time to sell Deposit Notes on the secondary market, if available, or hold Deposit Notes until maturity. You should also consult your tax advisor as to the income tax consequences arising from a sale of your Deposit Notes prior to maturity as compared to holding Deposit Notes until maturity.

Consequences of an Extraordinary Event:

Where, in respect of any event described as an "Extraordinary Event" in the "Definitions" section of this Information Statement, BMO Capital Markets has determined that the basket will consist entirely of the notional bond portfolio, (i) the calculation agent will determine the entire notional value of the basket as soon as reasonably practicable notionally taking into account any extraordinary fees in relation to the extraordinary event, (ii) such value when notionally realized will be notionally invested in the notional bond portfolio, (iii) any positive return on units of the funds following the extraordinary event will not increase the value of the basket, (iv) you will be entitled to the amount you deposited with us at, but not prior to, maturity, and (v) the possibility of being entitled to more than \$100 for each of your Deposit Notes at maturity is significantly reduced. See "Note Program – Extraordinary Events".

However, if an event occurs in respect of a fund that would otherwise be an extraordinary event, BMO Capital Markets may, in its discretion with the consent of the investment manager, decide in certain circumstances to replace the fund with another mutual fund managed or sponsored by the investment manager or an affiliate instead of making a determination to allocate all of the assets in the basket to the notional bond portfolio. See "Note Program – Extraordinary Events".

Suitability and Appropriateness for Investment:

An investment in Deposit Notes may be suitable and appropriate for you if you:

- are prepared to invest for the long term (10 years);
- are willing to receive a return that (i) is based on the performance of the fund portfolio comprised of funds selected and allocated by the investment manager from time to time, (ii) is not based on a fixed, floating or other specified interest rate, (iii) is uncertain until maturity, and (iv) may be zero;
- want to ensure that you receive at least the amount you deposited with us if you hold Deposit Notes when they mature; and
- are prepared to accept the risks described in this Information Statement.

You should make a decision to invest in Deposit Notes after carefully considering, with your advisors, the suitability of this investment in light of your investment objectives, investment constraints and the information in this Information Statement. See “Suitability and Appropriateness for Investment”.

Risk Factors:

These Deposit Notes may not be suitable for all investors and in deciding whether to invest in Deposit Notes you should take into account various risks associated with such an investment. The following is a summary list of these risks in addition to those described above beside the headings “Consequences of an Extraordinary Event” and “Suitability and Appropriateness for Investment”. For a complete description of risks, please see “Risk Factors” in this Information Statement.

Non-Conventional Deposit Notes

The Deposit Notes differ from conventional fixed income investments in that they do not provide you with a return or income stream prior to maturity and do not provide a return at maturity that is calculated by reference to a specified fixed or floating rate of interest. The return on the Deposit Notes, if any, generally will be uncertain until maturity. There will be no interest payments to you during the term of the Deposit Notes and it is possible that you will not receive any variable return at maturity.

Dependence on Investment Manager

The investment manager’s decisions will influence the performance of the funds, the composition of the fund portfolio and the performance of the Deposit Notes. Each fund’s success depends on the skill and acumen of its management and portfolio management teams. There is no assurance that a fund will be able to meet its investment objective, achieve the intended benefits of its strategy or avoid losses or that the Deposit Notes will provide a variable return at maturity. In addition, since the investment manager in its discretion may periodically rebalance the relative proportions of the funds in the fund portfolio between minimum and maximum proportions consented to by the manager from time to time, there is no assurance that the fund portfolio at any particular time will be comprised of all nine of the funds.

Secondary Trading of Deposit Notes

There is currently no market through which the Deposit Notes may be sold and it is possible that no such market will be arranged.

Reallocation of the Basket

Pursuant to the asset allocation methodology, notional assets may be reallocated from the fund portfolio to the notional bond portfolio, which will reduce the exposure of the note program to the fund portfolio.

Fees and Expenses

In order for you to receive a variable return on the Deposit Notes, the return on the notional assets in the basket over the term of the Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any) charged to the note program during the term of the Deposit Notes.

Leverage

If weighting exceeds 100%, the basket will have notionally borrowed money to acquire additional Units up to a maximum weighting of 200%. A decline in the value of the fund portfolio will result in a greater decrease in the basket value than if no money was borrowed. Decreases in the basket value can lead to an increased allocation to the notional bond portfolio under the asset allocation methodology. Notionally borrowing funds will create interest

expense for the note program, which may exceed the net return made from the Units acquired with the borrowed funds and result in a lower return on note program assets than if no funds were borrowed.

Conflicts of Interest

In the course of normal business operations, we and BMO Capital Markets may hold interests linked to the funds or enter into business dealings with the investment manager. If we take any such actions, we and BMO Capital Markets will not necessarily take into account the effect, if any, that such actions could have on the amount of variable return that may be payable on the Deposit Notes. Moreover, the investment manager may have conflicts of interest in allocating its time between the funds and other activities, in allocating investments among the funds and other clients in which the investment manager may have a greater financial interest, and in selecting and allocating funds within the fund portfolio. Furthermore, BMO Capital Markets, which has undertaken to use reasonable efforts to arrange for a secondary market, is an affiliate of Bank of Montreal.

Legislative, Regulatory and Administrative Changes

Changes in laws, regulations or administrative practices, including with respect to taxation, could have an impact on you.

Credit Rating

There is no assurance that the Deposit Notes, if rated, would have the same rating as our other deposit liabilities.

Credit Risk

The likelihood that you will receive all the payments owing to you under the Deposit Notes will depend on our financial health and creditworthiness.

No Deposit Insurance

Unlike conventional bank deposits, the Deposit Notes are not insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure that depositors receive payment of all or a portion of their deposits if the deposit taking financial institution becomes insolvent.

Not Eligible for Protection Under the Canadian Investor Protection Fund

As is the case with other investments made through BMO Harris Investment Management Inc., your investment in the Deposit Notes will not be eligible for protection under the Canadian Investor Protection Fund.

No Independent Valuation

We will not retain an independent person to make or confirm the determinations and calculations made for the Deposit Notes.

Valuation of Fund Portfolio

In valuing the fund portfolio, BMO Capital Markets will, as calculation agent, depend on information that is generally unaudited. Neither we nor BMO Capital Markets will have access to readily available information to verify the information reported by the funds.

Risks Relating to the Funds

Certain risk factors applicable to investors who invest directly in units of the funds are also applicable to an investment in Deposit Notes. For a complete description of these risk factors you should consult the current simplified prospectus of each fund made publicly available at www.bmoharrisprivatebanking.com or www.sedar.com.

No Ownership of Units or Assets of the Funds, Units or Notional Bond Portfolio

You will have no rights of ownership in units or assets of the funds, Units or the notional bond portfolio.

Amendments:

We may amend the terms of the Deposit Notes after they have been issued without your consent if we and BMO Capital Markets agree that the amendment would not materially and adversely affect your interests. In all other cases an amendment must be approved by the votes of holders of at least two-thirds of the outstanding Deposit Notes represented at a meeting held to consider the amendment. See “Description of the Deposit Notes – Amendments to the Global Note”.

Right to Cancel: You may cancel an order to purchase a Deposit Note (or cancel its purchase if the Deposit Note has been issued) by providing instructions to us through your financial advisor any time up to 48 hours after the later of (i) the day on which the agreement to purchase the Deposit Note is entered into, and (ii) deemed receipt of this Information Statement. See “Description of the Deposit Notes – Investor’s Right to Cancel the Agreement to Purchase a Deposit Note”.

Date of Agreement: If you place an order to purchase a Deposit Note in person or electronically, the agreement to purchase the Deposit Note will be deemed to have been entered into on the third day after the later of (i) the day your purchase order is received, and (ii) five business days after the postmark date, if this Information Statement is provided to you by mail, or the date this Information Statement is actually received by you, if it is provided other than by mail. If an order to purchase a Deposit Note is received by telephone, the agreement to purchase the Deposit Note will be deemed to have been entered into at the time your purchase order is received.

Eligibility for Investment: Unless Canadian law changes, you will be able to hold your Deposit Notes in a trust governed by a tax-free savings account, registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan or deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan to which contributions are made by us or by an employer with which we do not deal at arm’s length within the meaning of the *Income Tax Act* (Canada)).

Income Tax Considerations: This income tax summary is subject to the limitations and qualifications set out under “Income Tax Considerations” in the body of this Information Statement.

In the opinion of McMillan LLP, counsel to Bank of Montreal, if you hold Deposit Notes at maturity, you will be required to include in your income the amount, if any, by which the payment at maturity exceeds the amount you deposited with us. Generally, based in part on counsel’s understanding of the Canada Revenue Agency’s administrative practice, you should not have to report any amount in respect of the variable return, if any, in your tax return for any taxation year ending before the year in which the Deposit Notes mature provided an extraordinary event has not occurred. Counsel understands that the Canada Revenue Agency is currently reviewing its administrative practice in relation to the relevance of a secondary market for debt obligations such as the Deposit Notes in determining whether there is a deemed accrual of interest on such debt obligations.

Provided an extraordinary event has not occurred and while the matter is not free from doubt, a disposition of a Deposit Note by you prior to the final valuation date should give rise to a capital gain (or capital loss) to you to the extent your proceeds of disposition, excluding accrued and unpaid interest, if any, exceed (or are less than) the aggregate of your adjusted cost base of the Deposit Note and any reasonable costs of disposition. You should consult your tax advisor with respect to your particular circumstances if you plan to sell a Deposit Note prior to maturity. See “Income Tax Considerations”.

Rank: The Deposit Notes will rank equally with all of our other deposit liabilities. See “Description of the Deposit Notes – Rank”.

CDIC: The Deposit Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution. See “Risk Factors – No Deposit Insurance”.

You may request information about the Deposit Notes or another copy of this Information Statement by contacting your local BMO Harris Investment Management Inc. Investment Counsellor at 1-800-844-6442, or calling BMO Capital Markets at 1-866-864-7760. A copy of this Information Statement is also posted at www.bmoharrisprivatebanking.com/InvestmentManagement/reports.asp.

During the term of the Deposit Notes, you may inquire about the net asset value of the Deposit Notes and the method for determining the variable return of the Deposit Notes by contacting BMO Harris Investment Management Inc. or BMO Capital Markets at the above numbers.

DEFINITIONS

In this Information Statement, unless the context otherwise requires:

“**Asset Allocation Methodology**” means the methodology set out under “Note Program – Reallocation of Assets” and used by the Calculation Agent to determine the thresholds for allocating and reallocating assets in the Basket between the Fund Portfolio and the Notional Bond Portfolio, which methodology is based on a number of factors including the characteristics and performance of the Fund Portfolio, the remaining term of the Deposit Notes and interest rates as at the relevant date of determination;

“**Bankers’ Acceptance Rate**” means, on any Business Day, the average bid rate of interest (expressed as an annual percentage rate) rounded to the nearest one-hundred-thousandth of one percent (with decimal fractions of 0.000005 percent and greater being rounded up) for Canadian dollar bankers’ acceptances with maturities of one month which appear on the Reuters Screen CDOR Page as of approximately 10:00 a.m., Toronto time, on such Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such Business Day, the Bankers’ Acceptance Rate for such Business Day shall be the average of the bid rates of interest (expressed and rounded as set forth above) for Canadian dollar bankers’ acceptances with maturities of one month for same day settlement as quoted by such banks listed on Schedule I to the *Bank Act* (Canada) as may quote such a rate as of approximately 10:00 a.m., Toronto time, on such Business Day, such rate to be determined and (upon each change to such rate) adjusted automatically by the Calculation Agent and provided further that if the Calculation Agent is unable to determine such rate in accordance with the foregoing, the Calculation Agent shall adjust the foregoing as it determines appropriate to determine the Bankers’ Acceptance Rate;

“**Basket**” means a basket of notional investments consisting (i) if Weighting is equal to or greater than 100%, entirely of notional investments in the Fund Portfolio, (ii) if Weighting is 40% or greater and less than 100%, of notional investments in the Fund Portfolio and the Notional Bond Portfolio, or (iii) if an Extraordinary Event has occurred, entirely of the Notional Bond Portfolio;

“**Basket Appreciation**” means the result of the following formula: $\left(\frac{Basket_F}{Basket_0} - 1 \right)$;

“**Basket_F**” means the Basket Value on or about the Maturity Date, provided that the value of any Units in the Basket at such time will be determined as of the Final Valuation Date;

“**Basket₀**” means 100;

“**Basket Value**” means, on a per Deposit Note basis as at any Calculation Date, the amount determined by the Calculation Agent and equal to:

Fund Portfolio Value + Notional Bond Portfolio Value – Loan Value;

“**BMO Capital Markets**” means, collectively, BMO Nesbitt Burns Inc. and any of its affiliates;

“**Book-Entry System**” means the record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS, including in relation to CDS;

“**Business Day**” means any day (other than a Saturday, a Sunday or a statutory holiday) on which commercial banks are open for business in Toronto, Ontario;

“**Calculation Agent**” means BMO Capital Markets or a third party appointed by BMO Capital Markets to act as calculation agent for the Note Program;

“**Calculation Date**” means each Business Day on which the Calculation Agent calculates Basket Value;

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee;

“**CDS Participant**” means a broker, dealer, bank or other financial institution or other person for whom CDS effects book-entry transfers and pledges of Deposit Notes under the Book-Entry System;

“**Closing Date**” means on or about May 5, 2010;

“**Coupon Bond**” means a hypothetical bond denominated in Canadian dollars, maturing on or about the Maturity Date, with an annual coupon of 1.00% calculated on an actual number of days/365 unadjusted basis and a notional principal of \$100 and of the same or superior credit quality as a bond issued by Bank of Montreal; provided however that the coupon payable on this bond will not increase the return to the Basket but will instead be used to pay annual bond portfolio fees under the Note Program;

“**Coupon Bond Price**” means, in respect of a Coupon Bond as at the relevant date of determination, the present value of the Coupon Bond calculated by the Calculation Agent based on relevant market rates (and not including any coupon that may be payable on the relevant date of determination); provided however that if the Calculation Agent is unable to make the necessary determinations or calculations, the Calculation Agent shall adjust the procedures as it determines appropriate to determine the Coupon Bond Price;

“**CRA**” means Canada Revenue Agency;

“**Custodian**” means Bank of Montreal or a person appointed by Bank of Montreal;

“**DBRS**” means DBRS Limited;

“**Deposit Amount**” means \$100 per Deposit Note;

“**Deposit Notes**” means the Bank of Montreal Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7;

“**Distance**” or “**D_t**” means, as at any Calculation Date, the quotient expressed as a percentage equal to (i) the Basket Value at such time less the Coupon Bond Price at such time divided by (ii) 100;

“**Distribution**” means an actual distribution on a Fund Unit made by a Fund such that the net effect to holders of Fund Units is that they receive cash or additional Fund Units of such Fund, and “**Distributions**” means, collectively, all Distributions made by the Funds during the relevant period;

“**Distribution Rate**” means, in respect of a Fund as at any Calculation Date, the quotient obtained by dividing (i) the Distributions made on the Fund Units of the Fund since the preceding Calculation Date by (ii) the net asset value of the Fund Units of the Fund as at such Calculation Date;

“**Early Trading Charge**” means the early trading charge per Deposit Note, if any, described under “Secondary Market”;

“**Extraordinary Event**” means any of the events set out below that occurs after the Closing Date and prior to the Maturity Date where the Manager, acting in its sole and absolute discretion, has determined in good faith that such event constitutes an “Extraordinary Event” and in respect of which the Manager and the Calculation Agent have determined that the Note Program will no longer have exposure to the Fund Portfolio and the Basket will consist entirely of the Notional Bond Portfolio: (i) the winding-up, dissolution or liquidation of a Fund or other cessation of trading of any units of a Fund; (ii) the Investment Manager or any affiliate of the Investment Manager ceases to act as the manager of a Fund; (iii) the investment objective, investment restrictions or investment policies of a Fund or any units of a Fund are modified (except where such modification is of a formal, minor or technical nature); (iv) a material modification (other than any modifications referred to in (iii) above) of the terms and conditions relating to a Fund or any units of a Fund (including but not limited to a material modification of the constating documents of a Fund) or the occurrence of any event or change having a material adverse effect on a Fund or any units of a Fund (including, but not limited to, the interruption, breakdown or suspension for a significant period of time of the calculation or publication of the net asset value per unit of a Fund); (v) the non-execution or partial-execution by a Fund of a subscription or redemption order given by an investor in any units of the Fund or a refusal to transfer any units of a Fund to an eligible transferee except where such non-execution, partial execution or refusal is the result of circumstances beyond the control of the Fund; (vi) any mandatory redemption or other reduction (actual or potential as determined by the Manager in its sole discretion) in the number of units of a Fund held by any holder of such units for any reason beyond the control of such holder; (vii) any failure by the Investment Manager to calculate or publish the daily official net asset value per unit of a Fund within five Business Days after the relevant valuation date except as provided in the case of a suspension of determination of the net asset value per unit in accordance with the provisions set out in the constating documents of the Fund; (viii) a Fund imposes in whole or part any restriction, charge or fee in respect of a redemption or subscription of any units of the Fund by any holder thereof (other than any fee applicable to a holder of units of the Fund as at the Closing Date); (ix) any relevant activities of or in relation to a Fund, the Investment Manager or the Fund’s portfolio advisor are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof; (x) a material authorisation or licence is revoked or is under review by a competent authority in respect of a Fund or the Investment Manager; (xi) any change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse

effect on any unitholder of a Fund or in respect of any hedging transaction established in connection with the Offering; (xii) a party is unable to effectively acquire, establish, re-establish, substitute, maintain, unwind or dispose of any hedging transaction in connection with the Offering or to realize, recover or remit the proceeds of any such hedging transaction; (xiii) an increase in the cost of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedging transaction in connection with the Offering or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or (xiv) as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, or the issuance of any directive or the promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after the date thereof or as a result of any other event, (1) it would become unlawful for any unitholder of a Fund to hold, purchase or sell any units of the Fund, (2) the cost of investing in any units of a Fund would materially increase, other than ordinary course increases in the market value of units of the Fund, or (3) a unitholder of a Fund would be subject to a material loss as a result of holding any units of the Fund;

“**Final Valuation Date**” means three Business Days prior to the Maturity Date;

“**Fund Portfolio**” means, from time to time, the portfolio of Units in which the Note Program has made an investment;

“**Fund Portfolio Value**” means, as at any Calculation Date, the quotient obtained by dividing (i) the value of the Units in the Fund Portfolio at such time less annual fund portfolio fees applicable to the Fund Portfolio accrued but not deducted at such time by (ii) the number of Deposit Notes outstanding at such time;

“**Fund Units**” means units of a Fund, and each is a “**Fund Unit**”, subject to adjustments required to give effect to a Replacement Fund, if any, in the circumstances of what would otherwise be an Extraordinary Event in respect of a Fund;

“**Funds**” mean the following mutual fund trusts (and each of them is a “**Fund**”): (i) BMO Harris Canadian Money Market Portfolio; (ii) BMO Harris Canadian Total Return Bond Portfolio; (iii) BMO Harris Diversified Yield Portfolio; (iv) BMO Harris Canadian Conservative Equity Portfolio; (v) BMO Harris Canadian Special Growth Portfolio; (vi) BMO Harris U.S. Equity Portfolio; (vii) BMO Harris International Special Equity Portfolio; (viii) BMO Harris International Equity Portfolio; and (ix) BMO Harris Emerging Markets Equity Portfolio; subject to adjustments required to give effect to a Replacement Fund, if any, in respect of a Fund in the circumstances of what would otherwise be an Extraordinary Event in respect of the Fund;

“**FundSERV**” means FundSERV Inc.;

“**FundSERV Notes**” has the meaning given to that term under “FundSERV – Deposit Notes Held Through the Custodian”;

“**Global Note**” has the meaning given to that term under “FundSERV – Deposit Notes Held Through the Custodian”;

“**Holder**” means a beneficial owner of a Deposit Note;

“**Investment Manager**” means BMO Harris Investment Management Inc., an indirect subsidiary of Bank of Montreal;

“**Loan**” means the notional amount, if any, borrowed from time to time by the Note Program to provide leverage to the Basket, bearing notional interest to be calculated and accrued daily at a notional rate of interest equal to the sum of the Bankers’ Acceptance Rate plus one-quarter of one percent and deducted from the Fund Portfolio Value monthly and at Maturity by selling Units in the Fund Portfolio;

“**Loan Value**” means, as at any Calculation Date, the quotient obtained by dividing (i) the sum of the Loan amount plus accrued and unpaid interest on the Loan at such time by (ii) the number of the Deposit Notes outstanding at such time;

“**Manager**” means BMO Capital Markets or a person appointed by BMO Capital Markets;

“**Maturity**” or “**Maturity Date**” means May 5, 2020;

“**Moody’s**” means Moody’s Investors Service Inc.;

“**Note Program**” means the Bank of Montreal Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7 note program administered by BMO Capital Markets;

“**Note Value**” means, as at any time, an amount equal to Basket Value at such time;

“**Notional Bond Portfolio**” means, from time to time, the portfolio of Coupon Bonds in which the Note Program has made an investment;

“**Notional Bond Portfolio Value**” means, as at any Calculation Date, the quotient obtained by dividing (i) the value of the Notional Bond Portfolio based on the sum of the Coupon Bond Prices at such time by (ii) the number of Deposit Notes outstanding at such time;

“**Offering**” means the offering of Deposit Notes to prospective investors under this Information Statement;

“**Payment at Maturity**” means the amount payable at Maturity in an amount per Deposit Note equal to the Deposit Amount plus the Variable Return, if any, calculated by the Calculation Agent in accordance with the Variable Return Payment Formula;

“**Replacement Fund**” means a mutual fund managed or sponsored by the Investment Manager or an affiliate, as further described under “Note Program – Extraordinary Events”;

“**S&P**” means Standard & Poor’s Rating Services;

“**Selling Agent**” means BMO Nesbitt Burns Inc.;

“**Subscription Price**” means \$100 per Deposit Note;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Unit**” means, from time to time, a notional unit of a Fund in which the Note Program has made a notional investment, the investment performance of which reflects the actual investment performance of a Fund Unit of the Fund that would occur if the operating expenses of the Fund pertaining to the Fund Units were nil and Distributions were reinvested in Fund Units of the same Fund during the relevant period at a rate equal to 100% of the Distribution Rate for such Fund Units, and “**Units**” means, collectively, all Units in which such a notional investment has been made, subject to adjustments required to give effect to a Replacement Fund, if any, in the circumstances of what would otherwise be an Extraordinary Event in respect of the Fund;

“**Variable Return**” means the amount of the variable return, if any, payable to the Holder of each Deposit Note at Maturity determined by the Calculation Agent in accordance with the Variable Return Payment Formula;

“**Variable Return Payment Formula**” means the formula used by the Calculation Agent to calculate the Variable Return, if any, payable to Holders at Maturity as follows:

Deposit Amount x the greater of (i) Basket Appreciation and (ii) zero;

“**Weight**” or “**Weighting**” refers to the value of the Fund Portfolio in the Basket expressed as a percentage of the value of the Basket and means, on a per Deposit Note basis as at any Calculation Date, the quotient obtained by dividing (i) Fund Portfolio Value at such time by (ii) Basket Value at such time; and

“**\$**” means Canadian dollars, unless otherwise specified.

NOTE PROGRAM

The Note Program has been developed to provide investors with the opportunity to purchase a principal protected product that provides a Variable Return based on the performance of a Basket consisting (i) if Weighting is equal to or greater than 100%, entirely of notional investments in the Fund Portfolio, (ii) if Weighting is 40% or greater and less than 100%, of notional investments in the Fund Portfolio and the Notional Bond Portfolio, or (iii) if an Extraordinary Event has occurred, entirely of the Notional Bond Portfolio.

“Weight” or “Weighting” refers, on a per Deposit Note basis, to the value of the notional assets of the Basket allocated to the Fund Portfolio, expressed as a percentage of the Basket Value. Weighting will vary during the term of the Deposit Notes based on Distance in accordance with the Asset Allocation Methodology. Weighting will be adjusted from time to time by buying and selling Units on the Business Day following the Business Day on which Weighting is adjusted. If Weighting exceeds 100%, the Basket will have notionally borrowed funds at an annual interest rate equal to the Bankers’ Acceptance Rate plus one-quarter of one percent, calculated and accrued daily and deducted from the Fund Portfolio Value monthly and at Maturity. The Basket may notionally borrow up to a maximum of 100% of the Basket Value, in which case Weighting will be at a maximum of 200%. Any leverage employed by the Calculation Agent is without personal liability to any Holder, will give rise to interest to be deducted from the Fund Portfolio Value monthly and at Maturity by selling Units in the Fund Portfolio, and may affect the value of or return on Deposit Notes. It is possible to have Weighting from 40% up to 200% as set out in the table in the Asset Allocation Methodology, except where an Extraordinary Event has occurred, in which case the Basket will not include allocations to the Fund Portfolio but will be entirely allocated to the Notional Bond Portfolio for the remainder of the term of the Deposit Notes. The possibility of a Holder receiving any Variable Return is significantly reduced if the Basket does not include the Fund Portfolio.

It is expected that Weighting will be 100% on the Closing Date.

Payments to Holders

No interest payments or principal repayments will be made to Holders during the term of the Deposit Notes.

At Maturity, a Holder will be entitled to an amount per Deposit Note equal to the Deposit Amount of \$100 plus the Variable Return, if any, based on the performance of the Basket, determined in accordance with the following formula (the “Variable Return Payment Formula”):

Deposit Amount x the greater of (i) Basket Appreciation and (ii) zero.

The Variable Return Payment Formula assumes that notional assets in the Basket will be allocated between the Fund Portfolio and the Notional Bond Portfolio from time to time based on the Asset Allocation Methodology. The allocation between the Fund Portfolio and the Notional Bond Portfolio will depend on various factors including the performance of the Fund Portfolio, the remaining term of the Deposit Notes, interest rates as at the relevant date of determination and the fact that leverage, by way of funds notionally borrowed under the Note Program, could be used to obtain Weighting of greater than 100%. Following an Extraordinary Event, the Basket will not include a notional investment in the Fund Portfolio but will consist entirely of a notional investment in the Notional Bond Portfolio. The Calculation Agent will determine Distance and Weight on each Calculation Date and whether the Fund Portfolio and the Notional Bond Portfolio in the Basket need to be reallocated in accordance with the Asset Allocation Methodology. Any reallocation of assets in the Basket between the Fund Portfolio and the Notional Bond Portfolio or use of leverage will occur on the Business Day following the Calculation Date on which it is determined that a reallocation is necessary. If, at any time, the Calculation Agent determines that it is unable to determine Distance or Weight or make any calculations required by the Asset Allocation Methodology, the Calculation Agent may make such adjustments as it determines necessary. See “Description of the Deposit Notes – Maturity and Principal Repayment” and “Description of the Deposit Notes – Settlement of Payments”.

The return on a Deposit Note is based on the performance of the Fund Portfolio in the Basket for the period from the Closing Date to the Final Valuation Date. There is no assurance that any Fund will meet its investment objectives or achieve the intended benefits of its strategies or avoid losses. In order for a Payment at Maturity to exceed the Deposit Amount, the return on the notional assets in the Basket over the term of Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any) charged to the Note Program during such period. See “Fees and Expenses of the Note Program”.

Extraordinary Events

Where the Manager and the Calculation Agent have determined in respect of an Extraordinary Event that the Note Program will no longer have exposure to the Fund Portfolio and the Basket will consist entirely of the Notional Bond Portfolio, (i) the Calculation Agent will determine the entire notional value of the Basket as soon as reasonably practicable notionally taking into account any extraordinary fees in relation to the Extraordinary Event, (ii) such value when notionally realized will be

notionally invested in the Notional Bond Portfolio, (iii) any positive return on Fund Units following the Extraordinary Event will not increase the Basket Value, (iv) a Holder will be entitled to the Deposit Amount at, but not prior to, Maturity, and (v) the possibility of a Holder receiving any Variable Return is significantly reduced. Following an Extraordinary Event, a Holder would continue to be able to sell a Deposit Note in accordance with the terms and subject to the restrictions of the secondary market offered by BMO Capital Markets. See “Secondary Market”.

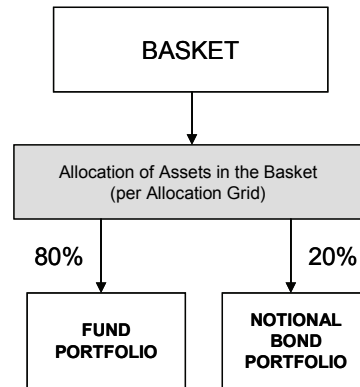
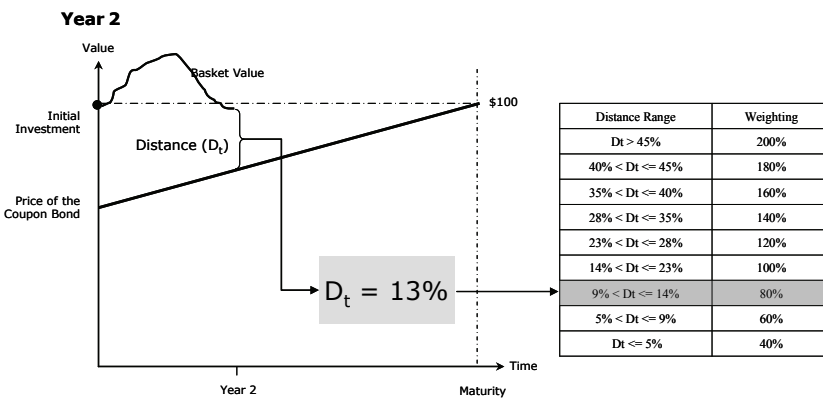
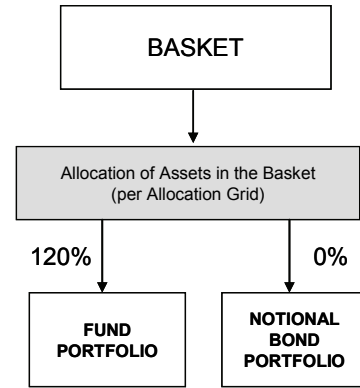
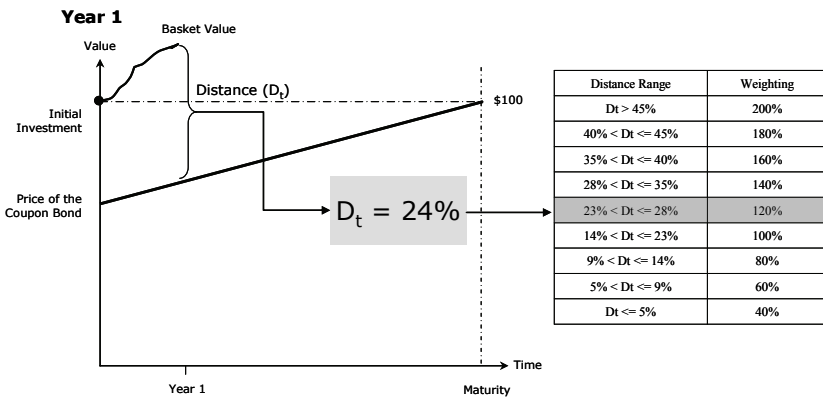
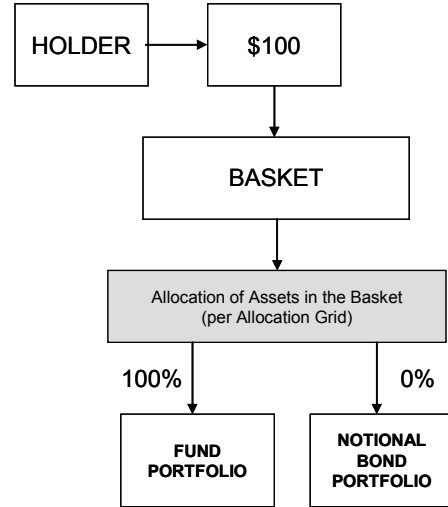
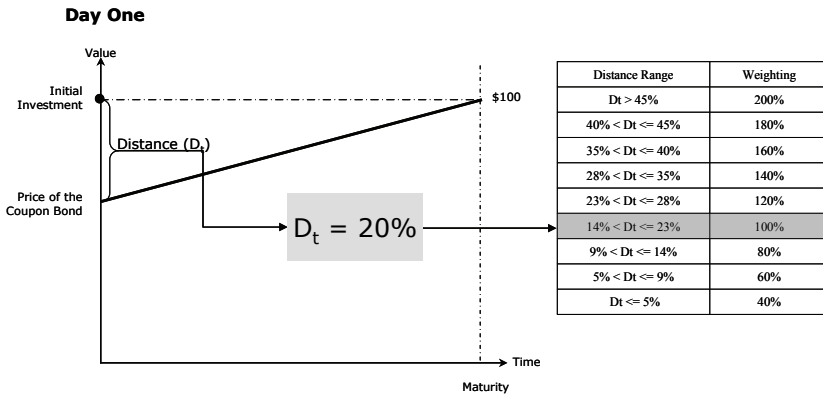
If an event occurs in respect of a Fund that would otherwise constitute an Extraordinary Event, then in lieu of making a determination in respect of an Extraordinary Event, the Manager may in its discretion, with the consent of the Investment Manager and in consultation with the Calculation Agent, replace the Fund (the “Deleted Fund”) with another mutual fund that is managed or sponsored by the Investment Manager or an affiliate (the “Replacement Fund”). Such replacement may be effected upon giving notice to the Holders on a Business Day (the date of such notification being the “Substitution Date”), provided that such replacement will, in the determination of the Manager in consultation with the Calculation Agent, have the effect of eliminating what would otherwise be an Extraordinary Event. The Manager will replace the Deleted Fund with the Replacement Fund by redeeming all of the Units of the Deleted Fund in the Fund Portfolio on the Substitution Date and purchasing Units of the Replacement Fund with the notional proceeds from the redemption of the Units of the Deleted Fund (notionally taking into account any extraordinary fees in relation to the event that gave rise to such replacement). Upon and following such replacement, the Units of the Replacement Fund will be deemed to be the Units of the Fund Portfolio (in lieu of the Units of the Deleted Fund) for purposes of applying the Asset Allocation Methodology and Variable Return Payment Formula. The Calculation Agent may make such adjustments, if any, to the Variable Return Payment Formula as it reasonably determines appropriate to account for the substitution of the Replacement Fund for the Deleted Fund.

Reallocation of Assets

On each Calculation Date, the Calculation Agent will determine Distance (or D) and Weight and whether the Fund Portfolio and the Notional Bond Portfolio in the Basket need to be reallocated in accordance with the methodology (“Asset Allocation Methodology”) set out below. If, on a Calculation Date, Distance is in a new distance range in the table of distance ranges below (as compared to the distance range applicable for the Calculation Date immediately preceding such Calculation Date), then (but not otherwise) the notional assets in the Basket will be reallocated to closely achieve the new Weighting applicable to the new distance range. The foregoing reallocation between the Fund Portfolio and the Notional Bond Portfolio will occur on the Business Day following such Calculation Date. There may be circumstances that result in the actual Weighting of the Fund Portfolio being different from the “target” Weighting. If at any time the Calculation Agent determines that it is unable to make the calculations and determinations required for the Asset Allocation Methodology, the Calculation Agent may make such adjustments as it determines necessary.

Distance Range	Weighting
Dt > 45%	200%
40% < Dt <= 45%	180%
35% < Dt <= 40%	160%
28% < Dt <= 35%	140%
23% < Dt <= 28%	120%
14% < Dt <= 23%	100%
9% < Dt <= 14%	80%
5% < Dt <= 9%	60%
Dt <= 5%	40%

The following diagrams, based on hypothetical scenarios, demonstrate how the notional assets in the Basket will be allocated and reallocated between the Fund Portfolio and the Notional Bond Portfolio based on Distance (Dt). The diagrams on the left-hand side show the calculation of Distance (a) as at the Closing Date where an amount equal to 100% of the proceeds of the Offering is invested in the Fund Portfolio on that date, (b) as at the end of Year 1 where the Basket Value has increased and resulted in a Distance that is in a new distance range and (c) as at the end of Year 2 where the Basket Value has decreased and resulted in a Distance that is in a new distance range. The corresponding diagrams on the right-hand side show the allocation of the notional assets in the Basket applicable to the indicated distance range, and, in the case of the last two examples, assume that the reallocation between the Fund Portfolio and the Notional Bond Portfolio to achieve the Weighting applicable to the new distance range took place on that date.



THE FUNDS

The Fund Portfolio is comprised of Units of certain BMO Harris Private Portfolios, as described below. The Funds are mutual funds established pursuant to their respective declarations of trust. Each Fund is managed by BMO Harris Investment Management Inc., which is an indirect subsidiary of Bank of Montreal. Additional disclosure about each Fund may be obtained from time to time at www.bmoharrisprivatebanking.com or at www.sedar.com.

Fund Portfolio

It is expected that the Fund Portfolio will initially be comprised of all nine of the Funds at or near their respective initial target proportions set out below. Thereafter, the relative proportions of the Funds in the Fund Portfolio will fluctuate based on the relative performance of the Fund Units of each Fund. In addition, the Investment Manager in its discretion may rebalance the relative proportions of the Funds in the Fund Portfolio once or twice during each calendar year between minimum and maximum proportions consented to by the Manager from time to time. It is intended that the Fund Portfolio will be comprised of all nine of the Funds, but it is possible that the Fund Portfolio could only contain two Funds at any given time. The following table sets out (i) the nine Funds which may be included in the Fund Portfolio, and (ii) the initial target proportions of the Funds.

Fund	Initial Target Proportions
BMO Harris Canadian Money Market Portfolio	2.5%
BMO Harris Canadian Total Return Bond Portfolio	26.2%
BMO Harris Diversified Yield Portfolio	6.9%
BMO Harris Canadian Conservative Equity Portfolio	39.9%
BMO Harris Canadian Special Growth Portfolio	2.3%
BMO Harris U.S. Equity Portfolio	10.9%
BMO Harris International Special Equity Portfolio	2.1%
BMO Harris International Equity Portfolio	7.0%
BMO Harris Emerging Markets Equity Portfolio	2.2%

Portfolio Advisor

The portfolio advisor of each Fund is indicated below in the chart describing each Fund.

Investment Objectives and Strategies of the Funds

Each Fund's investment objectives and strategies are summarized below in the chart of the Funds comprising the Fund Portfolio. More complete information is included in the prospectus of each Fund.

Some of the Funds may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with its investment objectives and as permitted by applicable securities legislation. Some of the Funds may also enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool and/or to enhance performance.

Fund	Investment Objectives	Investment Strategies	Portfolio Advisor
BMO Harris Canadian Money Market Portfolio	To provide a high level of interest income and liquidity and to preserve the capital invested. Invests primarily in high quality, low risk short term debt instruments issued by governments and corporations in Canada, such as treasury bills, bankers' acceptances and commercial paper.	Investment in securities rated, at the time of investment, R-1 (low) stable or higher by DBRS or A-1 (low) or higher by S&P or the equivalent rating as defined by other recognized rating agencies and maintenance of a unit price of \$10.00 by crediting income daily and distributing it monthly. On occasion, up to 15% of the net assets of the Fund may be invested in foreign securities.	Jones Heward Investment Counsel Inc.

Fund	Investment Objectives	Investment Strategies	Portfolio Advisor
BMO Harris Canadian Total Return Bond Portfolio	<p>To produce superior returns through a combination of interest income and capital growth while also pursuing capital preservation.</p> <p>Invests primarily in high quality fixed income securities such as bonds and debentures issued by governments and corporations in Canada that mature in more than one year.</p>	<p>Selection of a variety of investment maturities based on the interest rate outlook; determination of the best potential investments by analyzing the credit ratings of various issuers; diversification by allocating investments among government and corporate debt securities, including securities backed by mortgages or other financial assets. While generation of income will be important, may also undertake shifts in duration and composition in anticipation of interest rate movements to protect or enhance capital value. Possible investment of up to 10% of assets in mortgages fully guaranteed or insured by governments in Canada or the government of the United States. May invest a portion of assets in non-investment grade fixed income securities, and in securities of other mutual funds, which may include mutual funds managed by the Investment Manager or one of its affiliates. May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. On occasion, up to 30% of the net assets of the Fund may be invested in foreign securities.</p>	Jones Heward Investment Counsel Inc.
BMO Harris Diversified Yield Portfolio	<p>To provide income by investing primarily in a diversified portfolio of Canadian securities.</p>	<p>Bottom-up security selection and quantitative and traditional fund analyses. Analysis of the projected earnings growth and cash flows and payout ratios; of the quality of the management teams; of the business fundamentals; and of balance sheet strength, credit ratings, and relative valuation considerations.</p> <p>Diversification across industries to ensure that the Fund is not overly sensitive to a particular line of business. May invest, but is not limited to investing, in common equities, preferred equity, income trusts, royalty trusts, real estate investment trusts, convertible debentures, and fixed income securities. May use derivative instruments, primarily options to increase income or reduce loss potential from changes in interest rates in the Fund. May also hold a portion of its assets in cash or short term instruments such as money market securities and/or fixed income securities such as Government of Canada bonds and/or bonds and debentures issued by Canadian corporations that mature in more than one year while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. On occasion, up to 15% of the net assets of the Fund may be invested in foreign securities.</p>	BMO Harris Investment Management Inc.
BMO Harris Canadian Conservative Equity Portfolio	<p>To provide long term capital appreciation through investing primarily in equity securities of large Canadian issuers.</p>	<p>Bottom-up security selection; quantitative and traditional fundamental analyses; analysis of the company's projected earnings growth and of the quality of the company's management; identification of reasonable stock price valuations relative to other companies in the same industry. May hold a portion of its assets in cash or short term instruments such as money market securities while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. On occasion, up to 15% of the net assets of the Fund may be invested in foreign securities.</p>	BMO Harris Investment Management Inc.

Fund	Investment Objectives	Investment Strategies	Portfolio Advisor
BMO Harris Canadian Special Growth Portfolio	To provide above average capital growth over the long term by investing in small and mid-sized Canadian companies whose shares are listed on a Canadian stock exchange.	Analysis of financial results and statistics to determine if the company's stock is well priced; of the company's projected earnings and cash flow; of the company's operations and research and development to assess the company's potential for future growth; of the quality of the company's management; and of the financial health of the company. Continuous monitoring of the company for changes that may affect profitability. May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. The Fund is expected to have a high portfolio turnover rate. On occasion, up to 15% of the net assets of the Fund may be invested in foreign securities.	Jones Heward Investment Counsel Inc.
BMO Harris U.S. Equity Portfolio	To provide long term capital appreciation by investing primarily in larger capitalization U.S. equity securities.	Selection of securities considered to be undervalued and to represent stronger than average growth characteristics; usage of disciplined investment process designed to maintain a diversified portfolio of equity securities of higher quality companies to assist in reducing risk; usual investment of at least 65% of assets in common stock of large capitalization companies. May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. May use derivative instruments to reduce the impact of currency fluctuations in the Fund's holdings.	Harris Investment Management, Inc.
BMO Harris International Special Equity Portfolio	To achieve long term growth through capital appreciation by primarily investing in small and mid-sized companies internationally.	Bottom up security selection; quantitative and traditional fundamental analyses; analysis of the financial results, financial condition and potential future growth of the company; identification of companies with earnings acceleration that are currently trading below their fair market values. May invest some of its assets in securities of companies located in emerging markets. May use derivative instruments to reduce the impact of currency fluctuations on, and to add value to, the Fund's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Fund to efficiently manage its cash flow and its exposure to different countries. May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. The Fund is expected to have a high portfolio turnover rate.	GlobeFlex Capital, L.P.

Fund	Investment Objectives	Investment Strategies	Portfolio Advisor
BMO Harris International Equity Portfolio	To provide long term capital appreciation by investing in a diversified portfolio of primarily equity securities of issuers throughout the world, other than in Canada and the United States.	Analysis of the financial information available for each potential investment, including a company's operations and potential for growth; of the quality of management; of whether the stock is attractively priced in the market; of the economic outlook for various countries/regions and industries; and of expected changes in currency exchange rates. Qualitative and traditional fundamental analyses, including bottom up security selection. May invest some of its assets in securities of companies located in emerging markets and in small and medium capitalization companies (assets will be diversified by industry and company to help reduce risk). May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions. May use derivative instruments to reduce the impact of currency fluctuations against the Canadian dollar, and to add value to, the Fund's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Fund to efficiently manage its cash flow and its exposure to different countries. The Fund is expected to have a high portfolio turnover rate.	McKinley Capital Management, LLC Pyrford International plc Thornburg Investment Management, Inc.
BMO Harris Emerging Markets Equity Portfolio	To achieve long term growth through capital appreciation through primarily investing in securities of companies in emerging markets or companies with a connection to emerging markets.	Bottom up security selection and traditional fundamental and quantitative analyses; analysis of a company's balance sheet, earnings, and the quality of the company's management; selecting attractively priced companies that show exceptional characteristics with strong competitive positions that are likely to appreciate steadily over the long term. May invest in securities of companies that trade in emerging markets, or that trade anywhere in the world and earn more than half of their revenue from production, operations or sales in emerging markets. May use derivative instruments to reduce the impact of currency fluctuations on, and to add value to, the Fund's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Fund to efficiently manage its cash flow and its exposure to different countries. May hold a portion of its assets in cash or short term money market instruments while seeking investment opportunities or for defensive purposes to reflect general economic and/or market conditions.	Comgest S.A.

Units of the Funds

The performance of the Note Program will be based on the performance of the Funds in the Fund Portfolio. The net asset value per Fund Unit of each Fund is calculated by: (i) adding the value of the assets of the Fund; (ii) subtracting the liabilities of the Fund; and (iii) dividing the difference by the total number of outstanding units of that Fund.

NOTE VALUE

Determination of Note Value

Note Value as at the close of business on any Business Day is equal to Basket Value as at such time and will be calculated by the Manager when Basket Value and Weighting are made available by the Calculation Agent.

Temporary Suspension of Calculation of Note Value

The Manager may suspend the calculation of Note Value during the existence of any state of affairs that makes the calculation of Note Value impossible, impractical or prejudicial to Holders, including, without limitation:

- (A) the interruption, breakdown or suspension of the calculation or publication of the net asset value of the Fund Units;
- (B) any period when any emergency exists as a result of which disposal by a Fund of investments which constitute a material portion of its assets is not practically feasible;
- (C) any period when for any reason the prices of a material portion of the investments of a Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (D) any period when remittance of monies which will or may be involved in the realisation of, or in the payment for, investments of a Fund cannot be carried out at normal rates of exchange; or
- (E) any period when proceeds of the sale or redemption of any Fund Units cannot be transmitted to or from the Fund's account.

Consequences of Suspension of Calculation of Note Value

If the Manager suspends the calculation of Note Value, BMO Capital Markets will not be able to fairly and accurately determine the net asset value and bid price for Deposit Notes in order to facilitate a secondary market. Without limiting BMO Capital Markets' sole discretion to suspend without notice the secondary market in the Deposit Notes, BMO Capital Markets may suspend the secondary market for the Deposit Notes if the Manager suspends the calculation of Note Value. See "Secondary Market". Certain situations where the determination of Note Value is suspended may also result in an Extraordinary Event. See "Note Program – Extraordinary Events".

SECONDARY MARKET

The Deposit Notes will not be listed on any stock exchange. Moreover, Bank of Montreal does not have a right to redeem the Deposit Notes prior to Maturity and a Holder may not require Bank of Montreal to make such redemption. However, a Holder may endeavour to have Deposit Notes purchased using the FundSERV network "redeemed" using that network on a daily basis. Any such redemption would actually be a sale to BMO Capital Markets in the secondary market. BMO Capital Markets will use reasonable efforts, subject to normal market conditions, to arrange for a secondary market for the sale of Deposit Notes by Holders to BMO Capital Markets using the FundSERV network.

In order to sell a Deposit Note in the secondary market, if available, a Holder must arrange through his or her financial advisor to give notice to BMO Capital Markets either in writing or electronically through FundSERV's investment fund transaction processing system. See "FundSERV – Sale of FundSERV Notes". However, BMO Capital Markets is under no obligation to facilitate or arrange for such a secondary market, and such secondary market, when commenced, may be suspended at any time at the sole discretion of BMO Capital Markets, without notice. Therefore, there can be no assurance that a secondary market will be available or that such market will be liquid or sustainable. See also "FundSERV" below for details in respect of secondary market trading where the Deposit Notes are held through dealers and other firms that are on the FundSERV network. The sale of a Deposit Note to BMO Capital Markets will be effected at a price equal to (i) the bid price for the Deposit Note, determined by BMO Capital Markets in its sole discretion, minus (ii) any applicable Early Trading Charge as set out below.

A Deposit Note is intended to be an instrument held to Maturity with its principal repayable at Maturity. As a result, the sale of a Deposit Note prior to Maturity may result in a bid price that is less than the Deposit Amount. The bid price of a Deposit Note at any time will be determined by BMO Capital Markets, acting in its sole discretion, and will be dependent upon a number of factors, which may include, among other things: (i) how much the Basket Value has risen or fallen since the Closing Date; (ii) the fact that during the term of the Deposit Notes notional assets in the Basket will be reallocated from time to time between the Fund Portfolio and the Notional Bond Portfolio; and (iii) a number of other interrelated factors, including, without limitation, volatility of the Basket Value, prevailing interest rates and the time remaining to Maturity. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Deposit Note. In particular, Holders should realize that any trading price for a Deposit Note: (a) may have a non-linear sensitivity to the increases and decreases in the value of the Fund Portfolio (i.e., the trading price of a Deposit Note will increase and decrease at a different rate compared to the percentage increases and decreases in the value of the Fund Portfolio); and (b) may be substantially affected by changes in the level of interest rates independent of performance of the Units in the Basket.

If a Holder sells a Deposit Note within the first three years from the Closing Date, the proceeds from the sale of such Deposit Note will be reduced by an Early Trading Charge that will be equal to the percentage of the Deposit Amount of the Deposit Note, as set out in the following table:

<i>If Sold Within</i>	<i>Early Trading Charge</i>
Year 1	3.00%
Year 2	2.00%
Year 3	1.00%
Thereafter	Nil

A Holder should be aware that any valuation price for the Deposit Notes appearing in his or her periodic investment account statements, as well as any bid price quoted to the Holder to sell his or her Deposit Notes, within the first three years of the Closing Date, will be before the application of any applicable Early Trading Charge. A Holder wishing to sell a Deposit Note prior to Maturity should consult his or her financial advisor on whether a sale of the Deposit Note will be subject to an Early Trading Charge and, if so, the amount of the Early Trading Charge. If a Holder sells a Deposit Note prior to Maturity, such Holder may receive less than the Deposit Amount of such Deposit Note even if the performance of the Fund Portfolio has been positive, and as a result, such Holder may suffer losses.

A Holder will not be able to redeem or sell a Deposit Note prior to Maturity other than through the secondary market, if available.

A Holder should consult his or her financial advisor on whether it would be more favourable in the circumstances at any time to sell the Deposit Notes on the secondary market, if available, or hold the Deposit Notes until Maturity. A Holder should also consult his or her tax advisor as to the tax consequences arising from a sale of a Deposit Note prior to Maturity as compared to holding the Deposit Note until Maturity. See “Income Tax Considerations”.

Bank of Montreal, BMO Capital Markets or any of their respective affiliates, associates or successors, may at any time, subject to applicable laws, purchase Deposit Notes at any price in the open market or by private agreement.

FUNDSERV

Holders may purchase Deposit Notes through dealers and other firms that use the transaction processing system or network operated by FundSERV. The following information about FundSERV and its network is relevant for Holders. Holders should consult with their financial advisors as to whether their Deposit Notes have been purchased using the FundSERV network and to obtain further information on applicable FundSERV procedures.

Where a Holder’s purchase order for Deposit Notes is effected by a dealer or other firm using the FundSERV network, such dealer or other firm may not be able to accommodate a purchase of Deposit Notes through certain registered plans for purposes of the Tax Act. Holders should consult their financial advisors as to whether their orders for Deposit Notes will be made using the FundSERV network and any limitations on their ability to purchase Deposit Notes through registered plans.

General Information

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with an online transaction processing system for such financial products, including the Deposit Notes. FundSERV’s network facilitates the matching of orders to settlement instructions, facilitates reconciliation, aggregates and reports net settlement amounts and distributes settlement instruction information to the financial product distribution channel.

Deposit Notes Held Through the Custodian

All Deposit Notes will initially be issued in the form of a fully registered global deposit note (a “Global Note”) that will be deposited with CDS. Deposit Notes purchased using the FundSERV network (“FundSERV Notes”) will also be evidenced by the Global Note. Holders holding FundSERV Notes will therefore have a beneficial interest in the Global Note. The Deposit Notes will be recorded in CDS as being held by BMO Capital Markets (as a direct participant in CDS). BMO Capital Markets will, in turn, hold the Deposit Notes for the Custodian. The Custodian will record or cause to be recorded respective interests in the FundSERV Notes which recordings will be made as instructed by CDS Participants or non-CDS Participants, as the case may be, using the FundSERV network.

Purchase of FundSERV Notes

In order to purchase FundSERV Notes, the aggregate Subscription Price must be delivered to the Selling Agent in immediately available funds prior to the Closing Date. Despite delivery of such funds, the Selling Agent reserves the right not to accept any offer to purchase FundSERV Notes. If the FundSERV Notes are not issued to the subscriber for any reason, such funds will be returned without delay to the subscriber. In any event, whether or not the FundSERV Notes are issued, no interest or other compensation will be paid to the subscriber on such funds.

Sale of FundSERV Notes

A Holder wishing to sell FundSERV Notes prior to Maturity is subject to certain procedures and limitations. Any Holder wishing to sell a FundSERV Note should consult with his or her financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. A Holder must sell FundSERV Notes by using the “redemption” procedures of FundSERV’s transaction processing system. A sale or redemption of FundSERV Notes through any other means is not possible. Accordingly, a Holder will not be able to negotiate a sale price for FundSERV Notes. Instead, the financial advisor for the Holder will need to initiate an irrevocable request to “redeem” the FundSERV Notes in accordance with the then established procedures of FundSERV. Generally, this will mean the redemption request will need to be initiated by 1:00 p.m. (Toronto time, or such other time as may hereafter be established by FundSERV) on a Business Day. Any request received after such time will be deemed to be a request sent and received in respect of the next following Business Day. Any sale of a FundSERV Note will be effected at a sale price equal to (i) the bid price for the FundSERV Note determined by BMO Capital Markets, acting in its sole discretion minus (ii) any applicable Early Trading Charge. A Holder should be aware of the limitations and restrictions surrounding the secondary market. See “Secondary Market”.

A Holder should also be aware that, although the “redemption” procedures of FundSERV’s transaction processing system would be utilized, the FundSERV Notes of the Holder will actually be sold in the secondary market to BMO Capital Markets. In turn, BMO Capital Markets will be able to deal with such FundSERV Notes in its discretion, including, without limitation, selling those FundSERV Notes to other parties at any price or holding them in its inventory.

Holders should also be aware that from time to time such “redemption” mechanism to sell FundSERV Notes might be suspended for any reason without notice, thus effectively preventing Holders from selling their FundSERV Notes. Potential Holders requiring liquidity should carefully consider this possibility before purchasing FundSERV Notes.

The Manager is required to post or arrange to be posted the net asset value per Deposit Note on each Business Day, subject to a suspension of the calculation of Note Value described under “Note Value – Temporary Suspension of Calculation of Note Value”. The posted net asset value per Deposit Note may also be used for valuation purposes in any statement sent to Holders. The sale price will actually represent BMO Capital Markets’ bid price for Deposit Notes (i.e., the price it is offering to purchase Deposit Notes in the secondary market) as of the applicable Business Day, less any applicable Early Trading Charge. There is no guarantee that the sale price for any day is the highest bid price possible in any secondary market for Deposit Notes, but will represent BMO Capital Markets’ bid price generally available to all Holders as at the relevant close of business, including clients of BMO Capital Markets.

A Holder holding FundSERV Notes should realize that in certain circumstances FundSERV Notes may not be transferable to another dealer, if the Holder were to decide to move his or her investment accounts to such other dealer. In that event, the Holder would have to sell the FundSERV Notes pursuant to the procedures outlined above.

SUITABILITY AND APPROPRIATENESS FOR INVESTMENT

A person should make a decision to invest in Deposit Notes after carefully considering, with his or her advisors, the suitability of this investment in light of his or her investment objectives, investment constraints and the information in this Information Statement.

The Deposit Notes may be suitable and appropriate for investors who are:

- prepared to invest for the long term (10 years);
- willing to receive a return that (i) is based on the performance of the Fund Portfolio comprised of Funds selected and allocated by the Investment Manager from time to time, (ii) is not based on a fixed, floating or other specified interest rate but on the performance of the Fund Portfolio, (iii) is uncertain until Maturity, and (iv) may be zero;
- willing to receive the Deposit Amount only at Maturity; and
- willing to accept the risks set out under “Risk Factors”.

DESCRIPTION OF THE DEPOSIT NOTES

The following is a summary of the material attributes and characteristics of the Deposit Notes offered hereby. Reference is made to the certificate representing the Global Note referred to below that contains the full text of such attributes and characteristics.

Offering

The Bank of Montreal Protected Deposit Notes, BMO Harris Investment Management Private Portfolios (10 Year), Series 7 are being issued by Bank of Montreal with a Subscription Price of \$100 per Deposit Note and a minimum subscription of \$100,000 (1,000 Deposit Notes). The maximum issue size of the Offering is \$10,000,000. Bank of Montreal may change the minimum subscription and the maximum issue size of the Offering at its discretion.

Bank of Montreal is offering the Deposit Notes through FundSERV's transaction processing system. Subscriptions may be made using the FundSERV network under the mutual fund order code "JHN 1078". Such subscriptions will result in funds being accumulated in a separate non-interest bearing account of BMO Capital Markets pending execution of all documents required and satisfaction of closing conditions, if any. Funds in respect of all subscriptions shall be payable at the time of subscription.

A Global Note for the aggregate Deposit Amounts of the Deposit Notes issued on the Closing Date will be issued in registered form to CDS on the Closing Date. Subject to certain exceptions, certificates evidencing the Deposit Notes will not be available to Holders and registration of ownership of the Deposit Notes will be made through the Book-Entry System of CDS or through FundSERV's transaction processing system, as applicable. The Deposit Notes may not be called for redemption by Bank of Montreal prior to Maturity.

Orders for purchases of Deposit Notes may be accepted in whole or in part, and the right to allot Deposit Notes to investors in an amount less than that subscribed for by the investor is reserved by Bank of Montreal. Bank of Montreal reserves the right to discontinue accepting subscriptions at any time without notice. Bank of Montreal may at any time prior to the Closing Date, in its discretion, elect whether or not to proceed in whole or in part with the issue of the Deposit Notes.

Bank of Montreal may from time to time issue any additional series of notes or any other notes or other debt instruments (which may or may not resemble the Deposit Notes) and offer any such notes or debt instruments concurrently with the Offering.

Maturity and Principal Repayment

The Deposit Notes will mature on the Maturity Date, at which time a Holder of a Deposit Note will be entitled to an amount equal to the Deposit Amount plus the Variable Return, if any. See "Description of the Deposit Notes – Settlement of Payments".

The Deposit Notes are Canadian dollar deposits. Bank of Montreal will pay all amounts on the Deposit Notes in Canadian dollars.

Rank

The Deposit Notes will constitute direct unconditional obligations of Bank of Montreal. The Deposit Notes will be issued on an unsubordinated basis and will rank *pari passu*, as among themselves and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of Bank of Montreal, and will be payable rateably without any preference or priority.

Settlement of Payments

Bank of Montreal will be required to make available to CDS, no later than 10:00 a.m. (Toronto time) on the third Business Day following the Maturity Date, funds in an amount sufficient to pay the amounts then due under the Deposit Notes. If there is a delay at Maturity in payment on redemption to a holder of units of a Fund, payment of any amount in excess of the aggregate Deposit Amounts of the Deposit Notes may be delayed.

All amounts payable in respect of the Deposit Notes will be made available by Bank of Montreal through CDS or its nominee. CDS or its nominee will, upon receipt of any such amount, facilitate payment to the applicable CDS Participants or credit the respective accounts of such CDS Participants, in amounts proportionate to their respective interests as shown on the records of CDS. The Custodian will facilitate payment to non-CDS Participants (or CDS Participants, if applicable) through FundSERV's transaction processing system or credit the respective accounts of such non-CDS Participants (or CDS

Participants, if applicable) in amounts proportionate to their respective interests. See “Description of the Deposit Notes – Custodian”.

Bank of Montreal expects that payments by CDS Participants and non-CDS Participants to Holders will be governed by standing instructions and customary practices, as is the case with securities or instruments held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such CDS Participants or non-CDS Participants. The responsibility and liability of Bank of Montreal, except in its capacity as the Custodian, in respect of Deposit Notes represented by Global Notes is limited to making payment of the amounts due in respect of the Global Notes to CDS or its nominee. Neither Bank of Montreal, except in its capacity as the Custodian, nor the Manager will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of the Deposit Notes represented by the Global Notes or for maintaining, supervising or reviewing records relating to any such ownership.

Bank of Montreal retains the right, as a condition to payment of amounts at Maturity, to require the surrender for cancellation of any certificate evidencing the Deposit Notes.

Deferred Payment

Federal laws of Canada prohibit anyone from receiving interest at an effective rate that is greater than 60% each year. Therefore, in the event that the Variable Return is greater than 60% a year at Maturity, Bank of Montreal will pay to a Holder at Maturity only the amount of the Variable Return that constitutes 60% a year and pay the balance together with interest at Bank of Montreal’s equivalent term deposit rate as soon as such laws permit. In addition, Bank of Montreal may withhold a portion of any payment to a Holder that Bank of Montreal is legally able or required to withhold.

Book-Entry System

Each Deposit Note will generally be represented by a Global Note representing the entire issuance of Deposit Notes. Bank of Montreal will issue Deposit Notes evidenced by certificates in definitive form to a particular Holder only in limited circumstances. Both any certificated Deposit Notes in definitive form and any Global Note will be issued in registered form, whereby Bank of Montreal’s obligation will run only to the holder named on the face of such note. Definitive Deposit Notes if issued will name Holders or nominees as the owners of the Deposit Notes, and in order to transfer or exchange these definitive Deposit Notes or to receive payment, the Holders or nominees (as the case may be) must physically deliver the Deposit Notes to Bank of Montreal. The Global Note will name a depository or its nominee as the owner of the Deposit Notes, initially to be CDS. (All references to the Deposit Notes and a Deposit Note contained in this Information Statement will include the Global Note unless the context otherwise requires.) Each Holder’s beneficial ownership of Deposit Notes will be shown on the records maintained by the Holder’s broker/dealer, bank, trust company or other representative that is a participant in the relevant depository, as explained more fully below. Interests of participants will be shown on the records maintained by the relevant depository. Neither Bank of Montreal nor any depository will be bound to see to the execution of any trust affecting the ownership of any Deposit Note or be affected by notice of any equitable interest that may be subsisting with respect to any Deposit Note.

Global Note

Bank of Montreal will issue registered Deposit Notes on the Closing Date in the form of a fully registered Global Note that will be deposited with a depository (initially being CDS) and registered in the name of such depository or its nominee in denominations equal to the aggregate Deposit Amounts of the Deposit Notes. Unless and until it is exchanged in whole for Deposit Notes in definitive registered form, a registered Global Note may not be transferred except as a whole by and among the depository, its nominee or any successors of such depository or nominee.

Bank of Montreal anticipates that the following provisions will apply to all arrangements in respect of a depository.

Ownership of beneficial interests in the Global Note will be limited to persons that hold interests directly or indirectly through persons, called “participants” that have accounts with the relevant depository. Upon the issuance of a registered Global Note, the depository will credit, on its book-entry registration and transfer system, the participants’ accounts with the respective Deposit Amounts of the Deposit Notes beneficially owned by the participants who shall designate the accounts to be credited with respect to their participation in the distribution of the Deposit Notes. Ownership of beneficial interests in a registered Global Note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depository, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants.

So long as the depository, or its nominee, is the registered owner of a registered Global Note, that depository or its nominee, as the case may be, will be considered the sole owner or holder of the Deposit Notes represented by the registered Global Note for all purposes. Except as described below, owners of beneficial interests in a registered Global Note will not be entitled to have the Deposit Notes represented by the registered Global Note registered in their names, will not receive or be

entitled to receive physical delivery of the Deposit Notes in definitive form and will not be considered the owners or holders of Deposit Notes. Accordingly, each person owning a beneficial interest in a registered Global Note must rely on the procedures of the depository for that registered Global Note and on the procedures of the participant(s) and the Custodian, if any, through which the person owns its interest, to exercise any rights of a Holder. Bank of Montreal understands that under existing industry practices, if Bank of Montreal requests any action of Holders or if an owner of a beneficial interest in a registered Global Note desires to direct or take any action that a Holder is entitled to direct or take in respect of the Deposit Notes, the depository for the registered Global Note would authorize the participants to direct or take that action, and the participants and the Custodian, if any, would authorize beneficial owners owning through them to direct or take that action or would otherwise act upon the instructions of beneficial owners holding through them. See “Description of the Deposit Notes – Custodian”.

Payments on the Deposit Notes represented by a registered Global Note registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the registered Global Note.

Bank of Montreal expects that the depository for any of the Deposit Notes represented by a registered Global Note, upon receipt of any payment on the Deposit Notes, will immediately credit participants’ accounts in amounts proportionate to their respective interests in that registered Global Note as shown on the records of the depository. See “Description of the Deposit Notes – Settlement of Payments”.

Custodian

The Custodian will hold Deposit Notes for CDS Participants and non-CDS Participants (including, in certain cases, Holders) in accordance with their respective entitlements as reflected in a register to be maintained by the Custodian solely on the basis of and in reliance upon instructions received from such CDS Participants and non-CDS Participants, as the case may be. Upon receiving amounts payable in respect of Deposit Notes from BMO Capital Markets, the Custodian will arrange for payment to CDS Participants and non-CDS Participants (including Holders) in amounts proportionate to their respective interests in the Deposit Notes recorded in the register maintained by the Custodian.

All records maintained by the Custodian shall, absent manifest error, be final for all purposes and binding on all persons including the Holders. The Custodian shall not be responsible for its errors if made in good faith.

Definitive Deposit Notes

If the depository for any of the Deposit Notes represented by a registered Global Note is at any time unwilling or unable to continue to properly discharge its responsibilities as depository, and a successor depository is not appointed by Bank of Montreal within 90 days, Bank of Montreal will issue Deposit Notes in definitive form in exchange for such registered Global Note that had been held by the depository.

In addition, Bank of Montreal may at any time and in its sole discretion decide not to have any of the Deposit Notes represented by one or more registered Global Notes. If Bank of Montreal makes that decision, Bank of Montreal will issue Deposit Notes in definitive form in exchange for all of the registered Global Notes representing such Deposit Notes.

Except in the circumstances described above, beneficial owners of Deposit Notes will not be entitled to have any portions of such Deposit Notes registered in their name, will not receive or be entitled to receive physical delivery of the Deposit Notes in certificated, definitive form and will not be considered the owners or holders of a Global Note.

Any Deposit Notes issued in definitive form in exchange for a registered Global Note will be registered in the name or names that the depository gives to Bank of Montreal or its agent, as the case may be. It is expected that the depository’s instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered Global Note that had been held by the depository.

The text of any Deposit Notes issued in definitive form will contain such provisions as Bank of Montreal may deem necessary or advisable. Bank of Montreal will keep or cause to be kept a register in which will be recorded registrations and transfers of Deposit Notes in definitive form if issued. Such register will be kept at the offices of Bank of Montreal or at such other offices notified by Bank of Montreal to Holders.

No transfer of a definitive Deposit Note will be valid unless made at such offices and entered on such register upon surrender of the certificate in definitive form for cancellation with a written instrument of transfer in form and as to execution satisfactory to Bank of Montreal or its agent, and upon compliance with such reasonable conditions as may be required by Bank of Montreal or its agent and with any requirement imposed by law.

Payments on a definitive Deposit Note, if issued, will be made by cheque mailed to the applicable registered Holder at the address of the Holder appearing in the aforementioned register in which registrations and transfers of Deposit Notes are to be recorded or, if requested in writing by the Holder at least five Business Days before the date of the payment and agreed to by Bank of Montreal, by electronic funds transfer to a bank account nominated by the Holder with a bank in Canada. Payment under any definitive Deposit Note is conditional upon the Holder first delivering the Deposit Note to the paying and transfer agent who reserves the right on behalf of Bank of Montreal, in the case of payment of the Variable Return on the Deposit Note and the Deposit Amount under the Deposit Note in full at any time, to retain the Deposit Note and mark the Deposit Note as cancelled.

Notices to Holders

If notice is required to be given to Holders it will be validly given if published once in a French language Canadian newspaper and in the national edition of an English language Canadian newspaper, or if communicated to the Holders by mail, electronic and/or any other means. The Manager will give notice as aforesaid to the Holders of any material change or material fact relating to the Deposit Notes.

Amendments to the Global Note

The Global Note may be amended following the Closing Date without the consent of the Holders by agreement between Bank of Montreal and the Manager if, in the reasonable opinion of Bank of Montreal and the Manager, the amendment would not materially and adversely affect the interests of the Holders. In all other cases, the Global Note may be amended if an amendment is approved by a resolution passed by the favourable votes of Holders representing not less than 66⅔% of the outstanding aggregate Deposit Amounts of the Deposit Notes represented at the meeting of the Holders for the purpose of considering the resolution. Each Holder is entitled to one vote per Deposit Note held for the purpose of voting at meetings convened to consider a resolution. The Deposit Notes do not carry the right to vote in any other circumstances.

Investor's Right to Cancel the Agreement to Purchase a Deposit Note

An investor may cancel an order to purchase a Deposit Note (or cancel its purchase if the Deposit Note has been issued) by providing instructions to Bank of Montreal through his or her financial advisor any time up to 48 hours after the later of (i) the day on which the agreement to purchase the Deposit Note is entered into, and (ii) deemed receipt of this Information Statement. Upon cancellation, the investor is entitled to a refund of the Subscription Price and any fees relating to the purchase that have been paid by the investor to Bank of Montreal. This right of cancellation does not extend to investors who purchase a Deposit Note in the secondary market.

An investor will be deemed to have received this Information Statement on the earlier of: (i) the day recorded as the time of sending by the server or other electronic means, if provided by electronic means; (ii) the day recorded as the time of sending by fax machine, if provided by fax; (iii) five Business Days after the postmark date, if provided by mail; and (iv) when it is received.

Date of Agreement to Purchase a Deposit Note

If an order to purchase a Deposit Note is received in person or electronically, the agreement to purchase the Deposit Note will be deemed to have been entered into on the third day after the later of (i) the day the purchase order is received, and (ii) five Business Days after the postmark date, if this Information Statement is provided to the investor by mail, or the date this Information Statement is actually received by the investor, if it is provided other than by mail. If an order to purchase a Deposit Note is received by telephone, the agreement to purchase a Deposit Note will be deemed to have been entered into at the time the purchase order is received.

Determinations

All calculations and determinations of each of the Calculation Agent and the Manager shall, absent manifest error, be final and binding on Bank of Montreal and the Holders. The Calculation Agent will not be responsible for its errors or omissions if made in good faith, except in the case of its negligence or willful misconduct.

EXPENSES OF THE OFFERING

No expenses will be paid out of the proceeds of the Offering.

FEES AND EXPENSES OF THE NOTE PROGRAM

In order for a Payment at Maturity to exceed the Deposit Amount, the return generated by the Basket during the term of the Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any) charged to the Note Program during the term of the Deposit Notes.

The total annual fees that will be charged in respect of the Basket under the Note Program for Deposit Notes will vary depending on the allocations to the Fund Portfolio and the Notional Bond Portfolio from time to time during the term of the Deposit Notes.

Annual Fund Portfolio Fees

The total annual fees applicable to the Fund Portfolio in the Basket under the Note Program will be comprised of annual fund portfolio fees equal to 2.20% of the Fund Portfolio Value (including any Units acquired with notionally borrowed money resulting from Weighting of greater than 100%). The annual fund portfolio fees of 2.20% account for all fees and expenses (other than interest on notional borrowings, if any) applicable to the Fund Portfolio, including management fees paid by Bank of Montreal to the Investment Manager for management services provided by the Investment Manager and its affiliates. Where the Weighting exceeds 100%, there will also be an expense charged to the Fund Portfolio as described below under "Leverage".

The annual fund portfolio fees will be calculated and accrued daily and deducted from the Fund Portfolio Value monthly and at Maturity by notionally selling Units in the Fund Portfolio in such manner as to preserve the then existing proportions by value of Units of the Funds in the Fund Portfolio. The annual fund portfolio fees will reduce the Fund Portfolio Value and therefore affect the Variable Return, if any, payable to Holders at Maturity.

Annual Bond Portfolio Fees

The total annual fees applicable to the Notional Bond Portfolio in the Basket under the Note Program will be comprised of annual bond portfolio fees equal to 1.00% of the face amount of the Coupon Bonds in the Basket, which account for all fees and expenses applicable to the Notional Bond Portfolio. The 1.00% coupon payable on the Coupon Bonds in the Basket will be used to pay such annual fees and will not accrue to the benefit of Holders of the Deposit Notes.

Where the Basket consists entirely of the Notional Bond Portfolio, the total annual fees will be limited to annual bond portfolio fees of 1.00% of the face amount of the Coupon Bonds in the Basket.

Leverage

In consideration for the Manager providing leverage to the Basket to increase Weighting above 100%, interest on any amounts notionally borrowed under the Note Program will be calculated and accrued daily at an annual interest rate equal to the Bankers' Acceptance Rate plus one-quarter of one percent and deducted from the Fund Portfolio Value monthly and at Maturity by selling Units in the Fund Portfolio in such manner as to preserve the then existing proportions by value of Units of the Funds in the Fund Portfolio. See "Note Program".

RISK FACTORS

An investment in Deposit Notes is subject to certain risk factors that prospective investors should carefully consider before acquiring Deposit Notes, including the following risk factors:

Suitability of Deposit Notes for Investment

A person should make a decision to invest in Deposit Notes only after carefully considering with his or her advisors whether the Deposit Notes are a suitable investment in light of his or her investment objectives, investment horizon and risk tolerance and the information set out in this Information Statement. None of Bank of Montreal, BMO Capital Markets, including in its capacity as Selling Agent, Calculation Agent and Manager, nor the Investment Manager make any recommendation as to whether the Deposit Notes are a suitable investment for any person.

Non-Conventional Deposit Notes

The Deposit Notes have certain characteristics that differ from conventional fixed income investments. The Deposit Notes do not provide Holders with a return or income stream prior to Maturity and do not provide a return at Maturity that is calculated or determined with reference to a specified fixed or floating rate of interest.

There will be no interest payments to Holders during the term of the Deposit Notes. The Deposit Amount of a Deposit Note is only repaid if the Deposit Note is held at Maturity. In addition, the return, if any, on the Deposit Notes generally will be uncertain until Maturity and will depend on the performance of the Fund Portfolio, as measured by the change, if any, in the value of the Fund Portfolio over the term of the Deposit Notes. Depending on such performance, it is possible that at Maturity, a Holder will only be entitled to the Deposit Amount and will not be entitled to any Variable Return. The Deposit Notes are designed for investors who are prepared to hold the Deposit Notes to Maturity. Accordingly, an investment in the Deposit Notes is not suitable for investors who need or expect to receive any payments during the term of the Deposit Notes or who require or expect a guaranteed return on investment and are not prepared to assume the risks associated with an investment whose return is based on the performance of the Fund Portfolio over the term of the Deposit Notes. There is no assurance that the Basket will generate positive returns. The return on a Deposit Note, if any, unlike the return on many deposit liabilities of Canadian chartered banks, is uncertain in that, if the Basket does not generate positive returns, a Deposit Note would produce no return on the Holder's original investment.

Dependence on Investment Manager

The Investment Manager is responsible for determining and rebalancing the composition of the Fund Portfolio, and these decisions will influence the overall performance of the Deposit Notes. There can be no assurance that (i) the Fund Portfolio at any particular time will be comprised of all nine of the Funds, (ii) the combination of the Funds in the Fund Portfolio will not underperform relative to other potential combinations of the Funds, or (iii) the Deposit Notes will provide a Variable Return at Maturity. Furthermore, the Investment Manager is responsible for the management of the Funds and generally (together with any advisor that the Investment Manager may appoint) has exclusive and absolute discretion and authority over the management and control of the investments of the Funds. The Investment Manager's decisions will influence the overall performance of the Funds. Accordingly, each Fund's success depends on the skill and acumen of its management and portfolio management teams. In addition to spending time on the business of the Funds, these individuals will also spend time on other funds and investment mandates. If these individuals should cease to participate in a Fund's business, the Fund's ability to select attractive investments and manage its portfolio could be severely impaired. There can be no assurance that (a) a Fund's investment objective will be realized, (b) a Fund's investment strategies will prove successful, (c) a Fund's distribution policy can be maintained, or (d) a Fund can avoid losses. Past performance of the Investment Manager or any portfolio advisors appointed by the Investment Manager is not indicative of future returns.

Secondary Trading of Deposit Notes

There is currently no market through which the Deposit Notes may be sold. Bank of Montreal does not intend to apply to have the Deposit Notes listed on any securities exchange.

BMO Capital Markets may (but is not obligated to) arrange for a secondary market for the purchase and sale of the Deposit Notes. Should there be such a secondary market, it is not possible to predict, due to several factors, at what price the Deposit Notes will trade in the secondary market or whether such market will be liquid or illiquid.

A Holder who sells his or her Deposit Notes in the secondary market may receive less than the Deposit Amount, even if the performance of the Fund Portfolio has been positive and, as a result, could incur a loss in respect of such sale. In addition, an Early Trading Charge will apply to a sale of a Deposit Note within the first three years from the Closing Date.

The Deposit Amount is repaid by Bank of Montreal only at Maturity. There is no assurance that any premium that may have been paid by a Holder having purchased Deposit Notes in the secondary market will be repaid. The price that BMO Capital Markets will pay to a Holder for a Deposit Note prior to Maturity will be determined by BMO Capital Markets, acting in its sole discretion, and will be based on, among other things:

- how much the value of the notional assets in the Basket has risen or fallen since the Closing Date;
- the fact that during the term of the Deposit Notes assets in the Basket will be reallocated from time to time between the Fund Portfolio and the Notional Bond Portfolio; and
- a number of other interrelated factors including, without limitation, volatility of the value of the notional assets in the Basket, prevailing interest rates and the time remaining to Maturity.

The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Deposit Note. In particular, Holders should realize that the secondary market price for the Deposit Notes (a) may not rise and fall with changes in the value of the Fund Portfolio and (b) may be substantially affected by changes in current interest rates independent of performance of the Fund Portfolio. Holders may wish to consult their respective financial advisors on whether it would be more appropriate in the circumstances at any time to sell or to hold their Deposit Notes until Maturity.

A Holder will not be able to redeem or sell Deposit Notes prior to Maturity, other than through the secondary market, if available.

Reallocation of the Basket

If, pursuant to the Asset Allocation Methodology, notional assets are reallocated from the Fund Portfolio to the Notional Bond Portfolio during the term of the Deposit Notes, such allocation will reduce the exposure of the Note Program to the Fund Portfolio. Any allocation between the Fund Portfolio and the Notional Bond Portfolio in the Basket will be determined in accordance with the Asset Allocation Methodology.

Extraordinary Events

Where the Manager and the Calculation Agent have determined in respect of an Extraordinary Event that the Note Program will no longer have any exposure to the Fund Portfolio and the Basket will consist entirely of the Notional Bond Portfolio, (i) the Calculation Agent will determine the entire notional value of the Basket as soon as reasonably practicable notionally taking into account any extraordinary fees in relation to the Extraordinary Event, (ii) such value when notionally realized will be notionally invested in the Notional Bond Portfolio, (iii) any positive return on the Fund Units following the Extraordinary Event will not increase the Basket Value, (iv) the Deposit Amount will be payable at, but not prior to, Maturity of the Deposit Note, and (v) the possibility of a Holder receiving any Variable Return is significantly reduced. See “Note Program”.

Fees and Expenses

In order for a Payment at Maturity to exceed the Deposit Amount, the return on the notional assets in the Basket over the term of the Deposit Notes will have to exceed the aggregate fees and expenses (including interest on notional borrowings, if any) charged to the Note Program during the term of the Deposit Notes.

Leverage

It is possible to have a Weighting to the Fund Portfolio in the Basket of up to 200%. If Weighting exceeds 100%, the Basket will have notionally borrowed money to acquire additional Units. The use of borrowed money creates an opportunity for increased exposure to Units and the potential of an increased return. At the same time, however, borrowing money creates risks. Although the principal amount of the money notionally borrowed will be fixed, the Fund Portfolio Value may change during the time a borrowing is outstanding. Since any decline in the Fund Portfolio Value will be borne entirely by the Note Program (and not by those persons providing the borrowed money), a decline in the Fund Portfolio Value will result in a greater decrease in the Basket Value than if no money was borrowed. Decreases in the Basket Value can lead to an increased allocation to the Notional Bond Portfolio under the Asset Allocation Methodology.

Notionally borrowing funds will create interest expense for the Note Program. The interest expense may exceed the net return made from the Units acquired with the borrowed funds. If the net return on the Units acquired with borrowed funds is greater than the interest expense incurred by the Note Program on the borrowed funds, then the return on Note Program assets will be greater than the return if no funds were borrowed. Conversely, if the net return on the Units acquired with borrowed funds is not sufficient to cover the interest expense incurred by the Note Program on the borrowed funds, then the return on Note Program assets will be less than if no funds were borrowed.

Conflicts of Interest

The Investment Manager, any portfolio advisor appointed by the Investment Manager, or any of their respective affiliates (i) may conduct any other business including a business of investing in securities that may be in competition with a Fund or the Deposit Notes (for example, acting as a general partner, managing member, investment advisor or investment manager for others including the issuers of securities owned by a Fund), and/or (ii) may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities, may serve as a consultant, managing member, partner or stockholder of one or more investment advisors, partnerships, securities firms or advisory firms, and may act as a director, officer or employee of any corporation, a trustee of any trust, an executor or manager of any estate, or an administrative official of any other business entity. The investment objectives and policies relating to these other entities and activities may not be consistent with the investment objectives and strategies of a Fund. As a result, the investments taken, held or liquidated by a Fund may vary in kind, terms or price from those taken, held or liquidated by or on behalf of these other entities or in connection with these other activities. The Investment Manager (or any portfolio advisor appointed by the Investment Manager) also may be subject to certain limitations, by-laws or its own internal code of ethics or other policies that may prevent the Investment Manager (or any portfolio advisor appointed by the Investment Manager) from taking certain actions or making certain investments for a Fund. The Investment Manager has considerable discretion in selecting and allocating the Funds within the Fund Portfolio, which may influence the issuance of Fund Units of each Fund. The Fund Manager may exercise its discretion so as to effect a financial or other objective of a particular Fund or of the

Investment Manager, as manager of a particular Fund, in a manner that may not take into consideration the best interests of the Fund Portfolio or the holders of the Deposit Notes. As a result of the foregoing, the Investment Manager, any portfolio advisor appointed by the Investment Manager or their respective affiliates may have conflicts of interest in allocating their time and activity between the Funds and other entities and activities, and in allocating investments among the Funds and other clients, including those in which the Investment Manager, any portfolio advisor appointed by the Investment Manager, or their respective affiliates may have a greater financial interest, and in selecting and allocating the Funds within the Fund Portfolio. The Fund Manager and certain of the portfolio advisors to the Funds are indirect subsidiaries of Bank of Montreal.

Each of Bank of Montreal, BMO Capital Markets and any of their respective affiliates, may from time to time, in the course of its normal business operations, hold interests linked to the Funds or hold securities of, extend credit to or enter into other business dealings with the Investment Manager, the Funds or one or more of the entities whose securities are owned by a Fund, including under hedging arrangements relating to Deposit Notes. Each has agreed that all such actions taken by it shall be taken based on normal commercial criteria in the particular circumstances, which may include payment of trailer fees. Such actions may not take into account the effect, if any, of such actions on the amount of Variable Return that may be payable on the Deposit Notes. Furthermore, BMO Capital Markets, which has undertaken to use reasonable efforts to arrange for a secondary market, is an affiliate of Bank of Montreal.

Legislative, Regulatory and Administrative Changes

Changes in laws, regulations or administrative practices could have an impact on Holders, including changes, if any, as a result of a current review by the CRA of its administrative practice in relation to the relevance of a secondary market for debt obligation such as the Deposit Notes in determining whether there is a deemed annual accrual of interest on such debt obligations.

Credit Rating

The Deposit Notes have not been rated. As at the date of this Information Statement, the deposit liabilities of Bank of Montreal with a term to maturity of more than one year are rated AA by DBRS, A+ by S&P and Aa2 by Moody's. There can be no assurance that, if the Deposit Notes were specifically rated by these rating agencies, they would have the same rating as other deposit liabilities of Bank of Montreal. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Credit Risk

Because the obligation to make payments to Holders of Deposit Notes is an obligation of Bank of Montreal, the likelihood that such Holders will receive the payments owing to them in connection with the Deposit Notes will be dependent upon the financial health and creditworthiness of Bank of Montreal.

No Deposit Insurance

The Deposit Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution. Accordingly, a Holder will not be entitled to Canada Deposit Insurance Corporation protection.

Not Eligible for Protection Under the Canadian Investor Protection Fund

As is the case with other investments made through BMO Harris Investment Management Inc., **your investment in the Deposit Notes will not be eligible for protection under the Canadian Investor Protection Fund.**

No Independent Valuation

As part of its responsibilities, the Manager will be solely responsible for computing Note Value based on the determinations of Weighting under the Asset Allocation Methodology and the calculations of Basket Value made by the Calculation Agent. No independent calculation agent will be retained to make or confirm the determinations and calculations made by the Manager or the Calculation Agent.

Valuation of Fund Portfolio

In valuing the Units in the Fund Portfolio, the Calculation Agent will be dependent on information reported by the Funds and each Fund's determinations as to the fair value of its assets, which generally will be unaudited. Readily available market prices or quotations normally may not be available for all interests in the Funds and neither Bank of Montreal, the

Manager nor the Calculation Agent will have access to information about the holdings of a Fund that could be used to verify the fair value of the Fund Units of the Fund on which the performance of the Units is based, as reported by the Fund.

The trading prices of the securities comprising the assets of a Fund from time to time will determine the net asset value of the Fund. Other activities of a Fund may impact the value of the Fund Portfolio. See disclosure filed by each Fund, which may be obtained at www.bmoharrisprivatebanking.com or www.sedar.com. Holders should recognize that it is impossible to know whether the value of the securities comprising the assets of a Fund at any time will rise or fall and whether the investment decisions of the Investment Manager or any portfolio advisor will prove to be successful. Trading prices of the securities comprising the assets of a Fund will be influenced by complex and inter-related political, economic, financial and other factors that can affect the capital markets generally or the markets on which the securities comprising the assets of the Fund are trading. Holders should familiarize themselves with the basic features of the Fund Units, including the general method of calculating the net asset value of the Funds.

Risks Relating to the Funds

The amount of Variable Return, if any, payable on the Deposit Notes is based on the Basket Value, which, to the extent the Basket includes Units of a Fund, is based on the performance of the Fund. Accordingly, certain risk factors applicable to investors who invest directly in units of a Fund are also applicable to an investment in Deposit Notes to the extent that such risk factors could adversely affect Distributions made by, and the performance of, the Fund. Such risk factors may include *equity risk* (in the case of equity investments, factors which may cause the price of the equity investments to rise or fall), *foreign investment risk* (in the case of investments in foreign companies, factors relating to the country or countries in which a foreign company operates including that foreign companies may not be subject to the same accounting, auditing, financial reporting standards and other disclosure standards which apply in Canada and the U.S. and some foreign markets may be volatile and lack liquidity), *interest rate risk* (in the case of investments in fixed income instruments, factors which might cause interest rates to rise or fall, since the value of fixed income instruments varies inversely with interest rates), *credit risk* (in the case of fixed income instruments, factors affecting the ability of a company to repay the amounts owed), *derivatives risk* (in the case of using derivatives to protect against losses from changes in prices, exchange rates or market indices, hedging through the use of derivatives may not always be effective and it could restrict a Fund's ability to increase in value and in addition there is a risk that the other party to a derivative contract may default on its obligations), *securities lending risk* (where a third party defaults on its obligations to repay, resell or repurchase securities to or from a Fund, the Fund may suffer a loss), *large redemption risk* (where a Fund has investors who own a large proportion of the outstanding units of the Fund, if such investors redeem large amounts of their investments in the Fund, the Fund may have to sell its investments at unfavourable prices to meet the redemption requests), *currency risk* (in the case of investments made in a currency other than the Canadian dollar, factors affecting the exchange rate between that currency and the Canadian dollar), *commodity risk* (in the case of investments in entities engaged in the energy, natural resource or other commodity focussed industries, factors that cause fluctuations in the price of commodities), *fund on fund risk* (where a Fund invests in underlying mutual funds, it has the same risks as those underlying funds), *liquidity risk* (the value of a security may be impacted if it cannot be bought or sold at an advantageous time or price), *fixed income risk* (Funds that invest primarily in fixed income securities will be affected by interest rates and the credit rating of the issuers of such securities), *issuer risk* (if an issuer's securities represent a significant portion of a Fund's assets, changes in market value of such securities may cause greater than normal fluctuations in the Fund's value), *mortgage related securities and asset backed securities risk* (credit risk, interest rate risk and liquidity risk in respect of such securities), and *smaller companies risk* (in the case of investments in companies with small capitalization, factors that make such investments less stable than investing in large capitalization companies, such as limited financial resources, smaller trading volumes and activity being more susceptible to loss of key employees). This is not a complete description of the risks applicable to the Funds. A complete description of the risks as they apply to the Funds is contained in the current simplified prospectus of each Fund, which may be obtained at www.bmoharrisprivatebanking.com or www.sedar.com.

No Ownership of Units or Assets of the Funds, Units or Notional Bond Portfolio

The Deposit Notes will not entitle a Holder to any direct or indirect ownership of or entitlement to (i) Fund Units, (ii) the securities comprising the assets of any Funds, (iii) Units or (iv) the Notional Bond Portfolio. As such, a Holder will not be entitled to the rights and benefits of a unitholder or a securityholder, including any right to receive distributions or dividends or to vote at or attend meetings of unitholders or securityholders.

Owning a Deposit Note is different from owning units of the Funds. A Deposit Note does not represent a substitute for an investment in a Fund. Investing in a Deposit Note provides the opportunity to participate in the Basket Value, while receiving at Maturity repayment of the Deposit Amount. As such, a Deposit Note serves as a way of participating in the appreciation, if any, in the Fund Units, based on the Basket Value, while assuring the ultimate return of the Deposit Amount if held at Maturity.

INCOME TAX CONSIDERATIONS

In the opinion of McMillan LLP, counsel to Bank of Montreal, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Deposit Notes by a Holder (“Initial Holder”) who purchases Deposit Notes only at the time of their issuance. This summary is applicable only to an Initial Holder who, for the purposes of the Tax Act, is, or is deemed to be a resident of Canada, deals at arm’s length with and is not affiliated with Bank of Montreal, holds Deposit Notes as capital property and is an individual (other than a trust) or a corporation (other than a financial institution as defined in subsection 142.2(1) of the Tax Act).

The Deposit Notes will generally be considered to be capital property to an Initial Holder unless: (i) the Initial Holder holds the Deposit Notes in the course of carrying on or otherwise as part of a business of trading or dealing in or buying and selling securities; or (ii) the Initial Holder acquired the Deposit Notes as an adventure in the nature of trade. Certain Initial Holders whose Deposit Notes might not otherwise be considered to be capital property or who desire certainty with respect to the treatment of the Deposit Notes as capital property may be entitled to make an irrevocable election to have the Deposit Notes and all of the Initial Holder’s other “Canadian securities” deemed to be capital property pursuant to subsection 39(4) of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the “Regulations”) in force on the date hereof, counsel’s understanding of the current administrative and assessing practices of the CRA and 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. No assurance can be given that any proposals to amend the Tax Act and the Regulations will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA’s administrative or assessing practices, whether by legislative, governmental or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Deposit Notes and does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder. Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Deposit Notes, based on their particular circumstances.

Variable Return

A Deposit Note is a “prescribed debt obligation” within the meaning of the Tax Act. The rules in the Regulations applicable to a prescribed debt obligation (the “prescribed debt obligation rules”) generally require a taxpayer to accrue the amount of any interest, bonus or premium receivable in respect of the obligation over the term of the obligation, based on the maximum amount of interest, bonus or premium receivable on the obligation. Based in part on counsel’s understanding of the CRA’s administrative practice relating to “prescribed debt obligations”, there should be no deemed accrual of the Variable Return on the Deposit Notes under the prescribed debt obligation rules prior to the Final Valuation Date, provided that no Extraordinary Event has occurred. However, counsel understands that the CRA is currently reviewing its administrative practice in relation to the relevance of a secondary market for debt obligations such as the Deposit Notes in determining whether there is a deemed accrual of interest on such debt obligations. See “Risk Factors – Legislative, Regulatory and Administrative Changes”.

If, by reason of an Extraordinary Event, the Note Program will no longer have exposure to the Fund Portfolio and, thus, the Basket will consist entirely of the Notional Bond Portfolio, an Initial Holder would generally be required to include in income for each taxation year commencing in the taxation year in which the Extraordinary Event occurred the portion of the Variable Return deemed to accrue as interest to the Initial Holder to the end of the taxation year, or in the case of an Initial Holder who is an individual, the “anniversary day” of the Deposit Note in the taxation year, determined in accordance with the prescribed debt obligation rules, except to the extent that the amount was otherwise included in income for the taxation year or a preceding taxation year. Bank of Montreal will file an information return with the CRA in respect of any such amount to be included in an Initial Holder’s income and will provide the Initial Holder with a copy of such information return.

Disposition of Deposit Notes

Upon a disposition of a Deposit Note at Maturity, an Initial Holder will be required to include in income for the taxation year in which the disposition occurs, the amount, if any, of the Variable Return, except to the extent otherwise included in income in the taxation year or a preceding taxation year. Bank of Montreal will file an information return with the CRA in respect of any such amount to be included in an Initial Holder’s income and will provide the Initial Holder with a copy of such information return.

In certain circumstances, where an investor assigns or otherwise transfers a debt obligation, the amount of interest accrued on the debt obligation to that time, but unpaid, will be excluded from the proceeds of disposition of the obligation and will be required to be included as interest in computing the investor's income for the taxation year in which the transfer occurs, except to the extent that it has been otherwise included in income for that year or a preceding year. Under the terms of the Deposit Note, provided an Extraordinary Event has not occurred, there should be no amount in respect of Variable Return that will be treated as accrued interest on an assignment or transfer of a Deposit Note prior to the Final Valuation Date. See "Income Tax Considerations – Variable Return".

Provided an Extraordinary Event has not occurred, and while the matter is not free from doubt, a disposition or deemed disposition of a Deposit Note by an Initial Holder prior to the Final Valuation Date should give rise to a capital gain (or capital loss) to the extent the Initial Holder's proceeds of disposition (excluding accrued and unpaid interest, if any) exceed (or are less than) the aggregate of the Initial Holder's adjusted cost base of the Deposit Note and any reasonable costs of disposition. An Initial Holder who disposes of a Deposit Note prior to Maturity should consult his or her tax advisor with respect to his or her particular circumstances. One-half of a capital gain realized by an Initial Holder must be included in the income of the Initial Holder. One-half of a capital loss realized by an Initial Holder is deductible against the taxable portion of capital gains realized in the year, in the three preceding years or in subsequent years, subject to the rules in the Tax Act.

Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

An Initial Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be subject to a refundable tax of 6% on certain investment income, including interest and the taxable portion of capital gains.

Eligibility For Investment

In the opinion of McMillan LLP, counsel to Bank of Montreal, the Deposit Notes offered hereby will, at the date of issue, be qualified investments for trusts governed by tax-free savings accounts, registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans (other than a trust governed by a deferred profit sharing plan to which contributions are made by Bank of Montreal or by an employer with which Bank of Montreal does not deal at arm's length within the meaning of the Tax Act).

PLAN OF DISTRIBUTION

Pursuant to an agreement between Bank of Montreal and the Selling Agent, the Selling Agent has agreed to offer Deposit Notes for sale as agent of Bank of Montreal on a best efforts basis, if, as and when issued by Bank of Montreal. The Deposit Notes are being offered through FundSERV's investment fund transaction processing system. Subscriptions may be made through the FundSERV network under the mutual fund order code "JHN 1078". Such subscriptions will result in funds being accumulated in a separate non-interest bearing account of BMO Capital Markets pending execution of all documents required and satisfaction of closing conditions, if any. Holders should recognize that, unless they have purchased the Deposit Notes directly through a representative of BMO Nesbitt Burns Inc., they do not have an account with BMO Nesbitt Burns Inc. Funds in respect of all subscriptions shall be payable at the time of subscription. Bank of Montreal will have the sole right to accept offers to purchase Deposit Notes and may reject any proposed purchase of Deposit Notes in whole or in part, and the right is reserved to close the subscription book at any time. The Selling Agent is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited which, in turn, is an indirect majority owned subsidiary of Bank of Montreal. **Consequently, Bank of Montreal is a related issuer of the Selling Agent under applicable securities legislation.** The decision to offer the Deposit Notes and the terms of the Offering were negotiated at arm's length between Bank of Montreal and the Selling Agent.

Each Deposit Note will be issued at 100% of its Deposit Amount of \$100. The maximum issue size of the Offering is \$10,000,000. Bank of Montreal may change the maximum issue size of the Offering at its discretion. While the Selling Agent has agreed to use its best efforts to sell the Deposit Notes offered hereby, the Selling Agent will not be obligated to purchase any Deposit Notes that are not sold. For greater certainty, BMO Capital Markets may purchase Deposit Notes offered hereby as principal.

The proceeds to Bank of Montreal from the issuance of the Deposit Notes will constitute deposits received by Bank of Montreal and will be used for general banking purposes.

The closing of the Offering is scheduled to occur on the Closing Date. Bank of Montreal may, at any time prior to the Closing Date, in its discretion, elect whether or not to proceed in whole or in part with the issue of the Deposit Notes. If for any reason the closing of the Offering does not occur, all subscription funds in respect of the Offering will be returned to subscribers without interest or deduction.

Bank of Montreal may from time to time issue any additional series of notes or any other notes or other debt instruments (which may or may not resemble the Deposit Notes) and may offer any such notes or debt instruments concurrently with the Offering.

Bank of Montreal reserves the right to purchase for cancellation at its discretion any amount of Deposit Notes in the secondary market, without notice to Holders.

No Deposit Notes will be sold to U.S. Persons, as defined in Regulation S of the United States *Securities Act of 1933*, as amended.

A Global Note for the aggregate Deposit Amounts of the Deposit Notes issued on the Closing Date will be issued in registered form to CDS and will be deposited with CDS on the Closing Date. Subject to certain exceptions, certificates evidencing the Deposit Notes will not be available to Holders under any circumstances and registration of interests in and transfers of Deposit Notes will be made through the Book-Entry System of CDS or through FundSERV's transaction processing system, as applicable. See "Description of the Deposit Notes – Book-Entry System".

In connection with the issue and sale of the Deposit Notes by Bank of Montreal, no person is authorized to give any information or to make any representation not expressly contained in this Information Statement or the Global Note and Bank of Montreal does not accept responsibility for any information not contained herein or therein. This Information Statement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Deposit Notes or the distribution of this Information Statement in the United States or to U.S. Persons (as defined in Regulation S of the United States *Securities Act of 1933*, as amended) or in any jurisdiction outside Canada where any action is required.

Investors may request information about the Deposit Notes or another copy of this Information Statement by contacting the local BMO Harris Investment Management Inc. Investment Counsellor at 1-800-844-6442, or calling BMO Capital Markets at 1-866-864-7760. A copy of this Information Statement is also posted at www.bmoharrisprivatebanking.com/InvestmentManagement/reports.asp.

During the term of the Deposit Notes, an investor may inquire about the net asset value of and the method for determining the Variable Return of the Deposit Notes by contacting BMO Harris Investment Management Inc. or BMO Capital Markets at the above numbers.