

# BMO LifeStage Retirement Income Deposit Program Lifetime Cash Flow Deposits

**Master Information Statement**

October 7, 2010

No securities regulatory authority has expressed an opinion on the Lifetime Deposits offered under this Master Information Statement and it is an offence to claim otherwise. This Master Information Statement should be read in conjunction with the Supplement providing specific details about each offering under the BMO LifeStage Retirement Income Deposit Program – Lifetime Cash Flow Deposits.

Lifetime Deposits are not eligible to be insured by the Canada Deposit Insurance Corporation or any other organization.

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## A. GENERAL DISCLOSURE

### Introduction

We have prepared this Master Information Statement to help you decide whether to invest in the lifetime cash flow version of BMO LifeStage Retirement Income Deposits issued under the BMO LifeStage Retirement Income Deposit Program (the “**LifeStage Deposit Program**”). In this document, we refer to all deposits issued under the LifeStage Deposit Program as “**LifeStage Deposits**” and the specific Lifetime Cash Flow version of LifeStage Deposits as “**Lifetime Deposits**”. This document was prepared specifically to describe the main features of Lifetime Deposits and explains your rights if you invest in them.

We offer Lifetime Deposits in different series with a variety of issue dates, maturity dates and payment schedules. Each series provides exposure to the performance of a portfolio of mutual funds referred to as an “**LSRI Portfolio**”.

The information in this Master Information Statement applies to all series of Lifetime Deposits. For information about a particular series of Lifetime Deposits, you must also refer to a “**Supplement**” containing specific details such as the minimum age at which you can purchase that series of Lifetime Deposits, the Issue Date, Scheduled Maturity Date, underlying mutual funds referenced in the LSRI Portfolio, the level of participation in the performance of the LSRI Portfolio, payment amounts and dates, and applicable fees and expenses for that series of Lifetime Deposits. You may obtain a Supplement for any current offering of Lifetime Deposits from any BMO Bank of Montreal branch during normal business hours or at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds).

The Master Information Statement and the relevant Supplement contain all the information you should know about a series of Lifetime Deposits. You should read both this Master Information Statement and the Supplement for the series you are interested in purchasing.

To make this Master Information Statement easier to understand, we use “**we**”, “**our**” and “**us**” to refer to Bank of Montreal or any of its affiliates, and “**you**” and “**your**” to refer to the reader of this document as a potential or actual investor in Lifetime Deposits. Underlined terms are described in more detail in the Glossary at the end of this document.

When we refer to a “**business day**”, we mean any day on which Bank of Montreal is open for business in Toronto, except Saturdays, Sundays and holidays in the Province of Ontario.

The amount you initially invest in Lifetime Deposits is the “**Deposit Amount**”, and a note representing a \$100 Deposit Amount is a “**Deposit**”. The “**Deposit Value**” is the value of a Deposit calculated as set out later in this document, and your “**Account Value**” is the aggregate Deposit Values of all Deposits that you hold in your account at the relevant time. On any date the “**Remaining Deposit Balance**” of a Lifetime Deposit is the principal amount you invested in the Lifetime Deposit less any repayments of principal made on or before that date.

All dollar amounts in this Master Information Statement are in Canadian dollars.

This Master Information Statement has seven parts.

- **Part A** gives you general information about this document and Lifetime Deposits, including information about how to determine if Lifetime Deposits are appropriate investments for you, the risks of investing in Lifetime Deposits and how to buy Lifetime Deposits.
- **Part B** describes in detail how Lifetime Deposits work, including what payments will be made under Lifetime Deposits, how any returns on the Lifetime Deposits are calculated and what fees we charge on your investment in Lifetime Deposits.
- **Part C** gives you information about the underlying mutual funds in the LSRI Portfolio that determines the amount of any variable return you may earn on your Lifetime Deposits.
- **Part D** describes certain Canadian federal income tax considerations that an investor in Lifetime Deposits should take into account in deciding whether to invest in Lifetime Deposits.
- **Part E** describes your legal rights as an investor in Lifetime Deposits.
- **Part F** gives important additional information about Lifetime Deposits that is not contained in any other part of this document.
- **Part G** is a glossary of some of the important terms we use in this document.

### The BMO LifeStage Retirement Income Deposit Program

The LifeStage Deposit Program offers a comprehensive and integrated way to address the evolving challenges and objectives of investors who are approaching or entering their retirement years. The Lifetime Deposits are designed specifically for individual investors who are between the “Minimum Purchase Age” specified in the relevant Supplement and age 70 when they invest, and who desire long-term predictable cash flow to continue throughout their entire retirement period beginning in the 11th year after purchasing Lifetime Deposits.

All LifeStage Deposits provide exposure to equity and fixed income mutual funds managed by BMO Investments Inc. (the “**manager**”). We refer to these mutual funds as the “**underlying funds**”, and we refer to your notional investment in the underlying funds as the “**LSRI Portfolio**”. The underlying funds, the composition of the LSRI Portfolio, and the level of participation in the performance of the LSRI Portfolio will be described in the Supplement for each series of Lifetime Deposits. In all cases, the LSRI Portfolio will be systematically rebalanced to become more conservative over time. When the LifeStage Deposits mature, you will receive a variable return, if any, based on any appreciation in the value of the LSRI Portfolio.

The LifeStage Deposits also provide investors with a predictable and reliable stream of cash distributions to meet ongoing spending needs. Cash distributions made to you before the Scheduled Maturity Date are a return to you of a portion of the principal amount you invested in the LifeStage Deposit Program. You will not pay any income tax on these payments, and you will pay no tax on your Lifetime Deposits before the Scheduled Maturity Date. We refer to repayments of principal made on your Lifetime Deposits before their Scheduled Maturity Date as “**capital distributions**”.

We will continue to pay regular cash distributions on Lifetime Deposits beyond the Scheduled Maturity Date until they are terminated. Any distributions paid after the Scheduled Maturity Date will be characterized as interest earned on the Deposit Amount and would generally be included in your income for the taxation year in which they are received. We refer to these distributions of interest as “**interest distributions**”.

You can find detailed information about the LifeStage Deposit Program and Lifetime Deposits in Part B under the heading “**How Lifetime Deposits Work**”.

### What is a LifeStage Deposit?

A LifeStage Deposit (including a Lifetime Deposit) is a deposit liability of Bank of Montreal. It is an unsecured and unsubordinated debt obligation owed to its holder by Bank of Montreal with the following features:

- LifeStage Deposits rank equally with our other deposit liabilities. That means we must repay amounts owing on a LifeStage Deposit on an equal basis with our other deposit liabilities without giving preference to one or the other.
- A LifeStage Deposit is not eligible to be insured by the Canada Deposit Insurance Corporation or any other entity.
- The variable return, if any, you receive on your LifeStage Deposit at maturity is based on the performance of the underlying funds in the LSRI Portfolio. It is not based on a fixed, floating or other specified interest rate. While you will receive the full principal amount you invest in a LifeStage Deposit if it is held until it matures, it is possible that you will not receive any return on the amount you deposit with us.
- The term of a series of Lifetime Deposits begins on the Issue Date and is scheduled to end approximately 25 years later on the Scheduled Maturity Date shown in the relevant Supplement. We refer to this period as the “**scheduled term**”.
- Beginning in the 11th year of the scheduled term, we will make regular capital distributions to you which represent a return to you of a portion of the principal amount you invested in Lifetime Deposits.
- If you wish some or all of your Lifetime Deposits to be repaid and cancelled at the end of the scheduled term, you must send us a completed **Request for Repayment and Cancellation** form (available from any BMO Bank of Montreal branch during normal business hours) at least 15 business days before the Scheduled Maturity Date. Lifetime Deposits that you do not request to be repaid and cancelled on the Scheduled Maturity Date will automatically be extended for additional one-year periods. We refer to each additional one-year period as an “**extension period**”. All extension periods of a Lifetime Deposit taken together are referred to as the “**extension phase**” of that Lifetime Deposit.

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- During the extension phase of a Lifetime Deposit, we will make regular cash distributions of interest to you at a fixed rate until the Lifetime Deposit matures or we redeem it in the event of your death.
- During the extension phase, you may ask us to repay and cancel some or all of your Lifetime Deposits at the end of any extension period by sending us a completed **Request for Repayment and Cancellation** form at least 15 business days before the end of the extension period. The maturity date of such Lifetime Deposits will be the last day of the extension period.
- A Lifetime Deposit is not designed to be repaid in full on demand at any time. Other than the regularly scheduled capital distributions that we make to you, you will not be able to withdraw any amount invested in a Lifetime Deposit until it matures and there will be no market through which you will be able to sell your Lifetime Deposits.

On the date of this Master Information Statement, amounts deposited with Bank of Montreal that mature more than one year after they were issued had received the following credit ratings:

Ratings Agency	Rating
DBRS Limited	AA
Standard & Poor's Ratings Services	A+
Moody's Investors Service Inc.	Aa2

The credit ratings above are evaluations by the ratings agencies of our ability to repay our deposit liabilities with a term of more than one year when they become payable. These credit ratings indicate that the ratings agencies consider that we generally have a strong ability to repay these deposit liabilities. You should be aware, however, that no ratings agency has specifically rated the LifeStage Deposit Program or any Lifetime Deposits offered under this Master Information Statement. Even if the Lifetime Deposits were rated, there is no guarantee that they would receive the same ratings as our other deposit liabilities. Just because a ratings agency provides a credit rating for our deposit liabilities does not mean that the ratings agency is recommending that you buy, sell or hold these deposit liabilities. A ratings agency may change or withdraw its credit rating at any time.

### Should I Invest in Lifetime Deposits?

This section will help you to decide whether an investment in Lifetime Deposits is right for you. You should invest in Lifetime Deposits only after carefully considering the following questions with a BMO investment professional at any BMO Bank of Montreal branch:

- what are your investment goals?
- will Lifetime Deposits help you to achieve those goals?
- what investments do you already hold?
- how long are you prepared to invest?
- what risks are you prepared to accept?

Lifetime Deposits may be the right investment for you if:

- you are at least the “Minimum Purchase Age” specified in the relevant Supplement and are preparing for or entering your retirement years
- you are prepared to invest for the long term and, in particular, are prepared to wait at least 25 years until your Lifetime Deposits mature to receive any amounts other than regular capital distributions payable before maturity
- you are willing to accept greater equity exposure in the early years of the Lifetime Deposits and reduce equity exposure in a disciplined and systematic manner over the long-term
- you want to receive regular and predictable monthly cash distributions beginning after ten years and continuing for so long as the Lifetime Deposits remain outstanding
- you want to receive cash payments during the last 15 years of the 25-year scheduled term as a capital distribution without paying income tax on these distributions
- you want to receive cash payments during the extension phase that will be taxable as interest earned on the full Deposit Amount of the Lifetime Deposits
- you want to ensure that you receive at least the amount you invested in the Lifetime Deposits if you hold them until at least the Scheduled Maturity Date
- you are prepared to receive a variable return at maturity that (i) is based on the performance of the underlying funds in the LSRI Portfolio, (ii) will be uncertain until the Lifetime Deposits mature, (iii) will not be paid for at least 25 years, and (iv) may be zero

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- you are prepared to assume the risks described below under the heading “**What are the risks of investing in Lifetime Deposits?**”

### What are the risks of investing in Lifetime Deposits?

You should carefully consider the following risks of holding Lifetime Deposits before deciding to invest in them.

#### Risks relating to Lifetime Deposits

**Suitability** – Lifetime Deposits may not be an appropriate investment for you. You should invest in Lifetime Deposits only after carefully considering your investment goals, how long you want to invest and what risks you are prepared to accept. You should then discuss these factors with a BMO investment professional at any BMO Bank of Montreal branch to determine whether Lifetime Deposits are the right investment for you. Considerations you should take into account in deciding whether to invest in the Lifetime Deposits are set out above under the heading “**Should I invest in Lifetime Deposits?**”.

**Lifetime Deposits differ from conventional fixed income investments** – Lifetime Deposits do not provide you with a return or income stream that is based on a fixed, floating or other specified rate of interest during the scheduled term. Any return at maturity will be based on the performance of the underlying funds in the LSRI Portfolio and could be zero. The variable return, if any, payable on your Lifetime Deposits may reflect participation in the performance of the underlying funds that is less than 100% and, as such, you may receive a return at maturity that is less than what you would have received if you had made a direct investment in the underlying funds. An investment in Lifetime Deposits is not suitable for you if you require or expect a guaranteed return on your investment and are not prepared to assume the risks associated with a long-term investment whose return at maturity is uncertain.

**Extending the term of your Lifetime Deposits** – If you choose not to request repayment and cancellation of your Lifetime Deposits on the Scheduled Maturity Date, they will automatically be extended for additional one-year periods. In such circumstances, you will continue to be invested in the LSRI Portfolio during the extension period and any variable return payable at maturity could be less than the return that would have been paid if the Lifetime Deposits had been repaid and cancelled on the Scheduled Maturity Date.

**Selling or redeeming your Lifetime Deposits** – There is currently no market for investors to sell Lifetime Deposits and we do not intend to have them listed on any exchange. You will not be able to sell your Lifetime Deposits prior to maturity. In the event of your death before the Scheduled Maturity Date, it is possible that your Lifetime Deposits could be redeemed by your estate for an amount less than the Remaining Deposit Balance at the time. As a result, even if the LSRI Portfolio has performed well your estate may receive an amount that, together with amounts received by you prior to your death, could be less than the amount you originally invested in the Lifetime Deposits, resulting in a loss on your investment. In the event of your death during the extension phase, your Lifetime Deposits will be redeemed by us for a redemption value that may be less than the Deposit Value of your Lifetime Deposits at that time (but will never be less than the Remaining Deposit Balance of your Lifetime Deposits), even if the LSRI Portfolio has performed well.

**Effect of capital distributions and fees** – Capital distributions will reduce the value of the LSRI Portfolio resulting in the Lifetime Deposits having less exposure to the underlying funds. Aggregate fees paid under the LifeStage Deposit Program will reduce and may eliminate any variable return you would otherwise have received when your Lifetime Deposits mature. During the term of your Lifetime Deposits, you will receive no payments other than those described in this Master Information Statement and the relevant Supplement.

**Credit rating** – The Lifetime Deposits will not be rated by any ratings agency. Even if they were rated, there is no guarantee that they would receive the same ratings as our other deposit liabilities.

**No deposit insurance** – Lifetime Deposits are not insured by the Canada Deposit Insurance Corporation or insured or guaranteed by any other organization. That means that if we experience financial difficulties in paying amounts we owe, you will not be able to look to any other person or organization for payment of amounts owed on your Lifetime Deposits.

**Special circumstances** – If certain events beyond our control occur, we may eliminate exposure to a particular underlying fund (or funds) in the LSRI Portfolio or, in extreme cases, cancel and repay your Lifetime Deposits prior to maturity. In that case, you will not receive the

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return that you would have received if that exposure had continued. These events are described in Part B “**DESCRIPTION OF THE LIFESTAGE DEPOSIT PROGRAM**” under the heading “**Special Circumstances**”.

**Valuation of the Lifetime Deposits** – The value of Lifetime Deposits is based on the value of the underlying funds. To value the Lifetime Deposits, we, or someone appointed by us to value the Lifetime Deposits, will rely on information reported by the underlying funds and will assume that they have valued their assets fairly. This value will usually not be audited. There may not be readily available market prices or quotations for interests in the underlying funds, and we may not be able to obtain information about an underlying fund’s investments in order to verify its fair value.

**No rights in underlying funds** – Owning Lifetime Deposits does not give you any rights in the underlying funds, any units of the underlying funds or any investments that they make. An owner of Lifetime Deposits will not have the rights of a unitholder of an underlying fund or an owner of an underlying fund’s investments, including any right to receive distributions or dividends or to vote at or attend meetings of unitholders or owners of the underlying fund’s investments. Investing in Lifetime Deposits is not the same as investing directly in the underlying funds. Investing in Lifetime Deposits allows you to participate in any increase in value, net of portfolio fees, of the underlying funds while ensuring that you receive at least the amount you invested over the term of the Lifetime Deposits.

### Risks relating to Bank of Montreal

**Conflicts of interest** – Bank of Montreal and/or the manager or portfolio advisor of an underlying fund (or any of their affiliates) may carry on business activities that compete with the business of one or more of the underlying funds or with Lifetime Deposits. The investment goals and policies of other entities and activities that the manager or portfolio advisor is involved with may not match the investment goals and strategies of the underlying funds. In addition, the manager or portfolio advisor of one or more of the underlying funds may be one of our affiliates and we could be in a position to influence its activities. Because of these factors, the manager or portfolio advisor and companies related to them may have conflicts of interest in dividing their time and activities between the underlying funds and other entities and activities.

As part of our normal business operations, we and our affiliates may have investments linked to an underlying fund or may carry on business dealings, including hedging arrangements to reduce our exposure to our obligations under the Lifetime Deposits, with an underlying fund, with the manager or portfolio advisor of an underlying fund or with a company that has issued a security in which an underlying fund invests. We will take part in these activities according to normal market practices. These practices may include the payment of fees to us or to other parties. We may not take into account the effect these activities may have on any return on Lifetime Deposits.

We, or someone appointed by us, are responsible for valuing the Lifetime Deposits and for making certain important decisions about the LifeStage Deposit Program. We will not hire an independent person to make or to confirm these calculations and decisions.

**Credit risk** – The likelihood that holders of Lifetime Deposits will receive the payments owing to them depends on our financial health and creditworthiness.

### Risks relating to the underlying funds

**Risks of exposure to the performance of the underlying funds** – The amount of the return, if any, payable on the Lifetime Deposits at maturity is based on the performance of the underlying funds. That means that certain risk factors that apply to a direct investment in the underlying funds also apply to an investment in Lifetime Deposits. You should review each underlying fund’s simplified prospectus publicly filed at [www.sedar.com](http://www.sedar.com) for a complete description of the risk factors that apply to each underlying fund. These public documents can also be found at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds).

**Value of underlying funds** – The trading prices of the investments of each underlying fund determines its value, which, in turn, indirectly determines the value of your Lifetime Deposits. You should be aware that it is impossible to know whether the value of an underlying fund’s investments will rise or fall. The trading prices of an underlying fund’s investments are affected by complex and related political, economic, financial and other factors that affect the financial markets in general or the markets on which the underlying fund’s investments trade in particular. You should become familiar with the basic features of each underlying fund, including how the value

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of its units is calculated, by referring to the underlying fund's simplified prospectus and other information that it files publicly. This information is available at [www.sedar.com](http://www.sedar.com) and at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds).

**Management of the underlying funds** – The manager of an underlying fund and any portfolio advisor it appoints have complete discretion and authority to manage and control what that underlying fund invests in. Their decisions will affect the overall performance of that underlying fund. There is no guarantee that an underlying fund will meet its investment objectives, that its investment strategies will be successful, or that it can avoid losses and produce a positive return. The past performance of an underlying fund has no effect on, and does not indicate, its future performance.

### Legal risks

**Changes in laws, regulations or administrative practices** – Changes to laws and regulations or the administrative practices of government agencies, including with respect to taxation, could adversely affect your investment in Lifetime Deposits.

### How do I purchase Lifetime Deposits?

The minimum purchase for any series of Lifetime Deposits is \$5,000. The most recent series of Lifetime Deposits offered for sale may be purchased at any BMO Bank of Montreal branch until 4:00 p.m. (Toronto time) on the date shown in the Supplement for that series.

We may accept orders to buy Lifetime Deposits in whole or in part. We also have the right to stop taking orders at any time without notice and may decide not to proceed with the issuance of any series of Lifetime Deposits before they are issued. If you have given us an order to purchase Lifetime Deposits or you have purchased Lifetime Deposits, your funds will be placed in a non-interest bearing account until the date on which the Lifetime Deposits are issued. You may be able to cancel your order or purchase if you do so shortly after placing or making it. This right is described in Part E, “YOUR LEGAL RIGHTS”.

## B. DESCRIPTION OF THE LIFESTAGE DEPOSIT PROGRAM

### Introduction

The LifeStage Deposit Program offers a comprehensive and integrated way to address the evolving challenges and objectives of investors who are approaching or entering their retirement years. Lifetime Deposits are specifically designed for investors who are between the “Minimum Purchase Age” specified in the relevant Supplement and age 70 when they purchase Lifetime Deposits and who desire long-term predictable cash flow to continue throughout their entire retirement period beginning in the 11th year of the scheduled term.

All LifeStage Deposits provide exposure to the performance of a combination of equity and fixed income mutual funds referred to as the “**underlying funds**”. The blend of underlying funds will be systematically rebalanced during the scheduled term to become more conservative over time.

LifeStage Deposits also provide investors with a regular stream of cash distributions during the last 15 years of the 25-year scheduled term (and beyond, if the LifeStage Deposits are not repaid and cancelled on the Scheduled Maturity Date). We refer to cash distributions made during the scheduled term as “**capital distributions**” as they are a return to you of a portion of the principal amount you invested in Deposits. In the case of Lifetime Deposits where the term may be extended beyond the Scheduled Maturity Date, investors will continue to receive regular cash distributions of interest after that Scheduled Maturity Date until the Lifetime Deposits mature or we redeem them in the event of your death. As these distributions will be interest earned on the Lifetime Deposits, they are referred to as “**interest distributions**”.

The following sections describe how LifeStage Deposits (and specifically the Lifetime Deposits) obtain exposure to the underlying funds, how the allocation of underlying funds is rebalanced over time, how cash distributions are determined and when they are made to you.

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### How Lifetime Deposits work

#### Investment phases of Lifetime Deposits

Each series of Lifetime Deposits has a scheduled term of approximately 25 years (referred to as the “**scheduled term**”) beginning on the Issue Date and ending on the Scheduled Maturity Date shown in the relevant Supplement. This scheduled term is made up of two phases. The first phase is an initial 10-year period (the “**accumulation phase**”) that begins on the Issue Date of the applicable series of Lifetime Deposits and continues until we make the first capital distribution to you on the Lifetime Deposits 10 years later. The accumulation phase is followed by a 15-year period (the “**de-accumulation phase**”) that begins on the date on which we make the first capital distribution on your Lifetime Deposits (i.e., 10 years after the Issue Date) and continues for 15 years until the Scheduled Maturity Date of the Lifetime Deposits.

There will also be an “**extension phase**” for those Lifetime Deposits you allow to be automatically extended beyond the Scheduled Maturity Date. Any Lifetime Deposits that are not repaid and cancelled on the Scheduled Maturity Date will be automatically extended for additional one-year extension periods until they mature or, in the event of your death, we redeem them. The period, if any, from the Scheduled Maturity Date to the maturity date of your Lifetime Deposits is their extension phase.

#### The LSRI Portfolio

The amount you invest in any LifeStage Deposit is notionally invested in a portfolio of underlying funds. We refer to this portfolio as the “**LSRI Portfolio**”. The LSRI Portfolio contains notional units (referred to as “**portfolio units**”) of the underlying funds, and the performance of the Lifetime Deposits is based on the performance of those portfolio units from the day the Lifetime Deposits are issued until the third business day before they mature (referred to as the “**final valuation date**”). We use the term notional because although your return is based on the performance of the underlying funds, you will not have any rights of ownership in the units of the underlying funds.

The performance of the portfolio units is calculated as if:

- the management expenses charged on the actual units of the underlying funds are not charged on the portfolio units so that there is no duplication of management fees under the LifeStage Deposit Program; and

- the amount of any distributions on the actual units are credited to the LSRI Portfolio and notionally reinvested in more portfolio units of the relevant underlying fund for the LSRI Portfolio.

The underlying funds for a particular series of Lifetime Deposits are described in the Supplement for that series. Part C, “**THE UNDERLYING FUNDS**”, describes what information the Supplement contains about the underlying funds.

#### Composition of the LSRI Portfolio

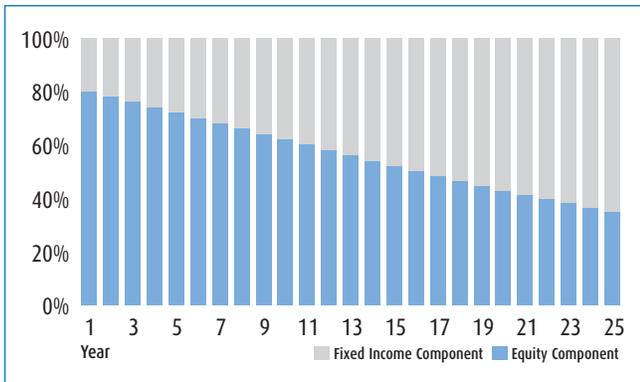
The LSRI Portfolio is divided into two components: an “**equity component**” and a “**fixed income component**”. Each component of the LSRI Portfolio will be made up of notional units of the underlying funds. When a series of Lifetime Deposits is issued, proceeds will initially be allocated to portfolio units of the underlying funds in the equity component and fixed income component in the proportions set out under “**Issue Date Weighting**” in the Supplement describing the relevant series of Lifetime Deposits.

#### Rebalancing the LSRI Portfolio

The exposure of the LSRI Portfolio to the underlying funds will be allowed to fluctuate with market conditions. Over the scheduled term, we will “rebalance” the LSRI Portfolio to a more conservative position by systematically reducing the exposure to the equity component and increasing the exposure to the fixed income component. The LSRI Portfolio will be systematically rebalanced from the “**Issue Date Weighting**” to the “**Maturity Date Weighting**” over the scheduled term in the manner described in the relevant Supplement without requiring you to take any action. If the Lifetime Deposits are automatically extended beyond the Scheduled Maturity Date, the LSRI Portfolio will be notionally invested according to the “**Maturity Date Weighting**” on the Scheduled Maturity Date and rebalanced to that weighting at the end of each extension period thereafter until you choose to cancel your Lifetime Deposits. Following the Scheduled Maturity Date, a portion of the LSRI Portfolio equal to at least the Remaining Deposit Balance at the Scheduled Maturity Date will be invested in the BMO T-Bill Fund (or equivalent) until maturity. Details of the target exposure to each underlying fund in the LSRI Portfolio for your particular series of Lifetime Deposits will be available at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds).

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The graph below illustrates the concept of rebalancing the LSRI Portfolio. This graph is only an example of rebalancing during the scheduled term. The “**Issue Date Weighting**” and “**Maturity Date Weighting**”, as well as the rebalancing schedule for a particular series of Lifetime Deposits, will be set out in the series Supplement, and may differ from what is shown below.



In this example, initially 80% of the LSRI Portfolio is allocated to the equity component and 20% is allocated to the fixed income component. On the Scheduled Maturity Date of the Lifetime Deposit approximately 25 years later, 35% of the LSRI Portfolio is allocated to the equity component and 65% is allocated to the fixed income component. If the term of a Lifetime Deposit is extended beyond the Scheduled Maturity Date, the LSRI Portfolio will be notionally invested on the Scheduled Maturity Date according to the 35%/65% “**Maturity Date Weighting**” and rebalanced to that weighting at the end of each extension period thereafter.

### Participation Rate

The “**Participation Rate**” specified in the relevant Supplement represents the level of exposure that the Lifetime Deposits will have to the performance of the underlying funds in the LSRI Portfolio. A Participation Rate of less than 100% represents less than full exposure to the performance of the underlying funds. The specific Participation Rate that may be applied when valuing the LSRI Portfolio for any particular series of Lifetime Deposits will be set out in the relevant Supplement. The Participation Rate will not be greater than 100%.

For example, if the Supplement specifies a Participation Rate of 80%, the LSRI Portfolio will be exposed to 80% of the performance (positive or negative) of the underlying funds over the term of the Lifetime Deposits. If the value of those underlying funds increased by 150% over the term, then the value of the LSRI Portfolio would have increased by 120%. Conversely, if the value of those underlying funds decreased by 100% over the term, then the value of the LSRI Portfolio would have declined by 80% over the term. As Lifetime Deposits are protected at maturity, you would not have suffered a loss as the Deposit Value would equal the Remaining Deposit Balance on the maturity date of that series of Lifetime Deposits.

### Distributions and other payments on Lifetime Deposits

This section describes the distributions and other payments that will be made to you during each investment phase and when your Lifetime Deposits mature.

### Accumulation phase

During the accumulation phase, there will be no payments made to you. The purpose of the accumulation phase is to give your investment a chance to grow without any immediate tax consequences to you.

### De-accumulation phase

During the de-accumulation phase we will make regular capital distributions to you. Capital distributions are a return to you of a portion of the principal amount you invested in Lifetime Deposits. As your principal amount invested is reduced, so is the adjusted cost base of your investment (see the example below).

As a result, you will not have to pay any income tax on your Lifetime Deposits during the scheduled term unless they are redeemed prior to the Scheduled Maturity Date. The tax consequences of capital distributions are set out in Part D, “**CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**”. Any of the principal invested in a Lifetime Deposit that is not paid to you during the scheduled term will be repaid to you when the Lifetime Deposits mature. On any date, the principal amount of a Deposit less any capital distributions on the Deposit on or before that date is referred to as the Deposit’s “**Remaining Deposit Balance**”.

## BMO LIFESTAGE RETIREMENT INCOME DEPOSIT PROGRAM: LIFETIME CASH FLOW DEPOSITS

### Effect of capital distributions on the LSRI Portfolio and the Remaining Deposit Balance

Regular capital distributions made to you will reduce the value of the LSRI Portfolio resulting in the Lifetime Deposits having less exposure to the underlying funds. During the scheduled term of your Lifetime Deposits, you will receive no payments other than capital distributions.

The following example illustrates the effect of capital distributions on the Remaining Deposit Balance and the adjusted cost base of your Lifetime Deposits:

#### Example: Capital Distributions

This hypothetical example assumes that capital distributions are 6.0% per year and that three years of the de-accumulation phase of your Lifetime Deposits have passed. By this time, you would have received capital distributions totalling \$18.00 per Deposit as shown below.

Deposit Amount: \$100.00

#### Aggregate Yearly Capital Distributions

Year 1: \$6.00  
Year 2: \$6.00  
Year 3: \$6.00

Remaining Deposit Balance: \$82.00

Adjusted Cost Base: \$82.00

Each capital distribution is a repayment of a portion of your principal investment in your Lifetime Deposits and, as such, is not taxable.

The Remaining Deposit Balance that will be repaid to you when the Lifetime Deposits mature and the adjusted cost base of your investment in the Lifetime Deposits will both decrease by an amount equal to the capital distributions you have received.

The Supplement for each series of Lifetime Deposits will set out the amount, frequency and payment dates of these capital distributions. Each capital distribution will be made to you in the manner described in the Supplement. The final capital distribution during the de-accumulation phase will be made to you on the Scheduled Maturity Date.

### Extension phase

If your Lifetime Deposits are automatically extended beyond the Scheduled Maturity Date, we will make regular monthly cash distributions of interest to you on the original principal amount of Lifetime Deposits that remain outstanding after the Scheduled Maturity Date. We refer to these distributions as “**interest distributions**”.

Interest distributions made during the extension phase are not a return to you of any portion of the principal amount you invested in that Deposit and will not reduce the Remaining Deposit Balance of that Deposit or the exposure of the Lifetime Deposit to the LSRI Portfolio. A portion of the LSRI Portfolio equal to at least the Remaining Deposit Balance at the Scheduled Maturity Date will be notionally invested in the BMO T-Bill Fund (subject to the occurrence of any special circumstances).

Interest distributions will be made at an annual rate of interest determined at the time of issuance and specified in the Supplement for your particular series of Lifetime Deposits. Generally, interest distributions will be made during the extension phase in the same amount and frequency as the capital distributions made during the scheduled term of a particular series of Lifetime Deposits. Interest distributions would generally be required to be included in your income for the taxation year in which you receive them. The tax consequences of interest distributions are set out in Part D under the heading “**CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**”.

### Effect of interest distributions on the LSRI Portfolio and the Remaining Deposit Balance

Regular interest distributions made to you during the extension phase will not reduce the value of the LSRI Portfolio or otherwise affect the exposure of the Lifetime Deposits to the underlying funds or the variable return, if any, paid on your Lifetime Deposits when they mature.

The following example illustrates the effect of interest distributions on the Remaining Deposit Balance and adjusted cost base of a Lifetime Deposit:

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### Example: Interest Distributions

This hypothetical example assumes capital distributions of 6.0% per year were made on the Lifetime Deposits during the de-accumulation phase, resulting in total capital distributions of \$90.00 per Deposit, and an adjusted cost base and Remaining Deposit Balance of \$10.00 per Deposit at the Scheduled Maturity Date. This example also assumes that the term of the Lifetime Deposit was extended beyond the Scheduled Maturity Date, that interest distributions are 6.0% per year during the extension phase, and that three years of the extension phase of the Lifetime Deposit have passed. By this time, in addition to capital distributions of \$90.00 received during the de-accumulation phase, you would have received interest distributions during the extension phase totalling \$18.00 per Deposit as shown below.

Deposit Amount: \$100.00

#### Aggregate Yearly Interest Distributions

Year 26: \$6.00

Year 27: \$6.00

Year 28: \$6.00

Remaining Deposit Balance: \$10.00

Adjusted Cost Base: \$10.00

Interest distributions did not reduce the adjusted cost base or Remaining Deposit Balance of the Deposit, which each remained at \$10.00. Each interest distribution would generally be required to be included in your income in the taxation year in which it was made.

### Payments at Maturity

When a Lifetime Deposit matures, whether on the Scheduled Maturity Date or at the end of a later extension period, you will receive an amount equal to the principal amount you invested (\$100 per Deposit) minus any capital distributions you received during the de-accumulation phase. This is the Remaining Deposit Balance on the maturity date.

You may also receive a variable return based on the performance of the LSRI Portfolio. This return will be the amount, if any, by which the Deposit Value on the third business day before the Lifetime Deposit matures exceeds

the Remaining Deposit Balance when the Lifetime Deposit matures. If the Deposit Value at maturity does not exceed the Remaining Deposit Balance then you will not receive any variable return on your Lifetime Deposit. The calculation of the Deposit Value is described below under the heading “**Valuation of Lifetime Deposits**”.

Beginning on the Issue Date of a series of Lifetime Deposits, the Deposit Value and Remaining Deposit Balance of any series of Lifetime Deposits at the end of the previous business day will be available on request at any BMO Bank of Montreal branch during normal business hours or by calling the BMO Investment Centre at 1 800 665-7700. The Deposit Value is only an indication of the performance of the LSRI Portfolio and the Lifetime Deposits as of the day of publication. It is not a forecast of the return, if any, that you will receive on your Lifetime Deposits, which will only be known at the time they mature.

Certain tax consequences of payments made on the maturity of a Lifetime Deposit are discussed in Part D, “**CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**”.

### Repayment and cancellation of Lifetime Deposits

Lifetime Deposits will not be repaid and may not be redeemed before the Scheduled Maturity Date, except on your death as described under “**Dealing with your Lifetime Deposits Upon Death**” below.

If you wish to have some or all of your Lifetime Deposits repaid and cancelled on the Scheduled Maturity Date shown in the relevant Supplement, you must send us a completed **Request for Repayment and Cancellation** form (available from any BMO Bank of Montreal branch during normal business hours) at least 15 business days before the Scheduled Maturity Date specifying the number of Lifetime Deposits you wish to be repaid and cancelled at that time. If a Lifetime Deposit is repaid and cancelled on the Scheduled Maturity Date, its maturity date will be the Scheduled Maturity Date.

During the extension phase, you may request that Lifetime Deposits be repaid and cancelled at the end of any extension period. To do so, you must send us a completed **Request for Repayment and Cancellation** form at least 15 business days before the last day of the relevant extension period, which will be the maturity date for any Lifetime Deposits repaid and cancelled on that day.

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### Fees and expenses

We will charge you an “**Annual LSRI Portfolio Fee**” under the LifeStage Deposit Program. The fee applicable to each series of Lifetime Deposits is set out in the relevant Supplement. The Annual LSRI Portfolio Fee is the only fee or expense that will be deducted from the LSRI Portfolio under the LifeStage Deposit Program.

We will calculate and accrue Annual LSRI Portfolio Fees daily and will receive them monthly. These fees will reduce the value of the LSRI Portfolio and will therefore affect the return, if any, paid to investors when Lifetime Deposits mature.

Since we will deduct all fees and expenses of the LifeStage Deposit Program from the value of the LSRI Portfolio, the LSRI Portfolio must generate a return that exceeds the Annual LSRI Portfolio Fee in order for you to receive a return when the Lifetime Deposits mature.

### Valuation of Lifetime Deposits

#### Calculating Deposit Value

On any day, the value of a Deposit (referred to as the “**Deposit Value**”) will be the value on that day of the LSRI Portfolio for the relevant series of Lifetime Deposits divided by the number of Deposits for that series outstanding on that day. It is intended to be an indication of how much your Lifetime Deposits would be worth if they matured on that day and will reflect the performance of the LSRI Portfolio at that time. It should not be construed as a forecast of the future value of your Lifetime Deposits and may not be an accurate reflection of the actual value that could be realized if the Lifetime Deposits were redeemed on that day. The value of the LSRI Portfolio on any day is the value of the units of the underlying funds comprising the LSRI Portfolio on that day after applying the Participation Rate for your series of Lifetime Deposits less the Annual LSRI Portfolio Fee for that series that is owed on that day but has not been paid yet. It is important to note that the Deposit Value could reflect participation in the performance of the underlying funds that is less than 100% (see discussion of the Participation Rate in “**DESCRIPTION OF THE LIFESTAGE DEPOSIT PROGRAM — How Lifetime Deposits Work — The LSRI Portfolio**”) and the value of the LSRI Portfolio could be less than the Remaining Deposit Balance of your Lifetime

Deposits at any time. Nevertheless, the Deposit Value of your Lifetime Deposits will never be less than the Remaining Deposit Balance at maturity.

#### Temporary suspension of the calculation of Deposit Value

We may not be able to determine a Deposit Value for the Deposits if calculation becomes impossible, impractical or prejudicial to investors. This might happen if, for example, we were unable to get the net asset value for units of an underlying fund or a significant part of an underlying fund’s investments could not be sold or valued. There could also be other circumstances beyond our control where we may need to suspend the calculation of the Deposit Value.

If we suspend the calculation of the Deposit Value, an indicative valuation for your Deposits may not be available. If the calculation of the Deposit Value is suspended for a prolonged period of time, this could also result in an extraordinary event, as described under the heading “**Special Circumstances — Extraordinary events**”. If an extraordinary event occurs, the Deposit Value will not be calculated as described above but will be determined as set out in that section.

#### Account Value

Your Account Value, which is the sum total of the Deposit Values for all Lifetime Deposits held by you, will be regularly reported to you in your quarterly account statement. It will also be available from any BMO Bank of Montreal branch during normal business hours.

#### Selling or redeeming your Lifetime Deposits

There is currently no market for investors to sell Lifetime Deposits and we do not intend to create a market for them or have them listed on any stock exchange. The Lifetime Deposits are not redeemable, other than on your death, and you will not be able to demand repayment of your Lifetime Deposits at any time. No amounts are payable on Lifetime Deposits, other than the regularly scheduled capital or interest distributions made during the term and amounts paid when the Lifetime Deposits mature, as described above under “**How Lifetime Deposits Work – Distributions and Other Payments on Lifetime Deposits**”, or amounts payable if the Lifetime Deposits are redeemed, as described below under “**Dealing with your Lifetime Deposits Upon Death**”.

## Dealing with your Lifetime Deposits upon death

In the event of your death on or before the Scheduled Maturity Date, your legal representative will have two options:

- redeem all of your Lifetime Deposits immediately for a redemption value that will be determined by us at the time of redemption and may be less than the Remaining Deposit Balance of your Lifetime Deposits at that time, even if the LSRI Portfolio has performed well, which could result in your estate suffering a loss on the redemption, or
- have the Lifetime Deposits repaid and cancelled on the Scheduled Maturity Date for the amount described under “**How Lifetime Deposits Work – Repayment and cancellation of Lifetime Deposits**”

If no election is made by your legal representative, the Lifetime Deposits in your account will not be cancelled and any gains generated by the LSRI Portfolio will remain fully at risk. In these circumstances, your Lifetime Deposits will be repaid and cancelled on the Scheduled Maturity Date.

In the event of your death during the extension phase, all of your Lifetime Deposits will be redeemed by us immediately for a redemption value that will be determined by us at the time of redemption. The redemption value may be less than the Deposit Value of your Deposits at that time (but will never be less than the Remaining Deposit Balance of your Lifetime Deposits) even if the LSRI Portfolio has performed well.

Upon the payment of the redemption value or the repayment of your Lifetime Deposits as described above, your Lifetime Deposits will be cancelled and you will not be entitled to receive any further distributions of capital or interest, any return or any other amounts in respect of those Lifetime Deposits.

Please note that a delay of 12 months or more in your death being reported to us may result in the amount that would otherwise be payable being reduced by an amount equal to some or all of the interest payments, if any, paid on your Lifetime Deposits after the Scheduled Maturity Date or the end of the extension period following your death, whichever is later.

## Special circumstances

If certain unusual events occur, it may be necessary for us to eliminate exposure to a particular underlying fund (or funds) in the LSRI Portfolio or, in extreme cases, cancel and repay your Lifetime Deposits prior to maturity. We refer to these types of events as “**extraordinary events**”.

### Extraordinary events

“**Extraordinary events**” are typically adverse events that may happen to Lifetime Deposits or an underlying fund, its manager, its units or unitholders, or to us. Examples include:

- an underlying fund ceases to exist
- the manager of an underlying fund ceases to manage that fund
- the investment objectives, strategies or policies of an underlying fund change
- no value is available for units of an underlying fund, or its units cannot be purchased or redeemed or are redeemed without the unitholder’s consent
- changes in Canadian tax or other laws limit the activities of an underlying fund or its manager or unitholder
- changes in Canadian tax or other laws adversely affect a holder of Lifetime Deposits or us

This list is not complete. Other events may also be extraordinary events. We will determine whether an extraordinary event has occurred in our sole discretion.

### Substitution to cure an extraordinary event

Where an underlying fund is affected by an event that would otherwise be an extraordinary event, we will use reasonable efforts to replace that underlying fund with one or more other mutual funds, exchange traded funds or other asset(s) managed or sponsored by one of our affiliates. We refer to the replacement of an underlying fund with another mutual fund, exchange traded fund or other asset(s) as a “**substitution**”.

A substitution will only take place if we determine that the substitution will eliminate the extraordinary event.

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Only we can make the decision to carry out a substitution to avoid an extraordinary event. If we decide to proceed with the substitution, we will use reasonable efforts to notify holders of Lifetime Deposits of our decision within 10 business days of the day on which the substitution takes place.

After a substitution takes place, any references in this Master Information Statement and any Supplement to the affected underlying fund(s) will be considered to be references to the mutual fund, exchange traded fund or other asset(s) that replaced it. Any person performing calculations for the LifeStage Deposit Program will be entitled to make any adjustments that person considers necessary or appropriate to give effect to the substitution.

### Consequences of an extraordinary event

If an extraordinary event occurs that cannot be “cured” by a substitution:

- we will notify you immediately of our intention to cancel and repay your Lifetime Deposits and the date that we will determine the value of your Deposits (the “**Early Valuation Date**”)
- we will pay to you the actualized value of your Lifetime Deposits no later than 45 days after the Early Valuation Date in immediately available funds
- the actualized value of the Lifetime Deposits may exceed the Remaining Deposit Balance of your Deposits on the Early Valuation Date, but will never be less than the Remaining Deposit Balance of your Lifetime Deposits on the Early Valuation Date
- we will make no further capital or interest distributions to you on your Lifetime Deposits and you will no longer have any exposure to the performance of the LSRI Portfolio after the Early Valuation Date
- upon payment of the actualized value of the Lifetime Deposits, your Lifetime Deposits will be cancelled and considered null and void and we will no longer have any further obligations to you under the Lifetime Deposits.

### C. THE UNDERLYING FUNDS

Each Lifetime Deposit will provide exposure to the performance of the underlying funds listed in the relevant Supplement. The Supplement for each series of Lifetime Deposits contains limited information about each underlying fund, including:

- its investment objectives and strategies
- whether it will be included in the equity component or the fixed income component of the LSRI Portfolio and
- the target Issue Date Weighting and Maturity Date Weighting of each underlying fund in the LSRI Portfolio.

Any information about the underlying funds set out in the Supplement is subject to any disclosure filed publicly by each underlying fund and could change. For further information about an underlying fund, including further details of its investment objectives and strategies, please refer to the most recent simplified prospectus and annual information form of that underlying fund, and any amendments to those documents, filed at [www.sedar.com](http://www.sedar.com). Information about the performance and holdings of each underlying fund initially included in the LSRI Portfolio is also available at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds).

### D. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, our counsel, 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 Lifetime Deposits by an investor (“**Initial Holder**”) who purchases Lifetime Deposits only at the time of their issuance. This summary is applicable only to an Initial Holder who is an individual (other than a trust) and, for the purposes of the *Income Tax Act* (Canada) (the “**Act**”), is a resident of Canada, deals at arm’s length with and is not affiliated with us and holds Lifetime Deposits as capital property.

The Lifetime Deposits will generally be considered to be capital property to an Initial Holder unless: (i) the Initial Holder holds the Lifetime Deposits 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 Lifetime Deposits as an adventure in the nature of trade. Certain Initial Holders resident in Canada whose Lifetime Deposits might not otherwise be

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considered to be capital property or who desire certainty with respect to the treatment of the Lifetime Deposits as capital property may be entitled to make an irrevocable election to have the Lifetime Deposits and all of the Initial Holder's other "Canadian securities" deemed to be capital property pursuant to subsection 39(4) of the Act.

**This summary is based on the current provisions of the 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 Canada Revenue Agency (the "CRA") and all specific proposals to amend the Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. 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 Lifetime Deposits 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 investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Lifetime Deposits, based on their particular circumstances.**

### Capital distributions

Any capital distributions received in respect of the Lifetime Deposits will reduce the principal amount invested of the Lifetime Deposits and the Initial Holder's adjusted cost base of the Lifetime Deposits but will not be included in the Initial Holder's income when received.

### Interest distributions

An Initial Holder will be required to include interest on the Lifetime Deposits in income for the taxation year in which it is received or became receivable (depending on the method regularly followed by the Initial Holder in computing income) to the extent such interest was not included in computing the Initial Holder's income for a preceding taxation year. We will file an information return with the CRA in respect of any such interest to be included in an Initial Holder's income and will provide the Initial Holder with a copy of that information return.

### Variable return

A Lifetime Deposit is a "**prescribed debt obligation**" within the meaning of the Act. The rules in the Regulations applicable to a prescribed debt obligation ("**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 current administrative practice with regard to "**prescribed debt obligations**", there should be no deemed accrual of the Deposit Value of the Lifetime Deposit in excess of its Remaining Deposit Balance (this excess, if any, being referred to as the "**variable return**") under these rules prior to the final valuation date (the third business day before a Lifetime Deposit matures), provided that no minimum amount of variable return becomes determinable prior to that time.

### Redemption of Lifetime Deposits on death of the holder before maturity

In the event that an Initial Holder's Lifetime Deposit is redeemed on the death of the Initial Holder, the amount, if any, by which the amount paid on redemption exceeds the Remaining Deposit Balance will be required to be included in the income of the Initial Holder for the taxation year in which the Initial Holder dies and the Initial Holder will be considered to have disposed of the Lifetime Deposit for proceeds of disposition equal to the lesser of the amount paid on redemption and the Remaining Deposit Balance.

### Disposition of Lifetime Deposits

Upon a disposition of a Lifetime Deposit at maturity or following an extraordinary event, 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 (or, in the case of a disposition following an extraordinary event, the amount by which the actualized value exceeds the Remaining Deposit Balance), except to the extent otherwise included in income for the taxation year or a preceding taxation year. We 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.

### Eligibility for investment

Lifetime Deposits offered under this Master Information Statement will, at the date of issue, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free saving accounts and deferred profit sharing plans (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 Act).

### E. YOUR LEGAL RIGHTS

You are entitled to cancel an order to buy Lifetime Deposits or a purchase of Lifetime Deposits already issued to you if, in either case, you do so no more than 48 hours after you enter into an agreement to buy Lifetime Deposits or, if later, 48 hours after you receive, or are considered to have received, this Master Information Statement and the Supplement for the series you ordered or purchased.

You are considered to have received a document:

- when we or one of our representatives gives it to you or your representative in person, or you or your representative receives it by some other means
- at the time we send it, if we send it to you or your representative by email, fax or other electronic means
- five days after we mail it, if we send it to you or your representative by mail

The 48-hour period does not begin until you receive or are considered to have received both documents. When you cancel an order or purchase of Lifetime Deposits in this way, you will receive the full amount you paid for the Lifetime Deposits.

### F. GENERAL MATTERS RELATING TO LIFETIME DEPOSITS

#### How cash distributions will be made

The Lifetime Deposits are Canadian dollar deposit liabilities, and we will pay all amounts on the Lifetime Deposits in Canadian dollars.

You will not receive a certificate or other document representing your ownership of Lifetime Deposits. Instead we will maintain records showing the owners of Lifetime Deposits. Cash distributions, including interest distributions, if any, will be made by us to owners shown

on our records in proportion to the number of Lifetime Deposits they own and in accordance with their payment instructions.

Please refer to the Supplement for the series of the Lifetime Deposits you are investing in for important information about the manner in which cash distributions can be made to you.

#### How the Remaining Deposit Balance and any variable return will be paid to you at maturity

Once you choose to terminate your Lifetime Deposits by sending us a completed **Request for Repayment and Cancellation** form, the Remaining Deposit Balance and any variable return you are entitled to will be paid or invested in the manner described in the relevant Supplement.

#### Notices to investors

Any notices about Lifetime Deposits may be given by publishing once in a French language Canadian newspaper and once in the national edition of an English language Canadian newspaper or communicated to you by mail, electronic and/or any other means. Notices given in this way will be considered valid for purposes of communicating with holders of Lifetime Deposits. We will give notice in this way of any material change or material fact relating to Lifetime Deposits, including under circumstances where Lifetime Deposits will no longer have exposure to the performance of an underlying fund.

#### Amendments and other actions

We may amend the terms of a series of Lifetime Deposits without the consent of investors if, in our reasonable opinion, the amendment would not materially and adversely affect the interests of holders of that series of Lifetime Deposits. In all other cases, amendments of the terms of a series of Lifetime Deposits must be approved at a meeting of holders of Deposits where holders of at least two-thirds of the principal amount of that series of Lifetime Deposits represented at the meeting vote in favour of the amendments. Each investor is entitled to one vote per Deposit held by them for the purpose of voting at meetings held to consider a resolution. The Lifetime Deposits do not carry the right to vote in any other circumstances.

If you own Lifetime Deposits and we would like you to take any action relating to the Lifetime Deposits, we will take the necessary steps to give you notice of that action.

### Calculations and decisions

All calculations and decisions made by us or a person appointed by us to make calculations and decisions under the LifeStage Deposit Program or in connection with Lifetime Deposits will be final and binding on us and on investors, unless an obvious error has been made.

### Restrictions on sales of Lifetime Deposits

Neither this Master Information Statement nor any Supplement may be used to offer Lifetime Deposits to, or solicit orders for Lifetime Deposits from, anyone in a jurisdiction where that offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

### Trademarks

“BMO (M-bar roundel symbol)” and “BMO Capital Markets” are registered trade-marks of Bank of Montreal.

### Registered and non-registered accounts

Investments in Lifetime Deposits can be held in a non-registered account, a registered retirement savings plan (RRSP) or a registered retirement income fund (RRIF).

Monthly capital distributions and interest distributions, if applicable, paid on a Lifetime Deposit held in a non-registered account will, based on your instructions at the time of purchase, either be deposited in a bank account you designate or paid to you by cheque. Monthly capital distributions and any interest distributions paid on Lifetime Deposits held in an RRSP or RRIF will be invested in the BMO T-Bill Fund or another money market mutual fund managed by us or one of our affiliates. Unless you specify otherwise, capital distributions and interest distributions, if any, will automatically be invested in the BMO T-Bill Fund.

An annual administration fee of \$10 (plus applicable taxes) will be applied to your RRSP account, and a fee of \$50 (plus applicable taxes) may be applied to your RRSP account if you transfer it, in whole or in part, to another institution.

### G. GLOSSARY OF TERMS

**actualized value.** The actualized value of a Lifetime Deposit is the value that may be determined on an Early Valuation Date upon the occurrence of an extraordinary event that cannot be cured by a substitution of an underlying fund in the LSRI Portfolio. The actualized value may be an amount that exceeds the Remaining Deposit Balance, but will never be less than the Remaining Deposit Balance of your Lifetime Deposits on the Early Valuation Date.

**adjusted cost base.** The adjusted cost base of a Lifetime Deposit is the amount you paid for it, including certain fees, commissions or other costs of purchasing it, less any repayments of principal you receive. The full amount of capital distributions paid to you on the Lifetime Deposits before they mature will all be repayments of principal.

**affiliate.** An affiliate of a company is any other company that controls or is controlled by the first company or is controlled by the same person or company as the first company.

**audit.** An audit is a review and assessment of a company's financial records, controls, policies and procedures that is carried out by a qualified independent professional auditing firm. Its purpose is to ensure that the company's financial records fairly reflect the company's financial position, that its controls are adequate, that the company has complied with its policies and procedures and to recommend any changes to the company's controls, policies or procedures that it considers to be necessary.

**notional, notionally.** If an investment is described as notional, this means that the investment does not actually exist. Instead we keep records that accurately track the returns, distributions, and increases and decreases in the value of the investment *as if* the investment existed. Similarly if an investment is described as having been notionally bought or sold, no actual purchase or sale has taken place. Instead, we reflect the financial effects of the notional purchase or sale (as well as the financial effect of holding the investment, if purchased) in our records as if the purchase or sale had really taken place. Because “notional” investments do not actually exist, holders of Lifetime Deposits will not have any rights of ownership in the underlying funds notionally held in the LSRI Portfolio but are instead entitled to receive a return from us based on their performance.

## BMO LIFESTAGE RETIREMENT INCOME DEPOSIT PROGRAM: LIFETIME CASH FLOW DEPOSITS

**unsecured.** Lifetime Deposits are unsecured, which means that there are no specific assets held as collateral in support of our obligation to pay what we owe on the Lifetime Deposits.

**unsubordinated.** Lifetime Deposits are unsubordinated. This means that we have no other debt obligations that rank in priority to Lifetime Deposits. So if we are unable to pay our debts when they are due, our assets available for repaying unsecured debt will not be used to repay any other debt issued by us before repaying Lifetime Deposits.



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