

BANK OF MONTREAL

SHAREHOLDER DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

This Offering Circular covers common shares of Bank of Montreal (the “Bank”) which may be purchased on the open market through the facilities of a stock exchange or issued by the Bank under the Bank of Montreal Shareholder Dividend Reinvestment and Share Purchase Plan (the “Plan”). The offering of the common shares pursuant to the Plan to U.S. residents will be made only by means of a prospectus.

The Plan provides a means for holders of common shares of the Bank or shares of any series of either class A or class B preferred shares of the Bank which have been determined to be eligible to participate in the Plan by the Board of Directors of the Bank (collectively the “eligible shares”) to invest in common shares without payment of brokerage commissions or service charges of any kind, subject to restrictions contained in the *Bank Act* (Canada) as noted in the Plan under “Eligibility and Enrollment”.

Participants in the Plan may:

- (a) Dividend Reinvestment Option – reinvest the cash dividends paid on eligible shares held by a participant in common shares at the Average Market Price (as defined below). There may be a discount of up to 5% from the Average Market Price for common shares newly-issued from treasury in connection with the reinvestment of cash dividends on eligible shares; and/or
- (b) Optional Cash Payments – invest in common shares at the Average Market Price by making optional cash payments at any time in any amount up to an aggregate of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31, whether or not dividends on eligible shares are being invested.

The price (the “Average Market Price”) at which common shares will be acquired during an Investment Period (as defined in the Plan) by Computershare Trust Company of Canada (the “Agent”) on behalf of participants with cash dividends on eligible shares and optional cash payments will be,

- (a) when common shares are to be purchased directly from the Bank, the average of the closing prices for a board lot of the common shares of the Bank on the Toronto Stock Exchange on the five trading days on which at least a board lot of the Bank’s common shares was traded immediately preceding an Investment Period; and
- (b) when common shares are to be purchased on the open market through the facilities of a stock exchange, the average of the actual cost (excluding brokerage commissions, fees and all transaction costs) incurred by the Agent to purchase such shares in such Investment Period.

The common shares of the Bank are listed on the Toronto Stock Exchange and the New York Stock Exchange.

The reinvestment of dividends does not relieve participants of any liability for taxes on those dividends. Shareholders should consult their tax advisers about the tax consequences arising from their participation in the Plan.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS	1
THE BANK	6
THE PLAN	6
Purpose.....	6
Advantages.....	6
Administration.....	7
Eligibility and Enrollment.....	7
Purchase of Common Shares	8
Authorization	8
Conversion of U.S. Dollar Optional Cash Payments	8
Application of Funds.....	8
Investment Period	8
Further Provisions with respect to Optional Cash Payments	9
Dividends on Common Shares Held by Agent for Participants	9
Interest.....	9
Source of Common Shares Purchased	10
Price of Common Shares Purchased	10
Allocation to Participants of Common Shares Purchased	10
Costs	10
Reports to Participants.....	11
Certificates for Common Shares	11
Pledging of Shares.....	11
Termination of Participation	11
Rights Offering.....	12
Stock Dividends and Stock Splits	12
Shareholder Voting.....	13
Liability of the Bank and the Agent	13
Amendment, Suspension or Termination of the Plan.....	13
Notices	13
Effective Date of this Plan	14
TAXES	14
Certain Canadian Federal Income Tax Considerations	14
Canadian Residents.....	14
Non-Residents of Canada.....	15
Certain United States Tax Considerations for United States Residents	16
USE OF PROCEEDS.....	17

QUESTIONS AND ANSWERS

1. What is the Shareholder Dividend Reinvestment and Share Purchase Plan?

The Shareholder Dividend Reinvestment and Share Purchase Plan (the “Plan”) provides a means for registered holders of eligible shares of the Bank to acquire common shares by the reinvestment of their cash dividends on eligible shares and the investment of optional cash payments.

2. What are the advantages of the Plan?

Common shares may be purchased quarterly with reinvested cash dividends on eligible shares. Common shares also may be purchased monthly with optional cash payments up to a limit of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31. Full investment of funds is possible because the Plan permits fractions of common shares, as well as whole common shares, to be purchased and held for participants. In addition, dividends on such fractions of shares, as well as on whole shares, will be reinvested in common shares.

There are no service charges or brokerage commissions payable by participants in connection with common shares acquired under the Plan.

The price of common shares purchased with reinvested cash dividends on eligible shares and with optional cash payments will be the Average Market Price. There also may be a discount of up to 5% from the Average Market Price for common shares newly-issued from treasury in connection with the reinvestment of cash dividends on eligible shares. The discount does not apply to common shares purchased on the open market in connection with the reinvestment of cash dividends on eligible shares. The discount will not apply to the Average Market Price established for the purchase of shares under the "Optional Cash Payment" feature of the Plan. The Bank will announce by way of press release and in dividend announcements whether common shares purchased through dividend reinvestment under the Plan will be purchased on the open market or newly-issued from treasury, and any applicable discount for the dividend reinvestment.

Regular statements of account are provided for participants' record keeping.

A participant may terminate participation at any time without penalty by giving written notice to the Agent.

All administrative costs of the Plan are borne by the Bank.

3. Who is eligible to participate?

Subject to the restrictions contained in the Bank Act and referred to in the Plan under “Eligibility and Enrollment”, any holder of eligible shares of the Bank whose shares are registered in the name of a bank, trust company, investment dealer or other intermediary must become a shareholder of record by having such shares transferred into his or her own name. However, an owner whose eligible shares are held in a specific segregated registered account,

such as a numbered account with a bank, trust company, investment dealer or other intermediary, may be able to instruct that bank, trust company, investment dealer or other intermediary to enroll such shares in the Plan.

A holder of eligible shares of the Bank held in the name of a bank, trust company, investment dealer or other intermediary may make initial optional cash payments without first becoming a registered shareholder of the Bank. To do so, the bank, trust company, investment dealer or other intermediary must provide the Agent with a duly completed Reinvestment Enrollment - Participant Declaration Form and a certification indicating that the initial optional cash payment is being made on behalf of a person who holds at least one eligible share of the Bank in an account with the bank, trust company, investment dealer or other intermediary.

Non-registered owners of eligible shares should contact the bank, trust company, investment dealer or other intermediary through which they hold eligible shares for further details.

4. How does an eligible shareholder become a participant in the Plan?

A shareholder may become a participant in the Plan by completing the Reinvestment Enrollment - Participant Declaration Form and returning it to the Agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1. Once enrolled, participation in the Plan continues until terminated or until the Plan itself is terminated by the Bank. No further action is required unless the participant wants to change the terms of current participation in the Plan. Such form must be received by the Agent no later than three business days prior to a dividend record date in order for participation in the Plan to be applicable for the respective record date.

5. How are optional cash payments made?

The opportunity to make optional cash payments is available to all eligible shareholders. Optional cash payments may be made at any time, but may not exceed a total of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31.

A cash payment may be made when enrolling in the Plan by enclosing a cheque payable to the Agent with the completed Optional Cash Purchase (OCP) - Participant Declaration Form in addition to meeting compliance measure(s) as explained in the form.

Thereafter, cash payments may be made by using the Optional Cash Purchase (OCP) – Contribution Voucher portion of the statement sent to participants; additional cash payment forms may be obtained at any time from the Agent. The same amount of money need not be sent each month and there is no continuing obligation to make cash payments.

6. Is it necessary to reinvest cash dividends on eligible shares in order to make optional cash payments?

No. An eligible shareholder may participate in the Plan by making optional cash payments without reinvesting cash dividends on eligible shares. However, dividends on common shares purchased with optional cash payments will be reinvested in accordance with the provisions of the Plan.

7. Where will the common shares purchased under the Plan be acquired?

The common shares purchased by the Agent will be either existing shares purchased on the open market through the facilities of a stock exchange or shares newly-issued directly by the Bank from treasury. Under the Plan, the Board of Directors of the Bank determines which of these two sources the Agent will use.

8. How will common shares be purchased for participants?

The Bank will, after deducting any applicable withholding taxes on dividends payable to shareholders who are not residents of Canada, pay over to the Agent all cash dividends payable on eligible shares of the Bank held of record by participants and all cash dividends on common shares held of record by the Agent for participants under the Plan. During the Investment Period at the end of each month the Agent will apply such funds together with all optional cash payments received to the purchase of common shares of the Bank which the Agent will hold for participants in its name or the name of its nominee.

Optional cash payments will be applied by the Agent for investment in common shares of the Bank during the first Investment Period following receipt of such payment, provided that such payments are received by the Agent no later than two business days before the Investment Period in a month when the common shares are to be purchased on the open market through the facilities of a stock exchange, and five business days before such Investment Period in a month when the common shares are to be issued by the Bank. Optional cash payments which are received too late will be invested in the following month's Investment Period except when the Agent considers that it would be obliged to hold such cash payments for longer than 35 days, in which case the Agent will return such payments to the participant.

No interest will be paid on any funds held by the Agent for investment.

All common shares of the Bank purchased for participants by the Agent on or before the record date for any common share dividend will be entitled to receive that dividend. Common shares purchased after any such particular record date will not be entitled to receive that dividend.

9. What will be the price of common shares purchased under the Plan?

The price of the common shares purchased with reinvested cash dividends on eligible shares will be the Average Market Price (as defined in the Plan). There may also be a discount of up to 5% from the Average Market Price if the Bank issues the common shares from treasury.

The price of the common shares purchased from treasury or on the open market with optional cash payments will be the Average Market Price of the common shares and no discount from such purchase price shall be applied.

10. Will certificates be issued for common shares purchased?

Normally, certificates for common shares purchased under the Plan will not be issued to participants. The number of common shares held for an account under the Plan will be shown on the participant's statement of account. This convenience protects against loss, theft or destruction

of stock certificates. Dividends paid on common shares held for participants will be reinvested under the Plan unless the shares are withdrawn.

A participant may remain a participant and request a certificate for any number of whole common shares held by the Agent for his account by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account and sending it to the Agent. Certificates, or a Direct Registration Advice, will normally be forwarded within seven days of receipt by the Agent of the request. Accounts under the Plan are maintained by the Agent in the name in which the eligible shares are registered at the time of enrolling in the Plan and withdrawals from the Plan will be similarly registered when issued.

11. How is participation in the Plan terminated?

A participant may terminate participation in the Plan at any time by duly completing the termination portion of the voucher on the reverse of the statement of account and sending it to the Agent. Also, the Bank reserves the right to terminate the participation of a participant in the Plan: (i) at any time, if less than one whole common share is held for such participant under the Plan; and (ii) upon prior written notice, if less than ten whole common shares are held for such participant under the Plan and if such participant has not made any optional cash payments for six consecutive quarterly dividend periods. Any such participant may re-enroll in the Plan at any time.

12. What happens when participation in the Plan is terminated?

When participation in the Plan is terminated or upon termination of the Plan by the Bank, a certificate, or a Direct Registration Advice, for whole common shares held for such participant under the Plan will be issued and a cash payment will be made for any fraction of a common share and any uninvested optional cash payments. When terminating participation in the Plan, a participant may, if desired, request that all of the common shares held for the participant's account in the Plan be sold. If sale of all common shares is specified in the notice of termination, such sale will be made by the Agent at prevailing market prices as soon as practicable following receipt by the Agent of such notice. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be paid to the terminating participant by the Agent.

13. When participation in the Plan is terminated, how much time is required to forward share certificates and cheques?

Normally, certificates, or a Direct Registration Advice, and cheques will be forwarded to terminating participants within seven days of receipt by the Agent of the request. However, if the notice of termination is not received by the Agent at least three business days prior to a dividend record date, settlement of the participant's account will not be made until after reinvestment of the next quarterly dividend; certificates, or a Direct Registration Advice, and cheques will normally be forwarded within seven days of the Investment Period of the month in which the dividend payment occurs.

14. May the Plan be changed or terminated?

The Plan may be amended, suspended or terminated by the Bank at any time.

15. What kind of statements will be sent to participants in the Plan?

A statement will be mailed to each participant approximately three weeks after each transaction in the participant's account. The statements are a participant's continuing record of purchases made and should be retained for tax purposes. In addition, each participant will receive tax information annually for reporting dividends paid on Plan shares.

16. What are the tax consequences of participation in the Plan?

It should be understood that because dividends are invested participants are not relieved of any liability for taxes that may be payable on such amounts.

An explanation of certain tax implications of the Plan may be found in this Offering Circular under "Taxes". Shareholders should also consult their tax advisers about the tax consequences which will result from their participation in the Plan.

All communications with the Agent and any further questions regarding the Plan should be addressed to:

Computershare Trust Company of Canada
9th Floor
100 University Ave.
Toronto Ontario M5J 2Y1
Telephone: Canada and the United States 1-800-340-5021 (toll free)
All other countries 514-982-7800
website: www.computershare.com/bmo

THE BANK

Bank of Montreal (the “Bank”), a chartered bank subject to the provisions of the Bank Act, was founded in 1817 and is Canada’s oldest chartered bank. The head office is at 129 rue Saint-Jacques, Montreal, Québec, H2Y 1L6, and the executive offices are located at 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

THE PLAN

Purpose

The Bank of Montreal Shareholder Dividend Reinvestment and Share Purchase Plan (the “Plan”) provides a means for holders of record of common shares of Bank of Montreal (the “Bank”) or shares of any series of either class A or class B preferred shares of the Bank which have been determined to be eligible to participate in the Plan by the Board of Directors of the Bank (collectively the “eligible shares”), who are not subject to the restrictions of the Bank Act referred to herein, to invest cash dividends on eligible shares and optional cash payments (up to an aggregate sum of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31) in common shares of the Bank. Such shares are purchased by an Agent who acts on behalf of the participants under the Plan. The Agent purchases such shares, as determined from time to time by the Bank's Board of Directors, either on the open market through the facilities of a stock exchange or directly from the Bank. Thus the Plan also provides a means by which the Bank may acquire additional equity capital.

Advantages

A participant may purchase common shares of the Bank quarterly with all the cash dividends paid on eligible shares of the Bank which are registered in the name of the participant. The price of common shares purchased in connection with reinvested cash dividends on eligible shares will be the Average Market Price (as hereinafter defined). There may also be a discount of up to 5% from the Average Market Price for common shares newly-issued from treasury in connection with the reinvestment of cash dividends on eligible shares. The discount does not apply to common shares purchased on the open market in connection with the reinvestment of cash dividends on eligible shares.

A participant may, as provided herein, also purchase common shares monthly with optional cash payments up to an aggregate sum of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31. The price of common shares purchased from treasury or on the open market with optional cash payments will be the Average Market Price and no discount from such price shall be applied.

No brokerage commissions, fees or service charges are payable by participants in connection with purchases of common shares made under the Plan. Full investment of funds is possible under the Plan because the Plan permits fractions of common shares (calculated to four decimal places) as well as whole common shares to be held by the Agent for the participants' accounts under the Plan. Also, dividends in respect of whole common shares and fractions of common shares purchased under the Plan will be held by the Agent for the participants' accounts until invested under the Plan. All dividends paid by the Bank on the common shares held for a

participant's account under the Plan will be automatically invested in common shares. Purchases of common shares under the Plan will be made on a monthly basis by the Agent.

Administration

Computershare Trust Company of Canada (the “Agent”) acts as the Agent for the participants under the Plan pursuant to an agreement which may be terminated by the Bank or the Agent at any time. The Bank will promptly pay over to the Agent all cash dividends payable on eligible shares of the Bank held of record by participants and all cash dividends on common shares held of record by the Agent for participants under the Plan (less, in each case, any applicable withholding taxes for shareholders who are not residents of Canada). The Agent will apply such funds together with all optional cash payments received to the purchase of common shares for the participants. Common shares purchased under the Plan will be registered in the name of the Agent, as Agent for participants in the Plan. Should Computershare Trust Company of Canada cease to act as Agent under the Plan, another agent will be designated by the Bank.

The terms of this Plan are intended to comply with the requirements of the *Income Tax Act* (Canada) and the administrative policies and assessing practices of the Canada Revenue Agency, and shall be interpreted and administered in accordance with all such requirements notwithstanding any other provision of this Plan to the contrary.

Eligibility and Enrollment

Subject to certain Bank Act restrictions noted below, any holder of record of eligible shares of the Bank is eligible to enroll in the Plan at any time by signing an Reinvestment Enrollment - Participant Declaration Form and returning it to the Agent. A person who is a beneficial and not a record owner of such shares (e.g. whose shares are held by, and registered in the name of, a bank, trust company, investment dealer or other intermediary for the account of the participant) will be required to transfer such shares into his or her own name or into a specific segregated registered account such as a numbered account with a bank, trust company, investment dealer or other intermediary in order for that person to become a participant in the Plan.

Holders of eligible shares of the Bank held in the name of a bank, trust company, investment dealer or other intermediary may make initial optional cash payments without first becoming registered shareholders of the Bank. To do so, the bank, trust company, investment dealer or other intermediary must provide the Bank with a duly completed Reinvestment Enrollment - Participant Declaration Form and certification indicating that the initial optional cash payment is being made on behalf of a person who holds at least one eligible share of the Bank in an account with the bank, trust company, investment dealer or other intermediary. Once a participant has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

When enrolling in the Plan a completed Reinvestment Enrollment - Participant Declaration Form must be received by the Agent no later than three business days before a record date for a dividend on eligible shares in order for that dividend to be invested under the Plan in accordance with such authorization.

A Reinvestment Enrollment - Participant Declaration Form may be obtained at any time by calling 1-800-340-5021 or at www.computershare.com/bmo or by sending a written request addressed to the Agent.

The Bank Act contains provisions which prohibit or constrain the issue or transfer of shares of any class of shares of the Bank to certain persons or groups of persons, depending upon their accumulated beneficial share ownership or resident status. The Bank Act further contains provisions which restrict the right of certain persons or groups of persons to exercise voting rights attached to any class of shares of the Bank. The Bank will notify any participant if it becomes aware that these Bank Act provisions might affect such participant.

In addition, the Bank may, in its sole discretion, determine from time to time that any shareholder or group of shareholders may not participate or continue to participate in the Plan.

Purchase of Common Shares

Authorization

The Reinvestment Enrollment - Participant Declaration Form directs the Bank to forward to the Agent all the participating shareholder's cash dividends on eligible shares held of record by the participant and directs the Agent, as Agent for such participant, to invest such dividends together with all optional cash payments received by the Agent in common shares of the Bank for the participant. Optional cash payments may be made at any time, except as otherwise provided herein, but may not exceed, in the aggregate, the sum of \$40,000 (Canadian or U.S.) in each twelve month period ending October 31.

Conversion of U.S. Dollar Optional Cash Payments

On the business day before each Investment Period (as hereinafter defined) the Agent will convert all U.S. dollar denominated optional cash payments on hand into Canadian dollars at the Bank of Canada Noon Rate for that day.

Application of Funds

The Agent will apply funds received under the Plan to the purchase of common shares during the Investment Period in respect of each month. If for any reason dividends or optional cash payments held by the Agent for investment on behalf of a participant have not been applied to the purchase of common shares within 35 days of receipt in the case of optional cash payments, or within 30 days following the dividend payment date in the case of funds received as dividends, they will be returned, or paid over in the case of dividends, by the Agent to the participant.

Investment Period

The "Investment Period" in respect of any month,

- (a) when common shares are to be purchased directly from the Bank, will be the last business day of that month; and

- (b) when common shares are to be purchased on the open market through the facilities of a stock exchange,
 - (i) in the case of a month during which there is a payment date for a cash dividend on the Bank's common shares, will commence on the trade date for transactions which settle on such dividend payment date (according to the practices of such stock exchanges as the Agent may utilize from time to time) and end on the day that the Agent completes the purchase of the common shares required for that month; and
 - (ii) in the case of any other month, will commence on the trade date for transactions which settle on the last business day of the month (according to the practices of such stock exchanges as the Agent may utilize from time to time) and end on the day that the Agent completes the purchase of the common shares required for that month.

Further Provisions with respect to Optional Cash Payments

On the condition that a completed Optional Cash Purchase (OCP) - Participant Declaration Form in addition to meeting compliance measure(s) as explained in the form has been timely received by the Agent, all optional cash payments will be applied by the Agent to investment in common shares of the Bank during the first Investment Period following receipt of such payment, provided that such payments are received by the Agent no later than two business days before the Investment Period in a month when the common shares are to be purchased on the open market through the facilities of a stock exchange, or five business days before the Investment Period in a month when the common shares are to be issued by the Bank. Cash payments may be made when enrolling in the Plan by enclosing a cheque, made payable to the Agent, with the Reinvestment Enrollment - Participant Declaration Form. Thereafter, cash payments may be made by using the return portion of the statement of account sent to participants by the Agent.

Optional cash payments which are received too late in a month to be accepted for investment during that month's Investment Period will be invested in the following month's Investment Period. Notwithstanding the foregoing, optional cash payments which, as provided herein, would otherwise be invested in the Investment Period for the following month, will not be accepted by the Agent if it considers that it would be obliged to hold such cash payments for longer than 35 days.

Dividends on Common Shares Held by Agent for Participants

Dividends paid on common shares held by the Agent for the account of a participant under the Plan will be automatically reinvested in common shares during the relevant Investment Period for that dividend payment.

Interest

No interest will be paid to participants on any funds held by the Agent for investment under the Plan.

Source of Common Shares Purchased

The common shares acquired by the Agent for participants will be either existing common shares purchased on the open market through the facilities of a stock exchange or newly issued common shares purchased from the Bank, as determined from time to time by the Bank pursuant to a resolution of its Board of Directors, and advised on a timely basis to the Agent.

Price of Common Shares Purchased

The price (the “Average Market Price”) at which common shares will be acquired during an Investment Period by the Agent on behalf of participants with cash dividends on eligible shares and optional cash payments will be,

- (a) when common shares are newly-issued from treasury and purchased directly from the Bank, the average of the closing prices for a board lot of the common shares of the Bank on the Toronto stock exchange on the five trading days on which at least a board lot of the Bank's common shares was traded immediately preceding an Investment Period; and
- (b) when common shares are purchased on the open market through the facilities of a stock exchange, the average of the actual cost (excluding brokerage commissions, fees and all transaction costs) incurred by the Agent to purchase such shares in such Investment Period.

For common shares newly-issued from treasury in connection with the reinvestment of cash dividends on eligible shares, there may be a discount of up to 5% from the Average Market Price. The Bank shall from time to time and in its sole discretion determine the amount of any applicable discount.

The Bank will announce by way of press release and in dividend announcements whether common shares purchased through dividend reinvestment under the Plan will be purchased on the open market or newly-issued from treasury, and any applicable discount for the dividend reinvestment.

Allocation to Participants of Common Shares Purchased

At the end of each Investment Period each participant's account will be credited with that number of common shares purchased for the participant, including fractions computed to four decimal places, which is equal to the aggregate amount to be invested for each participant at the applicable common share price.

Costs

All administrative costs of the Plan, including any brokerage commissions or the fees or other expenses of the Agent, are borne by the Bank. There are no charges payable by a participant upon termination of participation in the Plan; however, if a participant's notice of termination requests the sale of all of the common shares held for the participant's account in the

Plan, the participant will pay applicable brokerage commissions and transfer taxes, if any, on all dispositions of common shares effected for his or her account by the Agent.

Reports to Participants

The Agent will maintain an account for each participant in the Plan. A statement of account will be mailed out to each participant approximately three weeks after each transaction in the participant's account. These statements are a participant's continuing record of the cost of purchases and should be retained for income tax purposes. In addition, each participant will receive annually from the Agent tax information for reporting dividends paid on common shares held under the Plan.

Certificates for Common Shares

Common shares purchased under the Plan will be registered in the name of the Agent, as Agent for participants in the Plan, and certificates, or a Direct Registration Advice, for such shares will not be issued to participants unless specifically requested. The number of common shares purchased under the Plan will be credited to Plan accounts established for participants and shown on their statements of account.

A participant who is not terminating participation in the Plan may, by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account and sending it to the Agent, have common share certificates, or a Direct Registration Advice, issued and registered in the participant's name for any number of whole common shares held for the participant's account under the Plan. Such requests should be mailed to the Agent. Normally, certificates, or a Direct Registration Advice, will be issued to a participant within seven days of receipt by the Agent of a participant's written request. Any remaining whole common shares and fractions of a common share will continue to be held for the participant's account under the Plan.

Accounts under the Plan are maintained in the names in which certificates of the participants were registered at the time they entered the Plan. Consequently, certificates, or a Direct Registration Advice, for whole common shares will be similarly registered when issued.

Pledging of Shares

Common shares held by the Agent for a participant under the Plan may not be pledged, sold or otherwise disposed of by the participant. A participant who wishes to effect any such transaction must request that certificates, or a Direct Registration Advice, for such shares be issued in the participant's name.

Termination of Participation

Participation in the Plan may be terminated by a participant at any time by giving written notice to the Agent.

Participation in the Plan will be terminated automatically upon receipt by the Agent of a written notice of the death of the participant. In such case, certificates, or a Direct Registration Advice, for whole common shares of the Bank will be issued in the name of the deceased

participant and/or in the name of the estate of the deceased participant, as appropriate, and the Agent will send such certificates, or a Direct Registration Advice, and a cash payment for any uninvested optional cash payments and for any fraction of a common share to the representative of the deceased participant.

The Bank reserves the right to terminate at any time the participation of a participant in the Plan if less than one whole common share is held for such participant's account under the Plan. The Bank also reserves the right to terminate, upon prior written notice, the participation of a participant in the Plan if less than ten whole common shares are held for such participant under the Plan and if such participant has not made any optional cash payments for six consecutive quarterly dividend periods. Any such participant may re-enroll in the Plan at any time.

When participation in the Plan is terminated, the participant will receive a certificate, or a Direct Registration Advice, for the whole common shares held for such participant's account and a cash payment for any fraction of a common share and for any uninvested optional cash payments. If notice of termination is received by the Agent at least three days prior to the applicable record date in respect of a cash dividend on eligible shares held by the participant, the participant's account will be closed. Any requests received after the above date will be held until the end of the Investment Period of the month in which the dividend payment occurs.

Upon termination of participation, a participant may request that all common shares, both whole shares and any fraction of a share, held for the participant's account under the Plan be sold. If sale of all common shares is specified in the notice of termination, such sale will be made by the Agent, through a stock broker designated by the Agent, as soon as practicable following receipt by the Agent of such notice. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be paid to the terminating participants by the Agent. Common shares that are to be sold may be commingled with common shares of other terminating participants, in which case the proceeds to each terminating participant will be based on the average sales price of all shares so commingled. With respect to any fraction of a common share interest, the Agent will pay cash determined in the same manner as provided hereinabove with respect to the sale of the whole common shares.

Rights Offering

In the event the Bank makes available to holders of its common shares rights to subscribe to additional common shares or other securities, rights certificates will be issued by the Bank to each participant for the number of whole common shares held for a participant's account under the Plan on the record date for such rights issue plus the number of common shares, if any, held of record by such participant. Rights based on a fraction of a common share held for a participant's account will be sold for such a participant by the Agent and the net proceeds invested as an optional cash payment during the next Investment Period.

Stock Dividends and Stock Splits

Any common shares of the Bank distributed pursuant to a stock dividend or a stock split on common shares held by the Agent for participants under the Plan will be retained by the Agent and credited by the Agent proportionately to the accounts of the participants in the Plan. Certificates, or a Direct Registration Advice, for any common shares resulting from a stock

dividend or a stock split on common shares held of record by a participant will be mailed directly to the participant in the same manner as to shareholders who are not participating in the Plan.

Shareholder Voting

Subject to the provisions of the Bank Act, whole common shares held for a participant's account under the Plan on the record date for a vote of shareholders will be voted in the same manner as the participant's common shares of record are voted, either by proxy or by the participant in person. If the participant is no longer a holder of record of common shares, or is a holder of record of eligible series of either class A or class B preferred shares which are entitled to vote at a meeting of shareholders, the whole common shares held for such participant's account will be voted in accordance with the instructions of the participant given on a form to be furnished by the Bank. Shares for which instructions are not received will not be voted.

Liability of the Bank and the Agent

Neither the Bank nor the Agent shall be liable for any act, or for any omission to act, including, without limitation, any claims for liability:

- (a) arising out of failure to terminate a participant's account upon such participant's death prior to receipt of notice in writing of such death; and
- (b) with respect to the prices at which common shares are purchased for the participant's account and the times such purchases are made.

Participants should recognize that neither the Bank nor the Agent can assure a profit or protect them against a loss on the common shares purchased under the Plan.

Amendment, Suspension or Termination of the Plan

The Bank reserves the right to amend or suspend, in whole or in part, or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of the participants. All participants will be sent written notice of any such amendment, suspension or termination. In the event of termination of the Plan by the Bank, certificates, or a Direct Registration Advice, for whole common shares held for participants' accounts under the Plan and cash payments for any fraction of a common share and for any uninvested optional cash payments will be remitted with due dispatch by the Agent to the participants. In the event of suspension of the Plan by the Bank, no investment will be made by the Agent during the Investment Period immediately following the effective date of such suspension; cash payments for any optional cash payments which are not invested as of the effective date of such suspension and dividends on eligible shares which are subject to the Plan and which are paid after the effective date of such suspension will be remitted by the Agent to the participants.

Notices

All notices required to be given under the Plan shall be mailed to participants at the addresses shown on the records at the Bank.

Effective Date of this Plan

This Plan became effective April 1, 1981 and is amended and restated as of January 5, 2009.

TAXES

Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations generally applicable to a participant under the Plan who, at all relevant times, for purposes of the application of the *Income Tax Act* (Canada) (the “Tax Act”) and the *Income Tax Regulations* (the “Regulations”), deals at arm’s length with and is not affiliated with the Bank, holds shares acquired under the Plan as capital property, and has cash dividends paid on common shares of the Bank reinvested under the Plan.

This summary is based upon the current provisions of the Tax Act and the Regulations, and all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”), and the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account Canadian provincial or territorial income tax laws, or foreign tax considerations.

This summary does not apply to: (i) a participant who is subject to the “mark-to-market” rules under the Tax Act applicable to certain “financial institutions”; (ii) a participant an interest in which is a “tax shelter investment”; or (iii) a participant to whom the “functional currency” reporting rules apply (all as defined in the Tax Act).

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular participant under the Plan. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective participants should consult their own tax advisers having regard to their own particular circumstances.

Canadian Residents

This portion of the summary is generally applicable to a participant under the Plan who, at all relevant times, for purposes of the application of the Tax Act, is, or is deemed to be resident in Canada.

All cash dividends paid on common shares of the Bank that are reinvested on behalf of a participant will generally be subject to the tax treatment normally applicable to taxable dividends (including eligible dividends) from taxable Canadian corporations. For example, in the case of a participant who is an individual, such dividends will be subject to the normal gross-up and credit rules or, in the case of a participant who is a private corporation or one of certain other

corporations, a refundable tax will apply to the amount of the dividend. Other taxes could apply depending on the circumstances of the participant.

The right granted under the terms of the Plan to reinvest cash dividends paid on common shares in common shares newly-issued from treasury at the Average Market Price, less a discount of up to 5% of the Average Market price, and the exercise of such right, should not give rise to a taxable benefit under the Tax Act.

A participant will not realize any taxable income when the participant receives certificates, or a Direct Registration Advice, for whole common shares credited to the participant's account, either upon the participant's request, upon termination of participation or upon termination of the Plan.

The cost to a participant of common shares acquired under the Plan will be the price paid for the shares by the participant. For the purpose of computing the adjusted cost base of such shares to the participant, the cost of the shares will be averaged with the adjusted cost base of all common shares of the Bank held by the participant as capital property.

A participant may realize a capital gain or loss on the disposition of shares acquired through the Plan, including in the case of a fraction of a common share.

Non-Residents of Canada

This portion of the summary is generally applicable to a participant under the Plan who, at all relevant times, for purposes of the application of the Tax Act, is not, and is not deemed to be, resident in Canada, and who does not carry on business in Canada. Special rules, which are not discussed in this summary, may apply to a non-Canadian participant that is an insurer that carries on an insurance business in Canada and elsewhere.

Dividends which a participant who is not a resident of Canada designates for investment under the Plan will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the participant is entitled under any applicable income tax convention between Canada and the country in which the participant is resident. For example, where a participant is a U.S. resident entitled to benefits under the *Canada-U.S. Income Tax Convention* (1980), as amended, and is the beneficial owner of the dividends, the applicable rate of Canadian withholding tax is generally reduced to 15%. The amount of dividends to be invested under the Plan will be reduced by the amount of tax withheld.

Gains on the disposition of the Bank's common shares by a non-resident of Canada are generally not subject to Canadian income tax unless such shares are or are deemed to be "taxable Canadian property" within the meaning of the Tax Act and the non-resident is not entitled to relief under any applicable income tax convention between Canada and the country in which the participant is resident. Provided the common shares of the Bank are listed on a designated stock exchange, such shares will generally not be taxable Canadian property to a participant unless, at any time during the five-year period immediately preceding a disposition, the participant, persons with whom the participant did not deal at arm's length or the participant and persons with whom the participant did not deal at arm's length owned or had an interest in or option to acquire 25% or more of the issued shares of any class or series of shares of the Bank.

Certain United States Tax Considerations for United States Residents

The following is a general summary of the principal U.S. federal income tax consequences of the ownership of common shares and participation in the Plan as of the date hereof. The summary is applicable to U.S. holders (as defined below) who are residents of the U.S. for purposes of the current *Canada-United States Income Tax Convention (1980)*, as amended. Except where noted, it deals only with common shares held as capital assets and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, tax-exempt entities, life insurance companies, persons holding common shares as part of a hedging, integration, conversion or constructive sale transaction or a straddle, persons owing 10% or more of the voting stock of the Bank, and persons whose “functional currency” is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. **Persons considering the purchase, ownership or disposition of common shares should consult their own tax advisers concerning the U.S. federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.**

As used herein, the term “U.S. holder” means a beneficial holder of a common share that is (i) a citizen or resident of the U.S., (ii) a corporation or partnership created or organized in or under the laws of the U.S. or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if it (x) is subject to the supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A U.S. holder participant will realize ordinary taxable income from cash dividends on the Bank's common shares and any deemed dividend resulting from a discount in the purchase price as discussed below. The gross amount of the dividends, including any amounts deducted for Canadian withholding taxes, will be subject to United States taxation. If the U.S. holder participant so elects with respect to all foreign taxes, he will be entitled to a credit against his United States Federal income tax liability for the Canadian withholding tax imposed on those dividends. The amount of the credit will be subject to limitations contained in the foreign tax credit provisions of the Code. A U.S. holder participant who finds that, because of such limitations, it is more advantageous in the United States resident participant's particular case to claim Canadian withholding tax as a deduction rather than as a credit may do so, but only for a year for which the United States resident participant elects to do so with respect to all foreign taxes.

A participant in the Plan will recognize dividend income for United States tax purposes on the dividend payment date as described below.

If the dividend (reduced by withheld Canadian income tax) is used to acquire common shares on the participant's behalf on the open market, the participant will recognize a dividend equal to the sum of (i) amount of cash which he or she would have received had the dividend been paid in cash (including the amount of withheld Canadian income tax) and (ii) the

participant's pro-rata share of the brokerage commissions paid by the Bank with respect to the purchase of the common shares.

If the dividend (reduced by Canadian tax withheld) is used to purchase common shares from the Bank, the participant will recognize a dividend equal to the sum of (i) the amount of cash which he or she would have received had the dividend been paid in cash and (ii) the Canadian tax withheld.

In addition, a participant who purchases common shares under the Plan will recognize dividend income if (i) the shares are purchased directly from the Bank rather than on the open market and (ii) the purchase price is less than the fair market value of the common shares. In such case, the amount of the additional taxable dividend resulting from the purchase price discount will be the difference between the fair market value of the common shares acquired and the amount paid for the common shares.

If common shares acquired on the participant's behalf under the dividend reinvestment aspect of the Plan are purchased on the open market, the participant's tax basis in those shares will equal the price paid for the shares (including the participant's pro-rata share of the brokerage commissions paid by the Bank with respect to the purchase of the common shares). If common shares acquired on the participant's behalf under the dividend reinvestment aspect of the Plan are purchased from the Bank, the participant's basis in those shares will equal the fair market value of the common shares at the time they were acquired. The tax basis to a participant purchasing shares under the optional share purchase aspect of the Plan will be the amount the participant pays for the common shares.

The amount of any dividend paid in Canadian dollars will equal the U.S. dollar value of the Canadian dollars received calculated by reference to the exchange rate in effect on the date the dividend is received by the U.S. holder regardless of whether the Canadian dollars are converted into U.S. dollars. If the Canadian dollars received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the Canadian dollars equal to the U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or the disposition of the Canadian dollars will be treated as ordinary income or loss.

A participant will realize a gain or loss when common shares are sold or exchanged, whether pursuant to the participant's request upon termination of participation in the Plan or by the participant after receipt of common shares from the Plan, and, in the case of any fraction of a common share, when the participant receives a cash adjustment for a fraction of a common share. The amount of such gain or loss will be the difference between the amount which the participant receives for the common shares or fraction of a common share and the tax basis therefor. The gain or loss will be a capital gain or loss if the common shares are held as "capital assets" (within the meaning of the Code - generally, property held for investment) and will be long-term if the holding period for such common shares exceeds one year.

USE OF PROCEEDS

The Bank will only receive proceeds under the Plan if common shares are issued directly by the Bank rather than being purchased in the open market through the facilities of a stock exchange. Such proceeds, as and when received, will be used by the Bank for general corporate purposes.

Bank of Montreal

**Shareholder
Dividend Reinvestment
And
Share Purchase Plan**

Offering Circular

Amended and Restated January 5, 2009