BMO Bank of Montreal

Managed Futures Certificates of Deposit, Series NB-2

(Not insured under the *Canada Deposit Insurance Corporation Act*)

Information Statement

This Information Statement has been prepared for the sole purpose of assisting potential depositors in making an investment decision with respect to Bank of Montreal's Managed Futures Certificates of Deposit, Series NB-2. No person has been authorized to give any information or to make any representation not contained in this Information Statement, and Bank of Montreal does not accept any responsibility for any information not contained in this document. This Information Statement constitutes an offering of these investments only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and then only through persons duly qualified to effect such sales. This Information Statement is not, and in no circumstances is to be construed as, a prospectus, offering memorandum or advertisement of these investments. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Information Statement or in any way passed upon the merits of the investments offered under this document, and any representation to the contrary is an offence.

The Managed Futures Certificates of Deposit, Series NB-2 have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, the investments may not be offered or sold within the United States or to, or for the account or benefit of, any person located in the United States. No action whatsoever is being taken to permit an offering of these investments or the distribution of this Information Statement in any jurisdiction outside Canada.

BMO Nesbitt Burns®

January 13, 2004

TABLE OF CONTENTS

	Page
Summary	i
Overview	1
The Program	2
Calculation of Yield Amount	3
Determination of Index Level	4
Adjustments to Funds Allocated to Program	5
Discontinuance of Contract Trading	6
Redemption Privilege	7
Subscriptions, Transfers and Payments	9
Program Fees and Expenses	11
Related Parties	12
Use of Proceeds	12
Market for Series NB-2 CDs	12
Eligibility for Investment	12
Investment Risks and Considerations	13
Canadian Federal Income Tax Considerations for Canadian Residents	15
Glossary	17

Bank of Montreal
Managed Futures Certificates of Deposit, Series NB-2
Summary

This summary highlights more detailed information contained elsewhere in this Information Statement. You should read the entire Information Statement for more information. In this summary, we, us and our each refer to Bank of Montreal, Nesbitt Burns refers to BMO Nesbitt Burns Inc., a company owned by us, and affiliate refers to a company owned by us or that is related to us through common ownership. The meaning of other terms used in this summary and Information Statement can be found in the Glossary that appears at the end of this Information Statement.

An investment in a Managed Futures Certificate of Deposit, Series NB-2, referred to in this summary as a Series NB-2 CD, represents a deposit with Bank of Montreal. If you hold a Series NB-2 CD to its maturity on February 29, 2012, you will receive from us an amount equal to the amount you invested (or the deposit amount) in your Series NB-2 CD plus a return on your investment. The return at maturity on your investment will be equal to the greater of:

- **a minimum return of 1.75% each year on the deposit amount of your Series NB-2 CD compounded annually to maturity; and**
- **a return, if any, calculated based on the increase in value of the net assets of the managed futures program (described below) during the period from the issue date of your Series NB-2 CD to its maturity.**

As a result, if you hold a Series NB-2 CD to maturity, you will, at a minimum, receive $2,295 per $2,000 of Series NB-2 CDs. Alternatively, as a holder of Series NB-2 CDs, you will be entitled to the return calculated based on the increase in value of the net assets of the managed futures program if that return is greater than the minimum return. We and/or our affiliate will establish, own and manage the managed futures program. You will not have, and the Series NB-2 CDs will not represent, any ownership interest whatsoever in the assets of the managed futures program.

The Series NB-2 CDs, unlike many deposit liabilities of Canadian chartered banks, are speculative or uncertain in that they could produce no return on your original investment other than the minimum return. Therefore, the Series NB-2 CDs are not suitable investments for you if you need or expect to receive a return on your investment which is greater than the minimum return.

Issue Size:	Up to Cdn. $100,000,000 of Series NB-2 CDs (subject to increase at our discretion)
Issue Date:	On or about March 25, 2004
Maturity Date:	February 29, 2012.
Return at Maturity:	If you hold a Series NB-2 CD to maturity, you will receive a return on your investment equal to the greater of the minimum return and the return, if any, calculated based on the increase in value of the net assets (assets less liabilities) of the managed futures program, as described above. See "Calculation of Yield Amount". Canadian law prevents us from paying a return to you which is greater than 60% each year. If the return calculated based on the increase in value of the net assets of the managed futures program is greater than 60% each year at maturity or on the date when you redeem Series NB-2 CDs, you will not receive on that day the amount of the return which is greater than 60% each

	year. We will pay the excess amount to you plus interest at our equivalent term deposit rate as soon as Canadian law permits.
Denominations and Transfer:	You must invest a minimum of $2,000 in Series NB-2 CDs. We will issue the Series NB-2 CDs in multiples of $1,000. You can transfer them in multiples of $1,000.
Currency:	The Series NB-2 CDs will be Canadian dollar deposits. We will pay all amounts on the Series NB-2 CDs in Canadian dollars.
Agents:	Nesbitt Burns and any other agents appointed by us.
Managed Futures Program:	The managed futures program will consist of an actively managed program of trading in Contracts and Permitted Investments. We and/or one of our affiliates, as the Program Sponsor, will establish the managed futures program. The Program Sponsor will own and manage the assets of the managed futures program. The Program Sponsor may retain several experienced currency and commodity trading advisors to manage portions of the assets of the managed futures program. Contracts traded within the managed futures program will include: • commodity and financial futures contracts, • options to buy or sell these contracts for a specified price; and • inter-bank foreign exchange contracts. Futures contracts are agreements to buy or sell a specific amount of a commodity or financial instrument at a particular price on a specified date in the future. Futures contracts are traded on established commodity futures exchanges around the world. The Contracts traded within the managed futures program could include futures contracts and options on those futures contracts relating to commodities such as gold, corn, coffee, livestock or crude oil, and financial instruments and indices that relate to a group of stocks, bonds or foreign currencies. The Permitted Investments which may be bought, held and sold in the managed futures program will include: • Government of Canada bonds, • deposits with a Canadian bank or other financial institution that pay interest, and • other types of bonds (or equivalents) with a high credit rating. The Program Sponsor will calculate the returns, if any, from the managed futures program. The returns will be calculated based on any increase in the value of the net assets of the managed futures program. The objective of the managed futures program is to increase the value of its assets from income earned on Permitted Investments (which will generally be held to their maturity) as well as profits from the trading of Contracts.
Redemption:	You can choose to redeem your Series NB-2 CDs twice each year, on the 30th day of June and the 31st day of December, or the previous business day if those dates are not business days, commencing June 30, 2005 and ending December 31, 2011. The redemption price that you will receive will be equal to the deposit amount of your Series NB-2 CDs being redeemed, as increased or

decreased to reflect the performance of the managed futures program during the period from the issue date to the date of redemption. **On any redemption you make prior to February 29, 2012, you will not receive the minimum return and you may receive less than the deposit amount of your Series NB-2 CDs.** If you redeem your Series NB-2 CDs on the following early redemption dates we will deduct an early redemption fee equal to a percentage of the redemption price as follows:

Date	Percentage of Redemption Price Deducted
June 30, 2005	5%
December 31, 2005	5%
June 30, 2006	4%
December 31, 2006	4%
June 30, 2007	3%
December 31, 2007	3%
June 30, 2008	2%
December 31, 2008	2%
June 30, 2009	Nil
December 31, 2009	Nil
June 30, 2010	Nil
December 31, 2010	Nil
June 30, 2011	Nil
December 31, 2011	Nil

See "Redemption Privilege".

Ranking: The Series NB-2 CDs will rank equally with all of our other deposit liabilities. **The Series NB-2 CDs will not be insured under the *Canada Deposit Insurance Corporation Act*.**

Rating: As at January 13, 2004, our deposit liabilities with a term of more than one year were rated AA (low) by Dominion Bond Rating Service Limited, AA− by Standard & Poor's Ratings Services and Aa3 by Moody's Investors Service Inc. **If the Series NB-2 CDs were specifically rated by these rating agencies, it is not certain that they would have the same rating as our other deposit liabilities.** A rating is not a recommendation to buy, sell or hold investments, and may be revised or withdrawn at any time by a rating agency.

Use of Proceeds: The proceeds we receive from the issuance of the Series NB-2 CDs will be deposits with Bank of Montreal. We will use the proceeds from the issuance of the Series NB-2 CDs for our general banking purposes.

Tax Consequences: You will not ordinarily be required to recognize any increase in respect of the return calculated based on the increase in value of the net assets of the managed futures program in excess of the accrual of your minimum return prior to maturity or disposition of a Series NB-2 CD. At maturity, you will be required to include in your income the excess of the greater of the minimum return and the return calculated based on the increase in value of the net assets of the managed futures program over the total of the deposit amount and amounts previously included in income in respect of the minimum return. Whether a gain or loss that you realize on the disposition of a Series NB-2 CD (other than a disposition resulting from a payment by us) is a capital gain or loss or ordinary income or loss will depend on whether you hold your Series NB-2 CD as capital property or on income account. While the matter is

	unclear, generally, where you hold a Series NB-2 CD as capital property, a gain or loss on a disposition (other than a disposition resulting from a payment by us) would be a capital gain (or capital loss) to the extent the proceeds of disposition of the Series NB-2 CD (net of any amounts included in your income as interest) exceed (or are less than) your adjusted cost base. See "Canadian Federal Income Tax Considerations for Canadian Residents".
Eligibility for Investment:	Unless Canadian law changes, you will be able to hold your Series NB-2 CDs in a registered retirement savings plan, a registered education savings plan, a registered retirement income fund or a deferred profit sharing plan (other than a deferred profit sharing plan for which we or a corporation related to us is the employer). The Series NB-2 CDs will not count toward the foreign property limit in these plans. See "Eligibility for Investment".
Delivery:	You will not receive a certificate or other instrument from us evidencing your Series NB-2 CDs. You will hold your Series NB-2 CDs in your client account at Nesbitt Burns or other broker or adviser through whom you make your investment. If you want to redeem or sell your Series NB-2 CDs, please contact your investment advisor at Nesbitt Burns or other broker or adviser who will make the necessary arrangements. See "Subscription, Transfers and Payments".
Secondary Market:	There is currently no trading market in which you can buy and sell Series NB-2 CDs, and it is unlikely that a trading market will develop. However, Nesbitt Burns has agreed with us that it will use reasonable efforts to help you locate potential buyers if you wish to sell your Series NB-2 CDs.
Program Fees and Expenses:	The Program Sponsor will deduct the fees and expenses incurred in the ordinary course of the conduct of the managed futures program from the assets of the program. These fees and expenses include management and incentive fees and a flat monthly amount. The management and incentive fees and/or the flat monthly amount will pay for, among other things, all agency fees and brokerage fees, commissions and administrative expenses. See "Program Fees and Expenses" and "Related Parties".
Related Parties:	We and/or an affiliate of ours, as the Program Sponsor, will own the assets of, and will be responsible for, managing all activities of the managed futures program. The Program Sponsor may retain us and/or one or more of our affiliates as a currency or commodity trading advisor or a broker for the managed futures program or to provide advisory services for the managed futures program. If retained, we and/or our affiliates will receive fees for these services. See "Related Parties".

Before you invest in Series NB-2 CDs, you should carefully consider the risks of buying and holding Series NB-2 CDs, including the factors described under the heading "Investment Risks and Considerations".

The Information Statement includes a number of examples for illustration purposes only which are not estimates or guarantees of return to be paid on the Series NB-2 CDs, the redemption price of a Series NB-2 CD or any other amount or value.

Bank of Montreal
Managed Futures Certificates of Deposit, Series NB-2

Overview

A Managed Futures Certificate of Deposit, Series NB-2 (a "Series NB-2 CD") evidences a deposit with Bank of Montreal. The Series NB-2 CDs will be denominated, and the Deposit Amount thereof and all other amounts payable thereon will be payable, in Canadian dollars. If an investor holds a Series NB-2 CD to maturity, the investor will receive from Bank of Montreal at maturity an amount equal to the amount of the deposit (the "Deposit Amount") of the Series NB-2 CD plus an amount of yield or return equal to the greater of:

(a) 1.75% per annum of the Deposit Amount compounded annually to maturity (the "Minimum Yield"); and

(b) the yield or return based on the increase, if any, in the Index Level between the Issue Date and the Maturity Date (the "Yield Amount"), calculated as described under "Calculation of Yield Amount".

Accordingly, if a Series NB-2 CD is held to maturity, the investor will, at a minimum, receive $2,295 per $2,000 Deposit Amount of Series NB-2 CDs. Alternatively, the investor will receive the Deposit Amount of their Series NB-2 CD plus the Yield Amount if the Yield Amount is greater than the Minimum Yield. The Index Level at any particular time will be computed by reference to the assets comprising the actively managed multi-advisor program of trading in Contracts and Permitted Investments established, managed and owned by the Program Sponsor, which will be Bank of Montreal and/or an affiliate of Bank of Montreal. **Holders of Series NB-2 CDs will not have, and the Series NB-2 CDs will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program.**

BMO Nesbitt Burns Inc. ("Nesbitt Burns") and any other agents appointed by Bank of Montreal (collectively, the "Agents") will act as Bank of Montreal's agents in making the Series NB-2 CDs available to investors. By virtue of their client relationship with an Agent or a member of the Selling Group, investors will authorize such Agent or member of the Selling Group to act on their behalf in providing instructions to Bank of Montreal with respect to the Series NB-2 CDs to be acquired by them. Nesbitt Burns will be paid fees for its agency activities and its participation in relation to the Program as described under "Program Fees and Expenses" and "Related Parties" below. Each of the other Agents and the members of the Selling Group will also receive fees for their agency activities.

The offering of Series NB-2 CDs may be terminated at any time by Bank of Montreal in its discretion for any reason, including if all Series NB-2 CDs subscribed for would evidence an aggregate Deposit Amount of less than $15 million. The offering may also be terminated by the Agents on the basis of their assessment of the state of the financial markets and in certain other circumstances.

All Series NB-2 CDs to be issued as contemplated in this Information Statement will collectively evidence deposits of up to $100 million. Prior to the Issue Date, Bank of Montreal may, in its discretion and by notice to the Agents, increase the maximum Deposit Amount to be evidenced by the Series NB-2 CDs. Bank of Montreal may from time to time accept deposits to be evidenced by additional series of Managed Futures Certificates of Deposit, which may or may not resemble the Series NB-2 CDs, or by any other certificates of deposit. Bank of Montreal and/or one or more of its affiliates may acquire Series NB-2 CDs as principal in the open market or by private agreement.

The Series NB-2 CDs will be issued on or about March 25, 2004 and will mature on February 29, 2012. Orders for Series NB-2 CDs will be accepted on the basis described under "Subscription, Transfers and Payments — Subscription".

The Series NB-2 CDs will evidence deposits with Bank of Montreal and will rank *pari passu* with all other deposit liabilities of Bank of Montreal. **The deposits evidenced by the Series NB-2 CDs will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.**

As at January 13, 2004, the deposit liabilities of Bank of Montreal with a term to maturity in excess of one year were rated AA (low) by Dominion Bond Rating Service Limited ("DBRS"), AA− by Standard & Poor's Ratings Services ("S&P"), and Aa3 by Moody's Investors Service Inc. ("Moody's"). There can be no assurance that, if the Series NB-2 CDs were specifically rated by these rating agencies, they would have the same rating as the conventional deposit liabilities of Bank of Montreal. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Federal laws of Canada preclude payments of interest or other amounts in respect of an advance of credit at effective rates in excess of 60% per annum. In the event that any payment is to be made to an investor in respect of the yield or return payable at maturity on a Series NB-2 CD, or in respect of the portion, if any, of the redemption price representing amounts in excess of the Deposit Amount, the payment of a portion of such amount may be deferred to ensure compliance with the applicable legislation. Interest shall be paid in respect of each deferred payment at the time the deferred payment is made, and shall be calculated at the rate posted by Bank of Montreal as at the Maturity Date or the date of redemption, as the case may be, for term deposits maturing as close as possible to the date of the deferred payment.

The examples provided in this Information Statement are included for purposes of illustration only and do not purport to be, and should not be relied upon as, estimates, forecasts or projections of the Index Level, the yield or return to be paid on a Series NB-2 CD, the redemption price of a Series NB-2 CD or any other amount or value.

The Program

The Program will consist of an actively managed multi-advisor program of trading in Contracts and Permitted Investments. The Program will be established, managed and owned by Bank of Montreal and/or an affiliate of Bank of Montreal, as the Program Sponsor, and the assets of the Program will be the exclusive property of the Program Sponsor. **Holders of Series NB-2 CDs will not have, and the Series NB-2 CDs will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program.**

The Program Sponsor will be responsible for the management and all activities of the Program. To achieve diversification across markets and asset classes, as well as an exposure to several different trading styles, the Program Sponsor will retain the services of several experienced currency and commodity trading advisors ("CTAs"), who may be located within or outside Canada. A portion of the funds assigned by the Program Sponsor to the trading of Contracts as part of the Program will be allocated to each CTA. The amount of funds to be allocated to, and re-allocated between, CTAs, the timing of the allocations, the identities of the CTAs and the timing of their retention will be in the sole discretion of the Program Sponsor.

Contracts traded within the Program will consist solely of (a) commodity and financial futures contracts, (b) options on the contracts, and (c) interbank foreign exchange contracts, all of which will be traded on established commodity futures exchanges around the world or through the international interbank currency trading system. Without limiting the foregoing, the Contracts traded within the Program could include futures contracts and options on futures contracts relating to any of the following: metals, such as gold, silver, copper and aluminum; grains, such as wheat, corn, soybean complex and barley; softs, such as cocoa, coffee, sugar and orange juice; livestock, such as hogs and cattle; energy items, such as crude oil, heating oil and natural gas; and financial instruments and indices (including U.S. Eurodollars, U.K. Gilts, government bonds, stock indices and currencies).

In addition to Contracts, the Program may acquire, hold and sell Permitted Investments. Permitted Investments will consist of (a) bonds, debentures or other evidences of indebtedness issued or guaranteed as to the full and timely payment of all amounts due thereon by the Government of Canada, (b) interest-bearing deposits (whether held in deposit accounts or otherwise) in or with, bankers' acceptances issued by, or "strip bonds" or "zero coupon bonds" or their equivalents of, any deposit-taking institution organized under the laws of Canada or a province thereof which at the date of investment has net assets in excess of $50 million (which may be Bank of Montreal or an affiliate of Bank of Montreal), and (c) other debt instruments or obligations which have, at the time of investment, the highest rating available for their category from Moody's, S&P or DBRS.

The Program Sponsor will be solely responsible for computing, on a daily basis, the Net Asset Value of the assets comprising the Program (following the methodology described in the Glossary under "Net Asset Value"), as well as determining the Index Level from time to time. On a monthly basis, Bank of Montreal will disclose in writing to each registered holder of Series NB-2 CDs the Index Level as at the close of business not more than two business days prior to the last business day of the most recently completed calendar month, as well as the initial Index Level. Bank of Montreal expects that investors will receive this information on the regular client statements provided to them by the Agents, members of the Selling Group or other CDS Participants through whom they hold their interests.

Calculation of Yield Amount

At maturity, the Yield Amount, if any, on a Series NB-2 CD will be equal to the positive dollar amount, if any, obtained according to the following formula:

$$\text{Yield Amount} = \frac{\text{Index Level}_M - \text{Index Level}_I}{\text{Index Level}_I} \times \text{DA},$$

where:

Index Level_M is the Index Level at the close of business on the Maturity Date;

Index Level_I is the Index Level at the close of business on the Issue Date; and

DA is the Deposit Amount of the Series NB-2 CD.

Example 1

Assumptions:

• Deposit Amount of Series NB-2 CD	=	$2,000
• Minimum Yield	=	$ 295
• Index Level_M	=	130
• Index Level_I	=	100

In this case, the Yield Amount would be:

$$\frac{130 - 100}{100} \times \$2{,}000 = 0.3 \times \$2{,}000 = \$600$$

Thus, on a \$2,000 investment, the Yield Amount based on the foregoing assumptions would be \$600, or 30%, over the term to maturity (approximately eight years). Since the Yield Amount is greater than the Minimum Yield, the total return payable to an investor at maturity would be \$2,600, being the Deposit Amount plus the Yield Amount. This return would be equivalent to a return over such period of time of approximately 3.37% per annum, compounded annually.

Example 2

Assumptions:

- Deposit Amount of Series NB-2 CD = \$2,000
- Minimum Yield = \$ 295
- Index $Level_M$ = 110
- Index $Level_I$ = 100

In this case, the Yield Amount would be:

$$\frac{110 - 100}{100} \times \$2{,}000 = 0.10 \times \$2{,}000 = \$200$$

Based on the assumption in this example, the Yield Amount of \$200, or 10%, over the term to maturity is less than the Minimum Yield. Therefore, the total return payable to an investor at maturity would be \$2,295, being the Deposit Amount plus the Minimum Yield.

The Net Asset Value of the assets comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Fees and expenses are payable from the assets comprising the Program; therefore, in order for the Net Asset Value of those assets to increase over the term to maturity of the Series NB-2 CDs as a result of the trading of Contracts alone, the trading of Contracts would have to generate a positive return of approximately 4% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.

Determination of Index Level

The Index Level at any particular time will be determined by reference to the Net Asset Value of the assets comprising the Program (as the same may be adjusted from time to time), which will be calculated net of fees and expenses (see "The Program"). The formula for calculating the Index Level at any particular time will be the following:

$$\text{Index Level} = \frac{NAV_T}{NAV_I} \times 100,$$

where:

NAV_T is the Net Asset Value of the assets comprising the Program at the time at which the Index Level is being determined; and

NAV_I is the Net Asset Value of the assets comprising the Program at the close of business on the Issue Date (as the same may be adjusted from time to time).

Therefore, the Index Level at the close of business on the Issue Date will be 100.

Example 3

Assumptions:

- NAV_T = \$75,000,000
- NAV_I = \$50,000,000

In this case, the Index Level at the time of determination (i.e. when NAV_T is \$75,000,000) would be:

$$\frac{\$75{,}000{,}000}{\$50{,}000{,}000} \times 100 = 1.5 \times 100 = 150$$

Thus, in the above example, and based on the specified assumptions, the Index Level will increase by 50% (i.e. from 100 to 150) when the Net Asset Value of the assets comprising the Program increases by 50% from \$50,000,000 to \$75,000,000.

Adjustments to Funds Allocated to Program

From time to time, the Program Sponsor may increase or decrease the funds allocated to the Program (other than as a result of the investment and trading activities of the Program) in connection with future issuances by Bank of Montreal of Managed Futures Certificates of Deposit of other series or redemptions of Managed Futures Certificates of Deposit of any series. In the event that the funds allocated to the Program are increased or decreased at any time in this manner, then, in order to ensure that the Index Level continues to be determined on a consistent basis, the Net Asset Value of the assets comprising the Program will also be increased or decreased at the same time by an equal amount, and the Net Asset Value at the time of issuance of the Series NB-2 CDs will be deemed for all purposes to have been increased or decreased in the same proportion. The formula for calculating the deemed increase or decrease in the Net Asset Value at the time of issuance of the Series NB-2 CDs will be the following:

$$Y = \frac{X}{NAV_T / NAV_O}$$

where:

Y is the amount of the deemed increase or decrease in the Net Asset Value of the assets comprising the Program at the close of business on the Issue Date;

X is the actual amount of the increase or decrease in the funds allocated to the Program by the Program Sponsor;

NAV_T is the Net Asset Value of the assets comprising the Program immediately prior to the increase or decrease in the funds allocated; and

NAV_O is equal to the Net Asset Value of the assets comprising the Program at the close of business on the Issue Date, calculated before the adjustment contemplated by this formula is made.

Example 4

Assumptions:

- Additional funds allocated to the Program = \$ 600,000
- Net Asset Value immediately prior to the allocation of additional funds = \$1,200,000
- Net Asset Value at the close of business on the Issue Date = \$1,000,000

In this case, the deemed increase in the Net Asset Value at the close of business on the Issue Date will be:

$$\frac{\$600{,}000}{\$1{,}200{,}000/\$1{,}000{,}000} = \frac{\$600{,}000}{1.2} = \$500{,}000$$

Thus, in this example, if the funds allocated to the Program are increased by 50%, the Net Asset Value at the close of business on the Issue Date will be deemed to have been increased by 50% as well.

Example 5

Assumptions:

• Decrease in funds allocated to the Program	=	$ 120,000
• Net Asset Value immediately prior to the removal of funds	=	$1,200,000
• Net Asset Value at the close of business on the Issue Date	=	$1,000,000

In this case, the deemed decrease in the Net Asset Value at the close of business on the Issue Date will be:

$$\frac{\$120{,}000}{\$1{,}200{,}000/\$1{,}000{,}000} = \frac{\$120{,}000}{1.2} = \$100{,}000$$

Thus, in this example, if the funds allocated to the Program are decreased by 10%, the Net Asset Value at the close of business on the Issue Date will be deemed to have been decreased by 10% as well.

Discontinuance of Contract Trading

If:

(a) the Index Level (ignoring, for this purpose, any changes in the value of or any accretions to any Permitted Investments) declines at any time prior to the Maturity Date, as a result solely of the decrease in the value of the Contracts comprising part of the Program or losses incurred by virtue of buying and selling Contracts within the Program, to a level that is equal to or less than 77.5,

(b) the Net Asset Value of the assets comprising the Program diminishes in connection with redemptions at any time prior to the Maturity Date to an amount below which it is inefficient, in the opinion of the Program Sponsor, to continue the trading of Contracts through more than one CTA, such that the Program Sponsor, in its absolute discretion, determines that all trading of Contracts should be discontinued, or

(c) the Program Sponsor, in its absolute discretion, determines that all trading of Contracts should be discontinued as a result of any event or circumstance, including any change in any laws affecting the Program Sponsor and/or its affiliates or the issuance of any judgment, order, ruling, decree, administrative guideline or policy of or by any court or governmental authority or administrative body or tribunal of competent jurisdiction, which prohibits or renders unlawful or, in the Program Sponsor's discretion, inadvisable the maintenance of the Program or the trading of Contracts by or on behalf of the Program Sponsor,

then all trading of Contracts will be discontinued, and all Contracts then held as part of the Program will be liquidated in an orderly fashion. If discontinuance occurs in this manner:

(a) the Index Level and the Net Asset Value of the assets comprising the Program, in each case determined at any time following the discontinuance, will be determined as if the sole asset held as part of the Program following the discontinuance (in addition to any Permitted Investments held immediately prior to the time of discontinuance) were a conventional interest-bearing term deposit of Bank of Montreal acquired at the time of the discontinuance with all the proceeds of the liquidation of the Contract positions (and having a principal amount equal to the proceeds of the liquidation) and which matures on the Maturity Date; or

(b) Bank of Montreal may redeem all Series NB-2 CDs at the Deposit Amount of each Series NB-2 CD, plus an amount equal to no less than the Minimum Yield if held to maturity pro rated by a fraction, the numerator of which is the number of days which have elapsed since the Issue Date, and the denominator of which is the number of days from the Issue Date to the Maturity Date.

If discontinuance occurs as provided above, Bank of Montreal will immediately notify investors in Series NB-2 CDs of the discontinuance in the manner specified under "Subscription, Transfers and Payments — Notification".

REDEMPTION PRIVILEGE

CDS, as the only registered holder of Series NB-2 CDs, will have the right, by notice (the "Redemption Notice") addressed to Bank of Montreal at its main branch in Toronto, 23rd Floor, 1 First Canadian Place, Toronto, Ontario M5X 1A1, Attention: Manager, Funding Management, Corporate Treasury, and delivered to such address (accompanied by the certificates evidencing the Series NB-2 CDs to be redeemed) no later than the 10th business day preceding the 30th day of June or the 31st day of December in each year, commencing June 30, 2005 up to and including December 31, 2011, to require Bank of Montreal, on such June 30 or December 31 (the "Redemption Date"), unless such dates are not business days in which case the Redemption Date shall be the preceding business day, to redeem the registered holder's Series NB-2 CDs in whole or in part as described below.

Bank of Montreal will be required to redeem Series NB-2 CDs of any registered holder delivering a Redemption Notice. A registered holder may redeem (a) all of the holder's Series NB-2 CDs; or (b) a portion of the registered holder's Series NB-2 CDs, provided that, following the redemption of the portion of the registered holder's Series NB-2 CDs, the registered holder would hold Series NB-2 CDs in an aggregate Deposit Amount of at least $2,000. If less than all of a registered holder's Series NB-2 CDs are redeemed, Bank of Montreal will issue to the holder, in accordance with the holder's directions, one or more certificates in authorized denominations evidencing the unredeemed balance of the holder's Series NB-2 CDs. So long as CDS or its nominee is the only registered holder, such certificates will be issued only to CDS or a nominee of CDS.

If a Redemption Notice is properly delivered and is accompanied by the certificates evidencing the Series NB-2 CDs to be redeemed, Bank of Montreal will be required, on the Redemption Date, to redeem the Series NB-2 CDs for a redemption price that will be equal to the Deposit Amount of Series NB-2 CDs being redeemed, as adjusted for the performance of the Program during the period from the Issue Date to the Redemption Date, calculated in accordance with the formula described below. The redemption price shall be paid to the registered holder no later than 5 business days following the Redemption Date. **A redemption on the following early redemption dates will be subject to an early redemption fee (to be deducted from the redemption price) equal to a percentage of the applicable redemption price as follows:**

Date	Early Redemption Fee
June 30, 2005	5%
December 31, 2005	5%
June 30, 2006	4%
December 31, 2006	4%
June 30, 2007	3%
December 31, 2007	3%
June 30, 2008	2%
December 31, 2008	2%
June 30, 2009	Nil
December 31, 2009	Nil
June 30, 2010	Nil
December 31, 2010	Nil
June 30, 2011	Nil
December 31, 2011	Nil

On a redemption prior to maturity, investors will not be entitled to receive the Minimum Yield and may receive less than the Deposit Amount evidenced by their Series NB-2 CDs.

As indicated under "Subscription, Transfers and Payments", CDS or its nominee will be the only registered holder of Series NB-2 CDs and, except in the limited circumstances described under that heading, no person other than CDS will be entitled to receive any certificate or other instrument evidencing Series NB-2 CDs. INVESTORS IN SERIES NB-2 CDs WILL BE ENTITLED TO REDEEM THEIR SERIES NB-2 CDs BY PROVIDING THE APPROPRIATE INSTRUCTIONS TO THE AGENTS, MEMBERS OF THE SELLING GROUP OR OTHER CDS PARTICIPANTS THROUGH WHOM THEY HOLD THEIR INTERESTS AT LEAST 15 BUSINESS DAYS PRIOR TO THE REDEMPTION DATE. ANY SUCH REDEMPTION MUST COMPLY WITH THE DEPOSIT AMOUNT RESTRICTIONS DESCRIBED ABOVE.

The formula pursuant to which the redemption price (before the deduction of the early redemption fee, if applicable) will be determined is the following:

$$\text{Redemption Price} = \frac{\text{Index Level}_T}{\text{Index Level}_S} \times \text{DA},$$

where:

Index Level_T is the Index Level at the close of business on the Redemption Date;

Index Level_S is the Index Level at the close of business on the Issue Date; and

DA is the aggregate Deposit Amount of the Series NB-2 CDs being redeemed.

The amount of the redemption price will depend entirely on the relative Index Levels calculated at the appropriate times as described above. If a holder of Series NB-2 CDs elects to exercise the redemption privilege described above (rather than holding the Series NB-2 CDs to maturity), the holder will not be entitled to receive the Minimum Yield and the redemption price received may be significantly less than the Deposit Amount of the Series NB-2 CDs being redeemed.

Example 6

Assumptions:

• Deposit Amount of Series NB-2 CDs being redeemed	=	\$2,000
• Index Level_T	=	110
• Index Level_S	=	100
• Redemption Date is June 30, 2005		

In this case, the redemption price (before deduction of the 5% early redemption fee) would be:

$$\frac{110}{100} \times \$2{,}000 = 1.1 \times \$2{,}000 = \$2{,}200$$

After deduction of the 5% early redemption fee (as the redemption date is assumed to be June 30, 2005), the proceeds to the investor in connection with the redemption on the basis of the foregoing assumptions would be \$2,090, representing a repayment of the \$2,000 Deposit Amount of the Series NB-2 CDs plus a return of \$90. A holder is not entitled to the Minimum Yield on an early redemption of the Series NB-2 CDs.

Example 7

Assumptions:

- Deposit Amount of Series NB-2 CDs being redeemed = $2,000
- Index Level_T = 95
- Index Level_S = 100
- Redemption Date is June 30, 2005

In this case, the redemption price (before deduction of the 5% early redemption fee) would be:

$$\frac{95}{100} \times \$2{,}000 = 0.95 \times \$2{,}000 = \$1{,}900$$

After deduction of the 5% early redemption fee (as the redemption date is assumed to be June 30, 2005), the proceeds to the investor in connection with the redemption on the basis of the foregoing assumptions would be $1,805, which would be less than the Deposit Amount of the Series NB-2 CDs. A holder is not entitled to the Minimum Yield on an early redemption of the Series NB-2 CDs.

Subscriptions, Transfers and Payments

Subscriptions

Investors will subscribe for Series NB-2 CDs by placing their orders with one of the Agents or a member of the Selling Group. Orders for Series NB-2 CDs may be accepted in whole or in part, and the right to allot to any investor Series NB-2 CDs in an amount less than that subscribed for by the investor is reserved by Bank of Montreal, subject to the condition that any acceptance of a partial subscription or any partial allotment shall not be for less than $2,000 Deposit Amount per investor and shall be in an integral Deposit Amount denomination multiple of $1,000. Bank of Montreal also reserves the right to discontinue accepting subscriptions at any time without notice.

Each Agent or member of the Selling Group who accepts orders for Series NB-2 CDs will mail to each initial investor who places an order, a confirmation of the aggregate Deposit Amount of Series NB-2 CDs issued to the investor no later than the third business day following the Issue Date. The sales of the Series NB-2 CDs to the initial investors will settle on, or within three business days following, the Issue Date. Any subscription funds provided by an investor which are not used to acquire Series NB-2 CDs for any reason whatsoever will be promptly refunded to the investor without interest or deduction.

Registration and Transfer

On the Issue Date, one or more definitive global certificates (the "Global Certificates") evidencing the aggregate Deposit Amount of Series NB-2 CDs to be issued to investors will be delivered to CDS, registered in the name of CDS or its nominee. Absent the circumstances referred to below, CDS or its nominee will be the only registered holder of Series NB-2 CDs. Certificates evidencing Series NB-2 CDs will not be available for delivery to investors in physical form. Investors will hold their Series NB-2 CDs through their client accounts with an Agent, a member of the Selling Group or other CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts and entries for the CDS Participants having interests in the Global Certificates. Transfers of ownership of interests in the Global Certificates will be effected through records maintained by CDS (with respect to the interests of CDS Participants) and on the records of CDS Participants (with respect to the interests of investors).

Definitive certificates evidencing the Series NB-2 CDs will be issued to CDS Participants in the event that (i) CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Series NB-2 CDs and Bank of Montreal is unable to retain a qualified successor depository system; or (ii) Bank of Montreal elects to terminate the use of the Book Entry Only System in respect of the Series NB-2 CDs. In either event, upon the surrender by CDS of the Global Certificates evidencing the aggregate Deposit Amount of Series NB-2 CDs then outstanding, Bank of Montreal will issue, in the appropriate denominations, definitive certificates to the CDS Participants appearing on the records maintained by CDS at the time of or immediately prior to such surrender.

Series NB-2 CDs will be issuable to investors in Deposit Amount multiples of $1,000, subject to a minimum $2,000 Deposit Amount per investor. Series NB-2 CDs will be transferable in whole multiples of $1,000 Deposit Amount. Bank of Montreal will keep a register in which will be recorded registrations and transfers of Series NB-2 CDs in definitive form. The register will be kept at the main Toronto office of Bank of Montreal located at 49th Floor, 1 First Canadian Place, Toronto, Ontario M5X 1A1, or at such other office notified by Bank of Montreal to the registered holders of Series NB-2 CDs. Until and unless certificates evidencing the Series NB-2 CDs are issued to CDS Participants as described above, CDS or its nominee will be the only registered holder recorded in the register, and its interest as shown therein will reflect the Global Certificates.

No transfer of a definitive certificate evidencing a Series NB-2 CD will be valid unless: (i) made at the main Toronto office of Bank of Montreal, (ii) the certificate in definitive form is surrendered for cancellation with a written instrument of transfer in form and as to execution satisfactory to Bank of Montreal, (iii) the transferor complies with any reasonable conditions as may be required by Bank of Montreal and with any requirements imposed by law, and (iv) the transfer is entered on the register. No Global Certificate may be transferred except as a whole by CDS to a nominee of CDS or by a nominee of CDS to CDS or another nominee of CDS.

INVESTORS IN SERIES NB-2 CDs WILL BE ENTITLED TO TRANSFER THEIR SERIES NB-2 CDs IN A MANNER CONSISTENT WITH THE FOREGOING (INCLUDING WITH RESPECT TO AUTHORIZED TRANSFER DENOMINATIONS) BY PROVIDING THE APPROPRIATE INSTRUCTIONS TO THE AGENTS, MEMBERS OF THE SELLING GROUP OR OTHER CDS PARTICIPANTS THROUGH WHOM THEY HOLD THEIR INTERESTS.

Payment Mechanics

All amounts payable in respect of the Global Certificates will be made available by Bank of Montreal on the relevant payment dates through CDS or its nominee in accordance with arrangements between Bank of Montreal and CDS. CDS or its nominee will, upon receipt of any such amount, immediately facilitate payment to the applicable CDS Participants or credit the accounts of such CDS Participants, in amounts proportionate to their respective interests in the amount made available by Bank of Montreal to CDS or its nominee, as shown on the records of CDS maintained in connection with the Book Entry Only System.

Bank of Montreal expects that payments by CDS Participants to investors holding interests in the Global Certificates through such CDS Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", but, in any event, such payments will be made to investors within 5 business days of the date of receipt by the relevant CDS Participant, and will be the responsibility of such CDS Participants. The responsibility and liability of Bank of Montreal in respect of Series NB-2 CDs represented by the Global Certificates is limited to making payment of the amounts due in respect of the Global Certificates to CDS or its nominee. Bank of Montreal will not have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of Series NB-2 CDs represented by the Global Certificates or for maintaining, supervising or reviewing any records relating to any such ownership.

In the event that definitive certificates evidencing the Series NB-2 CDs are issued to CDS Participants as contemplated above, payment of all amounts payable in respect of the Series NB-2 CDs will be made by Bank of Montreal on the relevant payment dates to the CDS Participants as their interests may appear in the aforementioned register. In such event, the CDS Participants will be responsible for making the appropriate payments to investors in Series NB-2 CDs in the manner described above.

Bank of Montreal retains the right, as a condition to the payment of the Deposit Amount of any definitive certificate evidencing Series NB-2 CDs, to require the surrender for cancellation of such certificate.

Neither Bank of Montreal nor CDS will be bound to see to the execution of any trust affecting the ownership of any Series NB-2 CDs or be affected by notice of any equity that may be subsisting with respect to any Series NB-2 CDs.

Notification

All general notices to investors in Series NB-2 CDs regarding the Series NB-2 CDs will be valid and effective if published once in the Toronto and national editions of The Globe and Mail or in another major Canadian newspaper with national circulation, and once in a daily French language newspaper of general circulation in Montreal.

Program Fees and Expenses

All fees and expenses incurred in the ordinary course of the conduct of the Program will be paid from the assets comprising the Program. These fees and expenses will include (a) management fees, calculated and payable in arrears to each Manager, (b) incentive fees, calculated and payable in arrears to Managers who are profitable in a Calendar Quarter (regardless of whether or not the Program is profitable overall in that quarter), and (c) a flat monthly amount of 5⁄12 of 1% of the amount allocated to the trading of Contracts in connection with the Program as at the end of the immediately preceding month (which will fund, among other things, all commissions and brokerage fees on the purchase and sale of Contracts and Permitted Investments, and all custodial, payment and transfer agent, audit, processing, legal, tax, administrative and other similar fees and expenses). A portion of the flat monthly amount may also be used to compensate the Agents or members of the Selling Group in connection with their agency activities in placing the Series NB-2 CDs with investors and to compensate financial consultants and advisors retained in connection with the Program.

Management fees and incentive fees will be payable at rates that are usual and competitive in the futures industry for similar programs. The aggregate management fees payable to all Managers in respect of any particular period will not exceed an amount equal to 3.5% per annum of the sum of (a) the amount of capital allocated to all Managers since the commencement of the trading of Contracts, plus (b) net profits generated by the trading of Contracts. It is anticipated that the aggregate incentive fees that will be paid to all Managers in connection with the Program for any particular period for which incentive fees will be paid to such Managers will approximate 22.5% of (a) the net profits generated during the period, less (b) all net profits in relation to which incentive fees have previously been calculated and paid.

The Net Asset Value of the assets comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Given the fees and expenses payable from the assets comprising the Program, in order for the Net Asset Value of those assets to increase over the term to maturity of the Series NB-2 CDs by virtue of the trading of Contracts alone, the trading would have to generate a positive return of approximately 4% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.

Related Parties

Bank of Montreal and/or one or more of its affiliates (including Nesbitt Burns, a subsidiary of Bank of Montreal) may be retained by or on behalf of the Program Sponsor to act as CTAs, Managers, advisors or introducing, executing or clearing brokers in connection with the Program. To the extent that the services provided by any such entity are those of a Manager, management and incentive fees will be payable to such entity in connection with the services provided as described under "Program Fees and Expenses". To the extent a Bank of Montreal affiliate provides the services described above other than those of a Manager (including, in the case of Nesbitt Burns, its services as agent in placing the Series NB-2 CDs with investors), it shall be compensated from the flat monthly amount charged to the assets of the Program as described under "Program Fees and Expenses" and/or from the management and incentive fees received from time to time by the Program Sponsor as described under that heading.

The terms of the Series NB-2 CDs, and the decision to issue them, have been arrived at on an arm's length basis between the Agents and Bank of Montreal. Except as referred to in this Information Statement, no fee is payable by Bank of Montreal to Nesbitt Burns or any related issuer (as defined for the purposes of applicable securities laws) of Nesbitt Burns in connection with the provision of financial advisory services to Bank of Montreal or the Program Sponsor with respect to the Series NB-2 CDs or the Program or in connection with the placement of the Series NB-2 CDs with investors.

Use of Proceeds

The proceeds to Bank of Montreal from the issuance of the Series NB-2 CDs will constitute deposits received by Bank of Montreal and will be used for general banking purposes. Except as described herein, no part of such proceeds will be applied for the benefit of Nesbitt Burns or any related issuer of Nesbitt Burns other than Bank of Montreal.

Market for Series NB-2 CDs

The Series NB-2 CDs are designed primarily for investors who wish to hold them to maturity. There is currently no market for the Series NB-2 CDs, and there can be no assurance that a market will develop. If a market develops, there can be no assurance that it will be liquid. The Agents have agreed with Bank of Montreal that they will use their reasonable efforts to assist investors in Series NB-2 CDs to locate potential buyers if they wish to sell their Series NB-2 CDs.

Eligibility for Investment

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to Bank of Montreal, if the Series NB-2 CDs were outstanding on the date hereof, they would be eligible investments, in each case subject to general investment provisions and prudent investment requirements and standards, and the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals, under or by the following statutes and, where applicable, the regulations thereunder:

Bank Act (Canada)
Cooperative Credit Associations Act (Canada)
Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Financial Institutions Act (British Columbia)
Pension Benefits Standards Act (British Columbia)
Loan and Trust Corporations Act (Alberta)
The Pension Benefits Act, 1992 (Saskatchewan)
The Pension Benefits Act (Manitoba)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
An Act respecting insurance (Québec)
An Act respecting trust companies and savings companies (Québec)
Supplemental Pension Plans Act (Québec)
Pension Benefits Act (Nova Scotia)
Pension Benefits Act (New Brunswick)
Pension Benefits Act, 1997 (Newfoundland)

Also, in the opinion of Osler, Hoskin & Harcourt LLP, if the Series NB-2 CDs were outstanding on the date hereof, they would be qualified investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund or a deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is Bank of Montreal or is a corporation which does not deal at arm's length with Bank of Montreal). On the date hereof, Series NB-2 CDs would not constitute foreign property to an investor under the *Income Tax Act* (Canada).

Investment Risks and Considerations

Prior to making an investment decision, investors should carefully consider the risks associated with acquiring and holding Series NB-2 CDs, including the following factors:

1. *No Recourse to Program Assets.* The obligation to make payments to holders of Series NB-2 CDs in accordance with the terms thereof is an obligation of Bank of Montreal. The Program will be established and managed by the Program Sponsor (which will be Bank of Montreal and/or an affiliate thereof), and the assets of the Program will be the exclusive property of the Program Sponsor. Holders of Series NB-2 CDs will not have, and the Series NB-2 CDs will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program. Accordingly, investors in Series NB-2 CDs will have no recourse whatsoever to the assets of the Program to satisfy amounts owing to them under the Series NB-2 CDs, nor will they be entitled in any way to influence the Program Sponsor's management of the Program, including with respect to the choice of CTAs used.

2. *Uncertain Yield.* The Series NB-2 CDs are not conventional indebtedness in that they could produce no yield at maturity other than the Minimum Yield. Any yield or return, in excess of the Minimum Yield, to be realized by investors on maturity will depend upon the performance of the Program, and therefore the increase, if any, in the Index Level (as determined by reference to the Net Asset Value of the assets comprising the Program) between the Issue Date and the Maturity Date. There can be no assurance that the Program will generate positive returns during the period. Depending on the performance of the Program, investors may receive only the Minimum Yield and the Deposit Amount of their Series NB-2 CDs on maturity, without any additional yield or return thereon. Therefore, the Series NB-2 CDs are not suitable investments for investors requiring or expecting certainty of yield in excess of the Minimum Yield. An investor should reach a decision to invest in the Series NB-2 CDs after carefully considering, with his or her advisors, the suitability of these investments in light of his or her investment objectives and the information set out in this Information Statement.

In addition, the Net Asset Value of the assets comprising the Program will be calculated net of the fees and expenses to be paid from those assets as referred to under "Program Fees and Expenses" and "Related Parties", including any incentive fees payable to Managers who are profitable in a Calendar Quarter even if the Program has not been profitable as a whole in that Calendar Quarter. Therefore, the fees and expenses will affect any yield or return, in excess of the Minimum Yield, to be realized by investors in Series NB-2 CDs. The Net Asset Value of the assets comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Fees and expenses are payable from the assets comprising the Program; therefore, in order for the Net Asset Value of those assets to increase over the term to maturity of the Series NB-2 CDs by virtue of the trading of Contracts alone, the trading would have to generate a positive return of approximately 4% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.

3. *Early Redemption.* The amount of the redemption price to be paid to an investor who redeems any Series NB-2 CDs prior to maturity will depend entirely on the relative Index Levels calculated at the appropriate times as described under "Redemption Privilege". If an investor in Series NB-2 CDs elects to exercise the redemption privilege (rather than holding the Series NB-2 CDs to maturity), the investor will not be entitled to receive the Minimum Yield and may receive an amount that is significantly less than the

Deposit Amount of the Series NB-2 CDs being redeemed. Redemptions on or prior to December 31, 2008 will also be subject to an early redemption fee as described under "Redemption Privilege". This early redemption fee will reduce the proceeds of redemption.

4. *Non-Conventional Deposits.* The Series NB-2 CDs are not conventional deposits in that they do not provide investors with a return or income stream prior to maturity, or a return at maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity, other than the Minimum Yield. Investors in Series NB-2 CDs will not have an opportunity to reinvest any income generated by their investments prior to maturity, nor will they be able, prior to maturity, to determine the amount of any yield or return, in excess of the Minimum Yield, that they will receive on their Series NB-2 CDs at maturity.

5. *Value of Series NB-2 CDs.* The value at any particular time of an investor's Series NB-2 CDs will be determined in part by reference to the Net Asset Value of the assets comprising the Program at that time, which will consist of both Contracts and Permitted Investments. The Net Asset Value of the assets comprising the Program will fluctuate from time to time. Therefore, the value of any Series NB-2 CDs will also fluctuate. Also, the value of Series NB-2 CDs will be affected by prevailing interest rates.

6. *No Independent Calculation Agent.* As part of its management responsibilities, the Program Sponsor will be solely responsible for computing, on a daily basis, the Net Asset Value of the assets comprising the Program, as well as determining the Index Level from time to time. No independent calculation agent will be retained to make or confirm these determinations.

7. *Exchange Rates.* The Net Asset Value of the assets comprising the Program will be calculated in Canadian dollars. The assets comprising the Program may be invested and held in other currencies. Accordingly, the Net Asset Value may be affected by fluctuations in the value of the Canadian dollar against any other currencies in which the assets of the Program are invested or held.

8. *Discontinuance of Contract Trading.* In the circumstances described under "Discontinuance of Contract Trading", the trading of Contracts in connection with the Program will be discontinued and all Contracts held as part of the Program will be liquidated in an orderly fashion.

9. *Commodity Futures Trading.* The performance of the Program will be subject to, and therefore the yield or return (if any), other than the Minimum Yield, to be realized by investors will be affected by, risks associated with trading in Contracts by the CTAs. Generally, futures trading is speculative, highly leveraged and volatile. At times, trading in the Contracts may be illiquid and may be adversely affected by exchange regulations such as speculative position limits. Also, trading in certain types of Contracts, such as interbank foreign exchange contracts, may be subject to additional risks of counterparty default, absence of regulation and illiquidity due to an absence of secondary trading. Risks associated with options on commodity and financial futures Contracts and with the Contracts themselves will differ from the risks associated with the underlying assets. The Program will also be subject to the risk of failure of any of the exchanges on which its CTAs trade, or of their clearing houses, if any.

10. *Trading by CTAs.* While the Program Sponsor will have evaluated the performance record of each CTA and determined which CTAs are suitable for the Program's trading policies and investment objectives, past performance of any CTA will not necessarily be indicative of future results. Furthermore, each CTA will have exclusive responsibility for making trading decisions with respect to the portion of the funds of the Program allocated to it. There can be no assurance that the respective trading systems and strategies utilized by the CTAs will prove successful under all or any market conditions.

11. *Secondary Market.* There is no assurance that a secondary market through which the Series NB-2 CDs may be sold will develop or, if a secondary market develops, whether the market will be liquid. However, the Agents have agreed with Bank of Montreal that they will use their reasonable efforts to assist investors in Series NB-2 CDs to locate potential buyers if they wish to sell their Series NB-2 CDs.

12. *Suitability for Investment.* An investment in Series NB-2 CDs is speculative in nature with respect to any yield in excess of the Minimum Yield, and is suitable only for investors who meet certain criteria and have certain investment objectives and are willing to hold the Series NB-2 CDs to maturity. A person should reach a decision to invest in the Series NB-2 CDs after carefully considering, with his or her advisors, the suitability of these investments in light of his or her investment objectives and the information set out in this Information Statement.

13. *Credit Rating.* As at January 13, 2004, the deposit liabilities of Bank of Montreal with a term to maturity in excess of one year were rated AA (low) by DBRS, AA – by S&P and Aa3 by Moody's. There can be no assurance that, if the Series NB-2 CDs were specifically rated by these rating agencies, they would have the same rating as the conventional deposit liabilities of Bank of Montreal. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

14. *Credit Risk.* Because the obligation to make payments to holders of Series NB-2 CDs is an obligation of Bank of Montreal, the likelihood that such holders will receive the payments owing to them in connection with the Series NB-2 CDs will be dependent upon the financial health and creditworthiness of Bank of Montreal.

Canadian Federal Income Tax Considerations for Canadian Residents

The following is a summary of the principal Canadian federal income tax considerations generally applicable to an investor who acquires Series NB-2 CDs pursuant to this information statement and who, for purposes of the *Income Tax Act* (Canada) (the "Tax Act") and at all relevant times, is or is deemed to be resident in Canada and deals at arm's length and is not affiliated with Bank of Montreal.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations") in force as of the date hereof, counsel's understanding of the current published administrative and assessing policies of the Canada Customs and Revenue Agency and all specific proposals (the "Tax Proposals") to amend the Tax Act and Regulations publicly announced or released by the Minister of Finance (Canada) prior to the date hereof. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all; however, the Canadian federal income tax consequences applicable to the acquisition, holding and disposition of Series NB-2 CDs will not be materially different if the Tax Proposals are not enacted. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein.

The Tax Act contains certain provisions relating to securities held by certain financial institutions, which are generally known as the "Mark-to-Market Rules". This summary does not take into account these Mark-to-Market Rules, and taxpayers that are financial institutions as defined for purposes of those rules should consult their own tax advisors.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. No representation with respect to Canadian federal income tax considerations to any particular investor is made herein. Accordingly, prospective investors should consult their own tax advisors with respect to their individual circumstances.

The interest accrual rules will not ordinarily apply in respect of any amount arising from an increase in Index Level in connection with the holding of the Series NB-2 CD. Investors will be required to include as interest in computing income annually the amount that accrues in respect of the Minimum Yield. At maturity, the greater of the Minimum Yield or the Yield Amount, less any amounts previously included in income in respect of the Minimum Yield, will be included in the investor's income as interest in the taxation year in which the Series NB-2 CD matures.

On a disposition of a Series NB-2 CD by an investor who holds the Series NB-2 CD on income account, such investor will realize income (or a loss) to the extent that the proceeds of disposition of the Series NB-2 CD (net of any amounts included in the investor's income as interest) exceeds (or is less than) such investor's cost.

It is unclear whether amounts received or deemed to be received by an investor on a disposition of a Series NB-2 CD held as capital property, other than a disposition resulting from a payment by Bank of Montreal, will be considered to give rise to a capital gain or loss or to income or an ordinary loss. Generally, an amount received or deemed to be received by an investor on such disposition, other than a disposition resulting from a payment by Bank of Montreal, of a Series NB-2 CD held as capital property would give rise to a capital gain (or capital loss) to the extent the proceeds of disposition of the Series NB-2 CD (net of any reasonable costs of disposition and any amounts included in the investor's income as interest) exceed (or are less than) such investor's adjusted cost base. **However, investors who dispose of a Series NB-2 CD within a short period of time prior to maturity should consult their own tax advisors with respect to their particular circumstances.** In general, where an investor has disposed of a Series NB-2 CD at fair market value, there may be deducted in computing the investor's income the amount of accrued interest included in the investor's income to the extent such amount was not received or receivable by the investor in the year of disposition or in a previous year.

Investors are encouraged to consult their own tax advisors with respect to the investment in and disposition of a Series NB-2 CD in light of the contingent nature of the return, prior to maturity, on the Series NB-2 CD and the investor's particular circumstances.

See also "Eligibility for Investment".

Glossary

For the purposes of this Information Statement, the following terms have the respective meanings set out below:

"Agents" means Nesbitt Burns, and any other agents appointed by Bank of Montreal, in their capacities as agents for Bank of Montreal, and "Agent" means one or other of such investment dealers, as the context may require.

"Book Entry Only System" means the record-entry securities transfer and pledge system administered by CDS in accordance with the Operating Rules and Procedures of the Securities Settlement Service of CDS.

"business day" means any day, other than a Saturday or Sunday, on which the main Toronto branch of Bank of Montreal is open for general banking business.

"Calendar Quarter" means a period of three calendar months (or a shorter period, if the context so requires) that ends on the last day of March, June, September or December in any calendar year.

"CDS" means The Canadian Depository for Securities Limited.

"CDS Participant" means any broker, dealer, bank or other financial institution or other entity that participates in or is a member of the Book Entry Only System.

"Contracts" means contracts traded within the Program, which shall consist solely of (a) commodity and financial futures contracts, (b) interbank foreign exchange contracts, and (c) options on contracts, all of which will be traded on established commodity futures exchanges around the world or through the international interbank currency trading system.

"CTA" means a currency or commodity trading advisor retained by the Program Sponsor in connection with the Program.

"DBRS" means Dominion Bond Rating Service Limited.

"Deposit Amount" means, with respect to a Series NB-2 CD, the amount of the deposit evidenced thereby, which shall be equal to the issue price thereof.

"Global Certificate" has the meaning ascribed to that term under the heading "Subscription, Transfers and Payments – Registration and Transfer".

"Index" means the managed futures index established and administered by the Program Sponsor, the level of which will be computed from time to time by reference to the Net Asset Value of the assets comprising the Program. See "Determination of Index Level".

"Index Level" means the level of the Index, determined as described under "Determination of Index Level".

"investor" means, unless the context otherwise requires, a person who owns, through a CDS Participant (who in turn may hold through the Book Entry Only System), an interest in a Series NB-2 CD.

"Issue Date" means the date on which the Series NB-2 CDs will be issued, which is expected to be on or about March 25, 2004.

"Manager" means the Program Sponsor and each CTA, to the extent any such entity is involved with the management of the Program or the assets thereof.

"Maturity Date" means February 29, 2012, the date on which the Deposit Amount evidenced by the Series NB-2 CDs, and the Minimum Yield or the yield or return (if any) thereon in excess of the Minimum Yield will become due and payable.

"Minimum Yield" means the amount of yield or return equal to 1.75% per annum of the Deposit Amount compounded annually to maturity.

"Moody's" means Moody's Investors Service Inc.

"Nesbitt Burns" means BMO Nesbitt Burns Inc., a subsidiary of Bank of Montreal.

"Net Asset Value" of the assets comprising the Program as of any business day (a "Valuation Day") will be computed by subtracting the aggregate value of the liabilities relating to the Program from the aggregate value of the assets held in connection with the Program, all as determined in accordance with generally accepted accounting principles except as set forth below. The Net Asset Value will be calculated in such manner as the Program Sponsor shall reasonably determine from time to time, provided that:

(a) the assets held in connection with the Program shall be deemed to exclude notional equity but to include:

(i) all liquid assets, which means cash or its equivalent (including cash of other countries if conversion into Canadian currency can be readily effected), on hand, on deposit or on call, including any accrued interest thereon;

(ii) all Contracts, debt obligations, Permitted Investments and other property held or contracted for in connection with the Program together with all unrealized profit or loss on open Contract positions;

(iii) all bills, notes and accounts receivable held in connection with the Program;

(iv) all cash and other distributions to be received in respect of Permitted Investments held in connection with the Program and not yet received but declared to be payable to holders of record on a date on or before the Valuation Day as of which the Net Asset Value is being determined;

(v) all interest accrued on any fixed interest-bearing Permitted Investments held in connection with the Program which is not included in the quoted price of such Permitted Investments; and

(vi) all other property of every kind and nature, including prepaid expenses, held in connection with the Program;

(b) the value of the assets will be determined as follows:

(i) all cash on hand, on deposit or on call, bills, notes and accounts receivable, prepaid expenses, cash and other distributions and interest declared or accrued as described above and not yet received, will be valued at the full amount unless the Program Sponsor shall have determined that it is not worth the full amount, in which event the value shall be deemed to be such value as the Program Sponsor reasonably believes to be the fair value of the asset;

(ii) all open Contract positions will be valued at their market value on the applicable Valuation Day, which means, with respect to any open Contract position, the settlement price for that particular Contract position as determined by the exchange on which the transaction is effected on the applicable Valuation Day; provided that if the particular Contract position could not be liquidated on such day due to the operation of daily limits or other rules of the exchange upon which that position is traded or otherwise, the market value of the position for that day will be deemed to be such value as the Program Sponsor reasonably believes to be the fair value thereof. As used herein, "settlement price" for a Contract position on a United States exchange includes, but is not limited to, the settlement price on the commodity futures exchange on which the related Contract is traded;

(iii) Permitted Investments traded on an over-the-counter market will be valued at the average of the closing bid and ask prices, all as reported by the financial press or an industry standard quotation system;

(iv) Permitted Investments consisting of "strip bonds" or "zero coupon bonds" or equivalents will be valued at their market value, having reference to the market value of similar debt obligations with ratings, yields to maturity and maturity dates similar to such Permitted Investments;

(v) all currency Contracts will be valued at their market value and any difference resulting from a change in the market value will be treated as an unrealized gain or loss on investment; and

(vi) the value of any asset for which a market quotation is not readily available or to which, in the opinion of the Program Sponsor, the above principles cannot be applied shall be the lesser of its cost to the Program and the fair value of the asset determined in such manner as the Program Sponsor shall from time to time reasonably determine;

provided that, notwithstanding the foregoing:

(vii) the value of any asset shall be determined in accordance with applicable law; and

(viii) the Program Sponsor or its agent may employ one or more independent pricing services to assist with the valuation of Contracts and other assets held in connection with the Program. All values assigned to Contracts and other assets held in connection with the Program by the Program Sponsor, its agent or an independent pricing service employed by the Program Sponsor or its agent, shall be final and conclusive and shall be binding on all parties;

(c) the liabilities relating to the Program shall be deemed to include:

(i) all bills, notes and accounts payable relating to the Program;

(ii) all management fees, incentive fees and other amounts to be charged to the assets comprising the Program on account of brokerage commissions or administrative or operating expenses, in each case whether payable or accrued or both;

(iii) all contractual obligations for the payment of money or property;

(iv) all allowances authorized or approved by the Program Sponsor for contingencies; and

(v) all other liabilities of whatsoever kind and nature relating to the Program;

(d) the following liabilities will be calculated in the manner set out below:

(i) interest, if any, shall be accrued at least monthly; and

(ii) brokerage commissions on open positions shall be considered accrued in full (i.e. on a "round-turn" basis) as a liability relating to the Program; and

(e) all Contracts and other assets held in connection with the Program valued in terms of foreign currency, funds on deposit and contractual obligations payable to the Program in foreign currency will be translated into Canadian currency at the closing exchange rate as quoted by customary banking sources on the applicable date.

"Permitted Investments" means (a) bonds, debentures or other evidences of indebtedness issued or guaranteed as to the full and timely payment of all amounts due thereon by the Government of Canada, (b) interest-bearing deposits (whether held in deposit accounts or otherwise) in or with, bankers' acceptances issued by, or "strip bonds" or "zero coupon bonds" or their equivalents of, any deposit-taking institution organized under the laws of Canada or a province thereof which at the date of investment has net assets in excess of $50 million (which may be Bank of Montreal or an affiliate of Bank of Montreal), and (c) other debt instruments or obligations which have, at the time of investment, the highest rating available for their category from Moody's, S&P or DBRS.

"Program" means the actively managed multi-advisor program of trading in Contracts and Permitted Investments established, managed and owned by the Program Sponsor, as described under "The Program".

"Program Sponsor" means Bank of Montreal and/or an affiliate of Bank of Montreal. The Program Sponsor will establish, manage and own the Program, and will own the assets comprising the Program.

"Redemption Date" has the meaning ascribed to that term under "Redemption Privilege".

"Redemption Notice" has the meaning ascribed to that term under "Redemption Privilege".

"S&P" means Standard & Poor's Ratings Service.

"Selling Group" means members of the Investment Dealers Association of Canada who are part of the selling group which may be formed by Nesbitt Burns as lead Agent to offer the Series NB-2 CDs to the general public and, for greater certainty, shall exclude the Agents.

"Series NB-2 CD" means an instrument in definitive form (including a Global Certificate) that evidences a deposit with Bank of Montreal and that is designated a "Bank of Montreal Managed Futures Certificate of Deposit, Series NB-2", or an interest therein, as the context may require.

"Yield Amount" means the amount of yield or return equal to the increase, if any, in the Index Level between the Issue Date and the Maturity Date.