

## Note 19: Capital Trust Securities

We issue BMO Capital Trust Securities (“BOaTS”) through our consolidated subsidiary BMO Capital Trust (the “Trust”). The proceeds of the BOaTS are used to purchase mortgages. Upon consolidation the BOaTS are reported in our Consolidated Balance Sheet either as non-controlling interest in subsidiaries or as capital trust securities, depending on the terms of the BOaTS.

Holders of the BOaTS are entitled to receive semi-annual non-cumulative fixed cash distributions as long as we declare dividends on our preferred shares, or if no such shares are outstanding, on our common shares in accordance with our ordinary dividend practice. The terms of the BOaTS are as follows:

(Canadian \$ in millions, except Distribution)	Distribution dates	Distribution per BOaTS (3)	Redemption date	Conversion date	Principal amount	
			At the option of the Trust	At the option of the holder	2008	2007
<b>Capital Trust Securities</b>						
Series A	June 30, December 31	\$ 34.52	December 31, 2005	December 31, 2010	\$ 350	\$ 350
Series B	June 30, December 31	33.24	June 30, 2006	June 30, 2011	400	400
Series C	June 30, December 31	33.43	December 31, 2006	June 30, 2012	400	400
					<b>1,150</b>	1,150
<b>Non-Controlling Interest</b>						
Series D	June 30, December 31	\$ 27.37(1)	December 31, 2009		600	600
Series E	June 30, December 31	23.17(2)	December 31, 2010		450	450
					<b>1,050</b>	1,050
<b>Total Capital Trust Securities</b>					<b>\$ 2,200</b>	\$ 2,200

(1) After December 31, 2014, the distribution will be at the Bankers' Acceptance Rate plus 1.5%.

(2) After December 31, 2015, the distribution will be at the Bankers' Acceptance Rate plus 1.5%.

(3) Distribution is paid on each trust security which has a par value of \$1,000.

### Redemption by the Trust

On or after the redemption dates indicated above, and subject to the prior approval of OSFI, the Trust may redeem the BOaTS in whole without the consent of the holders.

### Conversion by the Holders

On or after the conversion dates indicated above, the BOaTS Series A, B and C may be exchanged for our Class B Preferred shares, Series 7, 8 and 9, respectively, at the option of the holders.

### Automatic Exchange

The BOaTS Series A, B, C, D and E will each be automatically exchanged for 40 of our Class B Preferred shares, Series 7, 8, 9, 11 and 12, respectively, without the consent of the holders on the occurrence of specific events such as a wind-up of Bank of Montreal, a regulatory requirement to increase capital or violations of regulatory capital requirements.