Product Supplement

No. 2 dated May 29, 2025
(to the short form base shelf prospectus dated May 29, 2025)

This prospectus supplement and the short form base shelf prospectus dated May 29, 2025 to which it relates (as amended, restated or supplemented the "Base Shelf Prospectus"), and each document incorporated by reference into the Base Shelf Prospectus, constitutes a public offering of securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The Notes to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

Bank of Montreal
Principal-at-Risk Medium-Term Notes
Income Notes

This product supplement sets forth terms that will apply generally to notes that we may offer from time to time using this product supplement. The specific terms of a particular issuance of notes will be set forth in a pricing supplement that we will deliver in connection with that issuance. If the terms specified in any pricing supplement are inconsistent with the terms specified in this product supplement, the terms specified in the applicable pricing supplement will govern.

- **Investment Overview.** Unlike conventional debt securities, the amount, and potentially the timing of any payments you receive under the notes will depend on the performance of:
  - shares of a company (a "reference company");
  - shares of an exchange traded fund (a "reference ETF");
  - an index (a "reference index");
  - an interest rate (a "reference rate");
  - a commodity (a "reference commodity");
  - any other underlying asset, as specified in the applicable pricing supplement; or
  - two or more of the foregoing, as specified in the applicable pricing supplement.

  We refer to any reference company, reference ETF, reference index, reference rate or reference commodity to which the securities are linked as a "reference asset". The notes offer one or more guaranteed or contingent coupon payments, each of which may include a variable return, and a payment at maturity or on redemption prior to maturity. The payments are designed to generate a yield which (assuming, in the case of coupon payments that are not guaranteed, all are paid) is generally higher than the yield on our conventional debt securities of the same maturity. In exchange for this potentially higher yield, you will be exposed to the risks that:
  - The actual yield you realize on the notes could be negative because the payment you receive at maturity may be significantly less than the stated principal amount of the notes.
  - If the applicable pricing supplement states that the coupon is contingent, a performance coupon or subject to a range accrual feature, the actual yield you realize on the notes could be lower than the yield on our conventional debt securities of the same maturity and you may not receive a coupon payment on one or more, or any, of the coupon payment dates.
  - If so specified in the applicable pricing supplement, the notes may be redeemed prior to maturity, either automatically upon the occurrence of certain events or at our option.
- **Not Equivalent to Investing in the Reference Asset(s).** Investing in the notes is not equivalent to investing directly in the reference asset or reference assets. You will not be entitled to receive any dividends or other distributions with respect to the reference asset or reference assets.
- **Suitability.** The notes may not be suitable for you. You should decide to invest in the notes only after carefully considering with an advisor whether the notes are a suitable investment for you in light of the

information set out in this product supplement, the accompanying base shelf prospectus and the applicable pricing supplement.

- **Risk of Loss.** The payment you receive at maturity may be significantly less than the stated principal amount of the notes, and you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement.
- **Credit Risk.** The notes are our unsecured, unsubordinated debt obligations. Accordingly, all payments on the notes are subject to our credit risk. If we default on our obligations, you may not receive any payments that we may owe to you under the notes.
- **No Recommendation.** Our offering of the notes is not a recommendation of the reference asset or reference assets to which the notes may be linked.
- **Conflicts of Interest.** We and our affiliates may have economic interests that are adverse to yours as an investor in the notes as a result of our or our affiliates' business activities.
- **No Listing.** The notes will not be listed on any securities exchange, unless otherwise specified in the applicable pricing supplement. Accordingly, unless otherwise specified, the notes may have limited or no liquidity, and you should not invest in the notes unless you are willing to hold them until maturity. You are entitled to the payment at maturity only if you hold the notes at maturity. If you choose to and are able to sell the notes prior to maturity, you may receive significantly less than the stated principal amount.
- **No Rating.** The notes have not been and will not be rated.
- **Tax Consequences.** For important information regarding certain Canadian federal income tax considerations of investing in the notes, see "Tax Considerations" beginning on page 46.

You should carefully review the specific terms of the notes described in the applicable pricing supplement together with the information contained in this product supplement, and the accompanying base shelf prospectus before making an investment decision.

Investing in the notes is subject to risks not associated with an investment in conventional debt securities. The notes are structured products and are not designed as alternatives to fixed income or money market investments. See "Risk Factors" beginning on page 51.

The notes are not deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.

We are responsible for the information contained or incorporated by reference in this product supplement, the accompanying base shelf prospectus and any applicable pricing supplement. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. You should not assume that the information contained or incorporated by reference in this product supplement, the accompanying base shelf prospectus or any applicable pricing supplement is accurate as of any date other than the date on the front of such document. We are not making an offer of the notes in any province or territory where such offer is not permitted.

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About this Product Supplement

The pricing supplement for a particular issuance of notes described herein will describe the specific terms of those notes, but will not describe all of the terms of those notes or contain all of the other disclosures that you should consider before making an investment decision. The terms of the notes and other disclosures that are not contained in the applicable pricing supplement are set forth in this product supplement and, to the extent not set forth in this product supplement, in the accompanying base shelf prospectus. Accordingly, it is important that you read the applicable pricing supplement together with this product supplement and the accompanying base shelf prospectus before making an investment decision.

References in this product supplement, the applicable pricing supplement and the accompanying base shelf prospectus to "we," "our" or "us" are to the Bank of Montreal, and not any of its subsidiaries, unless the context indicates otherwise.

Certain statements included in this product supplement, the applicable pricing supplement and the accompanying base shelf prospectus, constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to us, the reference asset or the notes. The forward-looking statements are not historical facts but reflect our current expectations regarding future results or events and are based on information currently available to us. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations or a forecast, projection or conclusion in such forward-looking statements. See "Caution Regarding Forward-Looking Statements" in the accompanying base shelf prospectus and in the applicable pricing supplement for additional information.

This product supplement is deemed to be incorporated by reference into the base shelf prospectus solely for the purpose of the notes issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the base shelf prospectus and reference should be made to the base shelf prospectus for full particulars.

Any statement contained in a document incorporated or deemed to be incorporated by reference in the base shelf prospectus or this product supplement is deemed to be modified or superseded, for purposes of this product supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in the base shelf prospectus or this product supplement, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this product supplement.

A copy of the accompanying base shelf prospectus and the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary, Bank of Montreal, 100 King St. W., 1 First Canadian Place, 9th Floor, Toronto, Ontario, M5X 1A1, telephone: (416) 867-6785, and are also available electronically at www.sedarplus.ca.

Eligibility for Investment

In the opinion of Torys LLP, our counsel, the Notes offered hereby will, at the date of issue, be qualified investments under the Income Tax Act (Canada) and the regulations thereunder (collectively, the "Tax Act") for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts, first home savings accounts and deferred profit sharing plans ("DPSPs") (other than a trust governed by a DPSP to which contributions are made by us or by an employer with which we do not deal at arm's length within the meaning of the Tax Act).

Some dealers may have certain restrictions regarding holding foreign currency in registered accounts (such as tax-free savings accounts, first home savings accounts, registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and DPSPs). Investors should consult with their advisors if they are considering an investment in Notes that are denominated in a foreign currency through a registered plan.

Description of the Notes

The following description of the general terms of the notes supplements the general terms and provisions set forth in the accompanying base shelf prospectus. If any specific information regarding the notes in this product supplement is inconsistent with the more general terms described in the accompanying base shelf prospectus, you should rely on the information in this product supplement.

The pricing supplement applicable to a particular issuance of notes will contain the specific terms of those notes. If any information in the applicable pricing supplement is inconsistent with this product supplement or the accompanying base shelf prospectus, you should rely on the information in the applicable pricing supplement. The applicable pricing supplement may also add, update or change information contained in this product supplement or in the accompanying base shelf prospectus. It is important for you to consider carefully the information contained in this product supplement together with the information contained in the applicable pricing supplement and the accompanying base shelf prospectus before making an investment decision.

General

Ranking

The notes offered under this product supplement (the "Notes") will be issued in Canadian dollars or such other currency as may be specified in the applicable pricing supplement, will have the stated principal amount (the "Principal Amount") specified in applicable pricing supplement, and will be unsecured, unsubordinated debt securities of Bank of Montreal and rank equally with all its other unsecured and unsubordinated debt. **The Notes are not deposits that are insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.**

Rating

The Notes have not been, and will not be rated. As of the date of this product supplement, our deposit liabilities with a term to maturity of more than one year are rated AA by DBRS, A+ by S&P, Aa2 by Moody's and AA by Fitch. There can be no assurance that, if the Notes were rated by these rating agencies, they would have the same rating as our other unsubordinated indebtedness. Additional information concerning these ratings is included in the accompanying base shelf prospectus and our continuous disclosure filings that are incorporated by reference in the accompanying base shelf prospectus. You should note that 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.

Fees and commissions

Any fees, commissions, selling concessions, costs and other expenses associated with an investment in or holding the Notes will be specified in the applicable pricing supplement. If you wish to sell the Notes prior to the Maturity Date (as defined below), you may be subject to an early trading charge, the amount of which will be specified in the applicable pricing supplement. See "Secondary Market". We will not charge you any fees or seek reimbursement from you for any other costs or expenses not specified in the applicable pricing supplement.

Upside return, downside protection and early redemption

Upside return. The Notes are designed to provide a return in the form of the difference between (1) (A) one or more guaranteed or contingent Coupon Payments (as defined below) and (B) a cash payment at maturity or on redemption prior to maturity (the "Maturity Payment"), as specified in the applicable pricing supplement and (2) the Principal Amount. The payments are designed to generate a yield which (assuming, in the case of Coupon Payments that are not guaranteed, all are paid in full) is generally higher than the yield on our conventional debt securities of the same maturity. The timing and amount of any payments you receive under the Notes, including, if the applicable pricing supplement states that the coupon is contingent, a performance coupon or subject to a range accrual feature, whether you receive any Coupon Payments, will depend on the performance of the Reference Asset or Reference Assets (as defined below) and, if applicable, a Reference Rate (as defined below). The Notes have a fixed term, but may be redeemed prior to the Maturity Date if the applicable pricing supplement states that (1) the Notes are subject to automatic early redemption or (2) we have the right to redeem the Notes. See the discussion below under "–Upside Return" for more information on how the Notes may be structured to generate an upside return.

Downside protection and early redemption. In exchange for the higher potential yield offered by the Notes, you must be willing to accept the risks that (1) the actual yield you realize on the Notes could be negative because the Maturity Payment may be significantly less than the Principal Amount, (2) if the applicable pricing supplement states that the coupon is contingent, a performance coupon or subject to a range accrual feature, the actual yield you realize on the Notes could be lower than the yield on our conventional debt securities of the same maturity and you may not receive a Coupon Payment on one or more, or any, of the Coupon Payment Dates (as defined below) and (3) if the applicable pricing supplement states that the Notes are subject to early redemption, that the Notes may be redeemed prior to the Maturity Date, in which case you will forgo the opportunity to receive further Coupon Payments after the date the Notes have been redeemed. See the discussion below under "–Downside Protection" and "–Early Redemption" for more information on how the Notes may be structured to offer you limited downside protection for your investment and the circumstances in which they may be redeemed prior to the Maturity Date.

You should carefully read the applicable pricing supplement to understand (1) the payment terms of the Notes, (2) the fact that the payment you receive on the Maturity Date may be significantly less than the Principal Amount and that you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note or such other amount as may be specified in the applicable pricing supplement, (3) if applicable, the circumstances in which you may not receive Coupon Payments or may receive less than the full amount of one or more Coupon Payments and (4) if applicable, the circumstances in which the Notes may be redeemed automatically prior to the Maturity Date or we may choose to redeem the Notes prior to Maturity Date. **In addition to the risks associated with the performance of the Reference Asset or Reference Assets or any Reference Rate, any payments due on the Notes are subject to our credit risk.**

Dates

The Notes will be issued on the issue date specified in the applicable pricing supplement (the "Issue Date"), which will also be the trade date (the "Trade Date") of the Notes, unless otherwise specified in the applicable pricing supplement. The Notes will mature on the maturity date specified in the applicable pricing supplement (the "Maturity Date") and if the originally scheduled Maturity Date is not a Business Day (as defined below), any payment required to be made on the Maturity Date will be made on the next succeeding Business Day (in the case of Notes that are a "prescribed debt obligation" under the Tax Act for an initial holder (as defined herein)) or on the immediately preceding Business Day (in the case of Notes that are not a "prescribed debt obligation" under the Tax Act for an initial holder (as defined herein)), and no interest will accrue as a result of delayed payment. A "Business Day" means any day (other than a Saturday, a Sunday or a statutory holiday) on which commercial banks are open for business in Toronto, Ontario, provided that, if any day on which we are obligated to make a payment in U.S. dollars in respect of the Notes falls on a day that commercial banks are not open for business in New York, USA, such payment will be postponed to the following Business Day on which commercial banks are open for business in New York, USA. Unless specified otherwise in the applicable pricing supplement, if any day on which an action is specified in this product supplement or the applicable pricing supplement to be taken in respect of the Notes falls on a day that is not a Business Day, such action will be postponed to the following Business Day.

Performance of Reference Portfolio and Reference Portfolio Return

The timing and amount of any payment you receive under the Notes will depend on the performance of the reference portfolio (the "Reference Portfolio") specified in the applicable pricing supplement (which may consist of one or more Reference Assets) between the Trade Date and one or more dates (each, an "Observation Date") or during a period (an "Observation Period") specified in the applicable pricing supplement. The Observation Date scheduled to occur immediately prior to the Maturity Date is referred to as the "Final Valuation Date".

The performance of the Reference Portfolio as of an Observation Date or during an Observation Period will be calculated by comparing the Reference Portfolio Level (as defined below) on such Observation Date or during such Observation Period to the Initial Reference Portfolio Level (as defined below). See the discussion below under "Reference Portfolio–Reference Portfolio Level" for more information on how the Reference Portfolio Level is calculated.

Any payments you receive under the Notes may either be fixed amounts or be described by reference to the Reference Portfolio Return (as defined below) on an Observation Date or during an Observation Period. The "Reference Portfolio Return" on an Observation Date or during an Observation Period will be calculated as (1) the Reference Portfolio Level (as defined below) on such Observation Date or during such Observation Period, as specified in the applicable pricing supplement, minus the Initial Reference Portfolio Level divided by (2) the Initial Reference Portfolio Level, using the following formula:

$$\frac{Reference\ Portfolio\ Level - Initial\ Reference\ Portfolio\ Level}{Initial\ Reference\ Portfolio\ Level}$$

The "Final Reference Portfolio Return" is the Reference Portfolio Return on the Final Valuation Date or during an Observation Period ending on the Final Valuation Date, as specified in the applicable pricing supplement.

The Reference Portfolio Return will determine (1) the payment you receive on the Maturity Date, (2) if the applicable pricing supplement states that the coupon is contingent, a performance coupon or subject to a range accrual feature, whether you receive any Coupon Payments and the amount of such payments and (3) if applicable, whether the Notes will be redeemed automatically prior to the Maturity Date. See the discussion below under "Reference Portfolio–Reference Portfolio Level" for more information on how the Reference Portfolio Return is calculated.

Upside Return

General

The Notes issued under this product supplement are generally structured such that any upside you may receive will be in the form of coupon payments (the "Coupon Payments"). While the payment you receive on the Maturity Date (or, if applicable, any Autocall Payment Date (as defined below) or Call Payment Date (as defined below) in the event that the Reference Portfolio Level on the relevant date is at or above the Initial Reference Portfolio Level) will generally be "par", or equal to the Principal Amount, the applicable pricing supplement may state that you will participate in any appreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level. See the discussion below under "–Early Redemption" for more information about the circumstances in which the Notes may be redeemed prior to the Maturity Date.

The coupon rate (the "Coupon Rate"), which, along with any variable return, if so specified in the applicable pricing supplement, determines the amount of any Coupon Payments, may be (1) a fixed rate, (2) a floating rate determined by reference to a Reference Rate or (3) a variable rate calculated based on the Reference Portfolio Level on the relevant date. The manner in which the Coupon Payments are calculated will depend on the type of upside return specified in the applicable pricing supplement (see below for a discussion of common types of upside return).

The date or dates on which the Coupon Payments are scheduled to be made (the "Coupon Payment Dates") will be specified in the applicable pricing supplement. If any Coupon Payment Date falls on a day that is not a Business Day, the Coupon Payment scheduled to be made on that Coupon Payment Date will be made on the next succeeding Business Day with the same force and effect as if made on the originally scheduled Coupon Payment Date, and no interest will accrue as a result of delayed payment.

Unless otherwise specified in the applicable pricing supplement, each Coupon Payment will be made to the persons in whose names the Notes are registered at the close of business on the Business Day immediately preceding the applicable Coupon Payment Date, provided that any final Coupon Payment will be payable to the persons who hold the Notes on the Maturity Date or, if applicable, any earlier autocall or call payment date.

Where a Coupon Rate is expressed on an annualized basis, each Coupon Payment will be calculated by multiplying the per annum Coupon Rate with a day count fraction (the "Day Count Fraction"), which the applicable pricing supplement will specify by reference to the corresponding day count convention (the "Day Count Convention"). Set forth below is a list of Day Count Conventions and the corresponding Day Count Fractions:

- If the applicable pricing supplement states that the Day Count Convention is:
  - "Actual/Actual", the Day Count Fraction will equal the actual number of days in the period commencing on (and including) the Issue Date and ending on (but excluding) the next Coupon Payment Date, or the Maturity Date, as applicable (the "Coupon Period") in respect of which payment is being made divided by 365 (or, if any portion of the Coupon Period falls in a leap year, the sum of (i) the actual number of days in the portion of the Coupon Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Coupon Period falling in a non-leap year divided by 365);
  - "Actual/365", the Day Count Fraction will equal the actual number of days in the Coupon Period divided by 365;
  - "Actual/360", the Day Count Fraction will equal the actual number of days in the Coupon Period divided by 360; and
  - "30/360", "360/360" or "Bond Basis", the Day Count Fraction will be calculated as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

Where:

Y1 is the year, expressed as a number, in which the first day of the Coupon Period falls.

Y2 is the year, expressed as a number, in which the day immediately following the last day included in the Coupon Period falls.

M1 is the calendar month, expressed as a number, in which the first day of the Coupon Period falls.

M2 is the calendar month, expressed as number, in which the day immediately following the last day included in the Coupon Period falls.

D1 is the first calendar day, expressed as a number, of the Coupon Period, unless that number would be 31, in which case D1 will be 30.

D2 is the calendar day, expressed as a number, immediately following the last day included in the Coupon Period, unless that number would be 31 and D1 is greater than 29, in which case D2 will be 30.

Types of upside return

Set out below is a non-exhaustive list of types of upside return that may be specified in the applicable pricing supplement. Please note that the applicable pricing supplement may specify other types of upside return than, or variations on, those listed below. Therefore, it is important that you carefully read the applicable pricing supplement to understand exactly how the return you may earn on the Notes is calculated.

- **Guaranteed coupon.** The applicable pricing supplement may state that the Notes will pay one or more guaranteed coupons. Accordingly, on each Coupon Payment Date, you will receive a cash payment for each Note equal to the Principal Amount per Note multiplied by either (1) the Coupon Rate or (2) if so specified in the applicable pricing supplement, the sum total of (A) the Coupon Rate and (B) a variable return (the "Variable Return") that depends on the Reference Portfolio Level on the corresponding Observation Date.

  The Coupon Rate may be (1) a fixed rate or (2) a floating rate determined by reference to a Reference Rate.

  The Variable Return for the relevant Coupon Payment Date, if applicable, is only paid if the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date is at or above the excess return level specified in the applicable pricing supplement (which is typically, but not necessarily, the Initial Reference Portfolio Level) and is calculated as the product of (1) the participation rate specified in the applicable pricing supplement and (2) the result of (i) the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date minus (ii) the excess return level specified in the applicable pricing supplement, divided by (3) the Initial Reference Portfolio Level, using the following formula:

$$Variable\ Return = Participation\ Rate\ \times \left(\frac{Reference\ Portfolio\ Level - Excess\ Return\ Level}{Initial\ Reference\ Portfolio\ Level}\right)$$

  If the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date is below the excess return level specified in the applicable pricing supplement the Variable Return is equal to zero.

- **Contingent coupon.** The applicable pricing supplement may state that one or more Coupon Payments are "contingent" on the Reference Portfolio Level on the Observation Date immediately preceding the relevant Coupon Payment Date being at or above a specified level (the "Coupon Payment Level") on the corresponding Observation Date.

  Accordingly, on a given Coupon Payment Date:

  - If the Reference Portfolio Level on the corresponding Observation Date is at or above the Coupon Payment Level, you will receive a cash payment per Note equal to the Principal Amount per Note multiplied by either (1) the Coupon Rate or (2) if so specified in the applicable pricing supplement, the sum total of (A) the Coupon Rate and (B) a variable return (the "Variable Return") that depends on the Reference Portfolio Level on the corresponding Observation Date.

- Otherwise, you will receive nothing.

The Coupon Rate may be (1) a fixed rate or (2) a floating rate determined by reference to a Reference Rate.

The Variable Return for the relevant Coupon Payment Date, if applicable, is only paid if the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date is at or above the excess return level specified in the applicable pricing supplement (which is typically, but not necessarily, the Initial Reference Portfolio Level) and is calculated as the product of (1) the participation rate specified in the applicable pricing supplement and (2) the result of (i) the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date minus (ii) the excess return level specified in the applicable pricing supplement, divided by (3) the Initial Reference Portfolio Level, using the following formula:

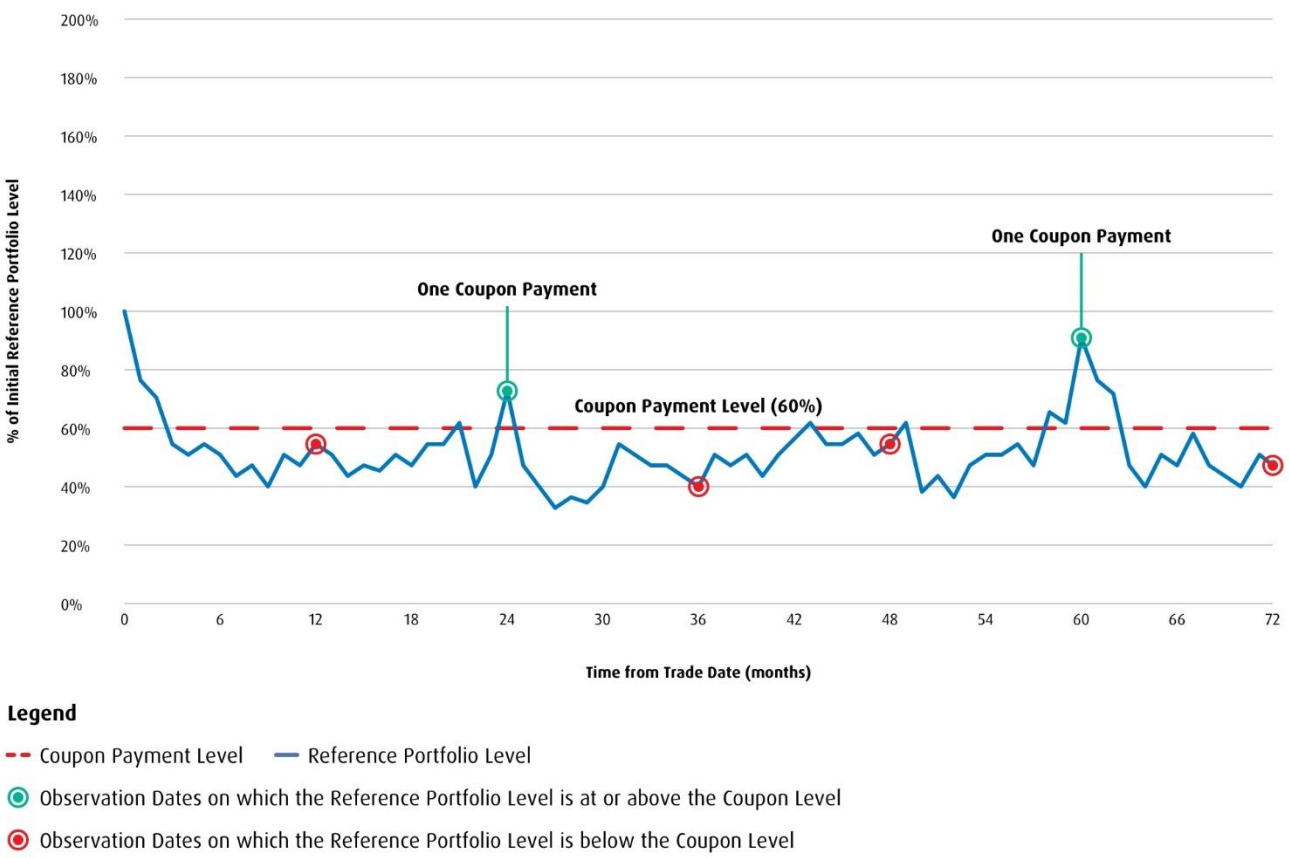
$$Variable\ Return = Participation\ Rate \times \left(\frac{Reference\ Portfolio\ Level - Strike\ Level}{Initial\ Reference\ Portfolio\ Level}\right)$$

If the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date is below the excess return level specified in the applicable pricing supplement the Variable Return is equal to zero.

The applicable pricing supplement may specify one or more Coupon Periods for which a guaranteed coupon is payable, followed by one or more Coupon Periods for which a contingent coupon is payable.

In the case of Notes that are not "prescribed debt obligations" within the meaning of the Tax Act for initial holders (as defined herein), the monthly Coupon Payments, if any, only reflect interest accrued within the relevant month such Coupon Payment was accrued.

Illustrative example of a Note with a contingent coupon



- Coupon Payment Level: 60% of the Initial Reference Portfolio Level
- Coupon period length: 12 months

- Number of Coupon Payment Dates: 6
- In this example, you will receive one Coupon Payment on the Coupon Payment Date falling 24 months after the Trade Date and one Coupon Payment on the Coupon Payment Date falling 60 months after the Trade Date. This is because the Reference Portfolio Level on the Observation Dates corresponding to those Coupon Payment Dates (highlighted in green) is at or above 60% of the Initial Reference Portfolio Level. However, you will not receive a coupon on any other Coupon Payment Date because the Reference Portfolio Level on the corresponding Observation Dates (highlighted in red) is below 60% of the Initial Reference Portfolio Level.

- **Contingent coupon with memory (also referred to as a cumulative coupon).** The applicable pricing supplement may state that one or more Coupon Payments are "contingent" on the Reference Portfolio Level on the Observation Date immediately preceding the relevant Coupon Payment Date being at or above a specified Coupon Payment Level on the corresponding Observation Date and that you will be entitled to a catch-up payment, or catch-up payments if any previous coupons were missed because the Reference Portfolio Level was below the Coupon Payment Level on one or more immediately preceding Observation Dates. The nature of the catch-up depends on whether the applicable pricing supplement states that the Coupon Payments are linked (1) only to the Coupon Rate or (2) to the Coupon Rate and a variable return (the "Variable Return") that depends on the Coupon Rate and the Reference Portfolio Level on the corresponding Observation Date. The Coupon Rate may be (A) a fixed rate or (B) a floating rate determined by reference to a Reference Rate. If the applicable pricing supplement states that the Coupon Payments are linked only to the Coupon Rate, on a given Coupon Payment Date, you will receive not only the relevant Coupon Payment but also any and all previously unpaid Coupon Payments. If, however, the applicable pricing supplement states that the Coupon Payments are linked to the Coupon Rate and the Variable Return, the cash payment you receive will be calculated differently, depending on whether one or more previous coupons were missed.

  Accordingly, on a given Coupon Payment Date:

  - If the Reference Portfolio Level on the corresponding Observation Date is at or above the Coupon Payment Level, there are two possible scenarios:

    - **No missed coupons.** If no prior coupons were missed, you will receive a cash payment per Note equal to the Principal Amount per Note multiplied by the sum of (1) the Coupon Rate and (2) the Variable Return for the relevant Coupon Payment Date. The Variable Return will be calculated as the product of (1) the participation rate specified in the applicable pricing supplement and (2) if positive, the result of (A) the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date minus (B) the excess return level specified in the applicable pricing supplement (which is typically, but not necessarily, the Initial Reference Portfolio Level), divided by (3) the Initial Reference Portfolio Level, using the following formula:

      $$Variable\ Return = \ Participation\ Rate \times \left(\frac{Reference\ Portfolio\ Level - Strike\ Level}{Initial\ Reference\ Portfolio\ Level}\right)$$

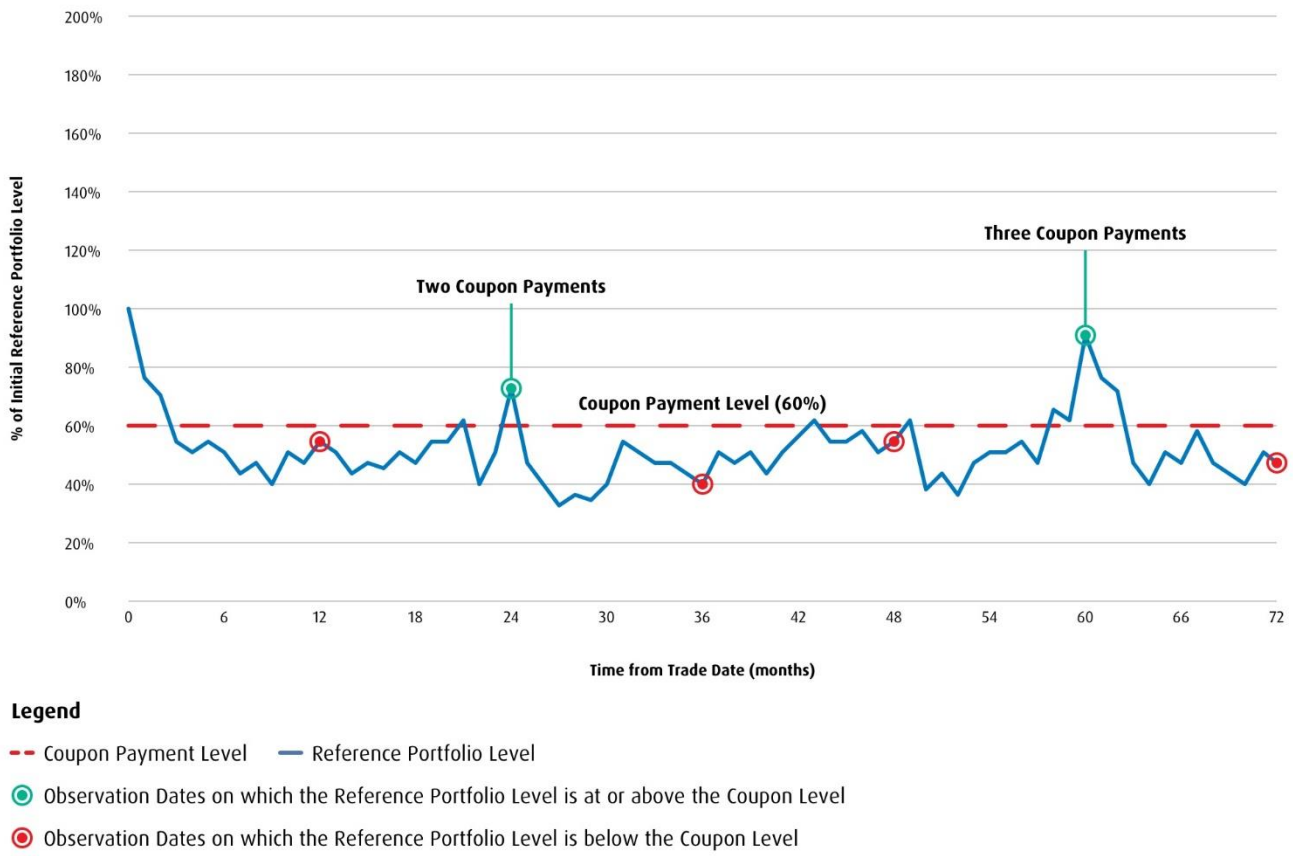
      If the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date is below the excess return level specified in the applicable pricing supplement the Variable Return is equal to zero.

    - **One or more missed coupons.** If one or more previous coupons were missed, you will receive a cash payment per Note equal to the Principal Amount per Note multiplied by the sum of (1) (A) the Coupon Rate multiplied by (B) 1 plus the number of coupons that were missed, and (2) the Variable Return for the relevant Coupon Payment. The Variable Return will be calculated as the product of (1) the deferred participation rate specified in the applicable pricing supplement (which typically will be different from the participation rate referred to above) (the "Deferred Participation Rate") and (2) the result of (A) the Reference Portfolio Level on the Observation Date corresponding to such Coupon Payment Date minus (B) the Coupon Payment Level specified in the applicable pricing supplement, divided by (3) the Initial Reference Portfolio Level, using the following formula:

      $$Variable\ Return = \ Deferred\ Participation\ Rate \times \left(\frac{Reference\ Portfolio\ Level - Coupon\ Level}{Initial\ Reference\ Portfolio\ Level}\right)$$

  - Otherwise, you will receive nothing.

Illustrative example of a Note with a contingent coupon with memory (cumulative coupon)



- Coupon Payment Level: 60% of the Initial Reference Portfolio Level
- Coupon period length: 12 months
- Number of Coupon Payment Dates: 6
- In this example, you will receive two Coupon Payments on the Coupon Payment Date falling 24 months after the Trade Date and three Coupon Payment on the Coupon Payment Date falling 60 months after the Trade Date. This is because the Reference Portfolio Level on the Observation Dates corresponding to those Coupon Payment Dates (highlighted in green) is at or above 60% of the Initial Reference Portfolio Level and (1) in the case of the Coupon Payment Date falling 24 months after the Trade Date, one prior coupon was missed because the Reference Portfolio Level on the prior Observation Date (highlighted in red) was below 60% of the Initial Reference Portfolio Level and (2) in the case of the Coupon Payment Date falling 60 months after the Trade Date, two prior coupons were missed because the Reference Portfolio Level on the applicable Observation Dates (highlighted in red) was below 60% of the Initial Reference Portfolio Level. The amount of the Coupon Payments will depend on whether the Coupon Payments are linked (1) only to the Coupon Rate or (2) the Coupon Rate and the Variable Return.

- **Range accrual coupon.** The applicable pricing supplement may state that one or more Coupon Payments are subject to a range accrual feature. In this case, you will receive a variable coupon on a given Coupon Payment Date at an annual rate (the "Variable Coupon Rate") that may be as low as 0% and as high as the Coupon Rate, expressed on an annualized basis, depending on the number of days during a period specified in the applicable pricing supplement (the "Accrual Period") on which the Reference Portfolio Level was at or above a specified level (the "Coupon Payment Level") or within a range delineated by a specified lower level (the "Lower Coupon Payment Level") and a specified upper level (the "Upper Coupon Payment Level"), as the case may be.

  Accordingly, on each Coupon Payment Date, you will receive a cash payment per Note equal to the Principal Amount per Note multiplied by (1) the Variable Coupon Rate applicable to such Coupon Payment Date and (2) the Day Count Fraction specified in the applicable pricing supplement.

  The "Variable Coupon Rate" applicable to a given Coupon Payment Date is an annualized rate

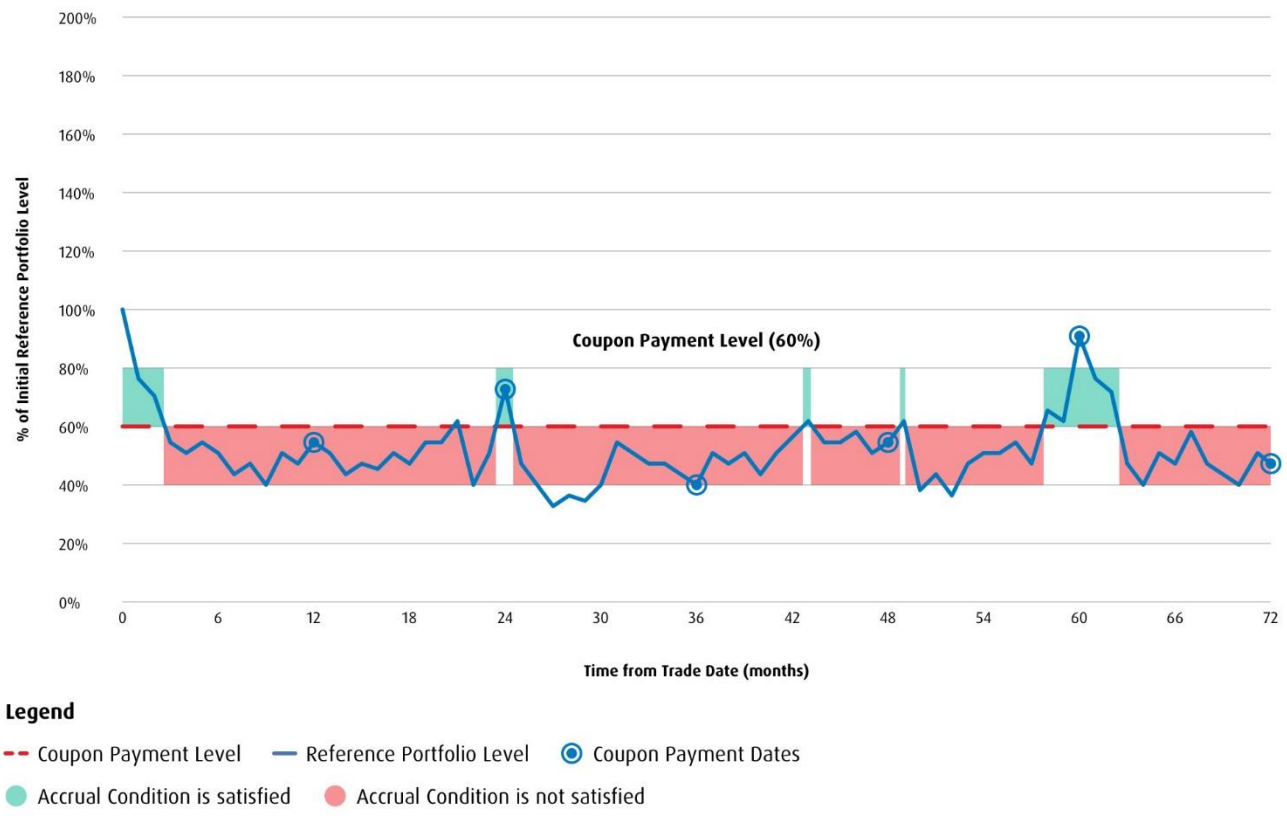
calculated as (1) the Coupon Rate applicable to such Coupon Payment Date expressed on an annualized basis multiplied by (2) the number of Accrual Days (as defined below) divided by the (3) the number of Elapsed Days (as defined below), using the following formula:

$$Variable\ Coupon\ Rate = \ Coupon\ Rate_{(per\ annum)} \times \frac{Number\ of\ Accrual\ Days}{Number\ of\ Elapsed\ Days}$$

An "Accrual Day" is any Elapsed Day on which the Accrual Condition is satisfied. An "Elapsed Day" is any day in the Accrual Period corresponding to the relevant Coupon Payment Date. The "Accrual Condition" will be satisfied if the Reference Portfolio Level is (1) at or above the Coupon Payment Level or (2) at or above the Lower Coupon Payment Level and at or below the Upper Coupon Payment Level, as specified in the applicable pricing supplement. If the applicable pricing supplement states that an Accrual Period is a period from one Observation Date (or the Trade Date, in the case of the first Accrual Period) to another Observation Date and any scheduled Observation Date is not a Business Day, such Observation Date will be postponed to the next succeeding Business Day. If such Observation Date is the Final Valuation Date, any postponement of such Observation Date for purposes of the Accrual Condition will be governed solely by this paragraph and not by the provisions set forth below under "—Consequences of a Market Disruption Event; Postponement of an Observation Date."

For Notes offering a range accrual coupon, the Coupon Rate may be (1) a fixed rate or (2) a floating rate determined by reference to a Reference Rate.

Illustrative example of a Note with a range accrual coupon



- Coupon Payment Level: 60% of the Initial Reference Portfolio Level
- Coupon period length: 12 months
- Number of Coupon Payment Dates: 6
- In this example, you will receive a Coupon Payment on each of the Coupon Payment Dates falling 12, 24, 36, 48, 60 and 72 months after the Trade Date. This is because the Accrual Condition is satisfied on at least one day during the Accrual Period applicable to each such Coupon Payment Date (section highlighted in green). However, the Variable Coupon Rate used to calculate the relevant Coupon Payment is lower than the Coupon

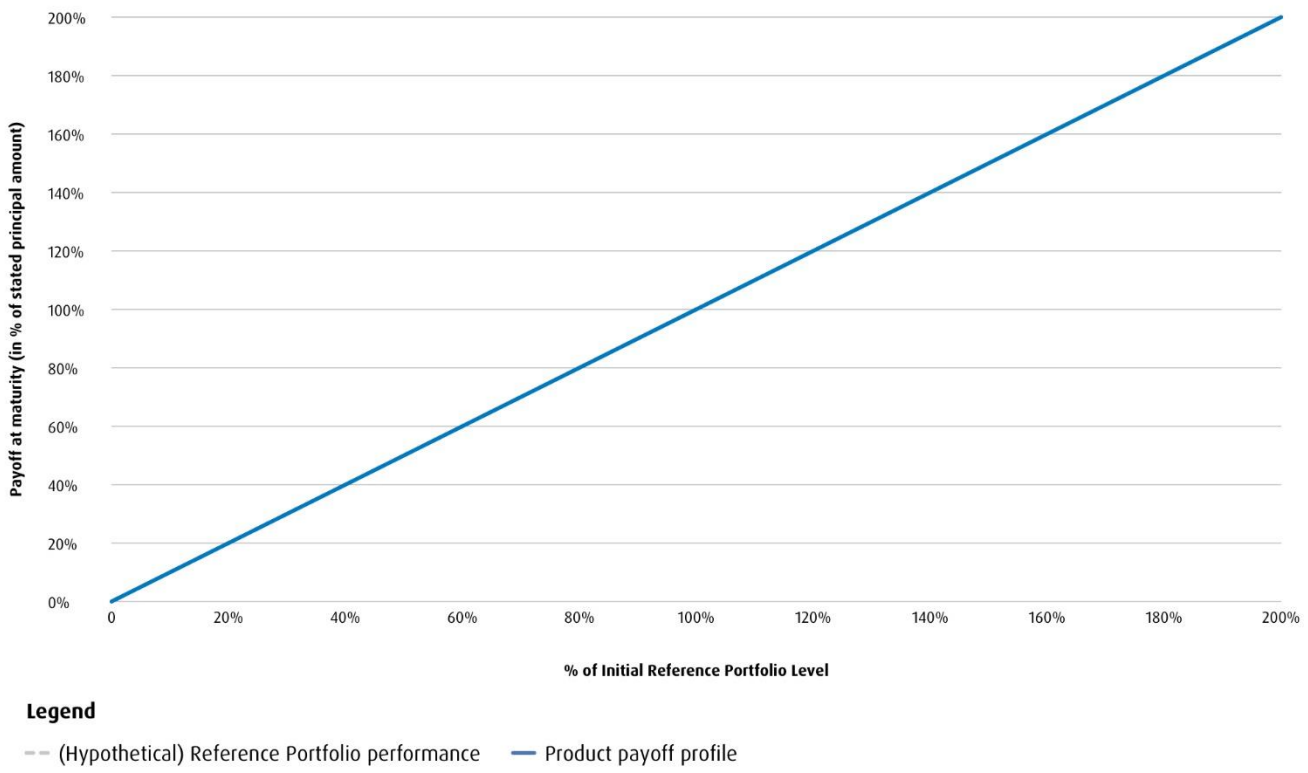
Rate because the number of Accrual Days, i.e., the number of days on which the Reference Portfolio Level is at or above 60% of the Initial Reference Portfolio Level, is less than the number of Elapsed Days. You will not receive a Coupon Payment on any of the other Coupon Payment Dates because the Reference Portfolio Level during the Accrual Periods applicable to such Coupon Payment Dates is never at or above 60% of the Initial Reference Portfolio Level (section highlighted in red).

- **Uncapped upside participation at maturity.** The applicable pricing supplement may state that you will participate in any appreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level on an uncapped basis. The rate at which you participate in any such upside participation (the "Upside Participation") will be specified in the applicable pricing supplement. Please note that this type of upside return may be combined with any of the types of downside protection listed below, as specified in the applicable pricing supplement.

  Accordingly, if the Final Reference Portfolio Level is at or above the Initial Reference Portfolio Level, you will receive a cash payment for each Note directly linked to any appreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) (A) the Principal Amount per Note multiplied by (B) the Upside Participation multiplied by (C) the result of (i) (x) the Final Reference Portfolio Level minus (ii) the excess return level, divided by (y) the Initial Reference Portfolio Level, using the following formula:

$$Principal\ Amount + Principal\ Amount\ \times Upside\ Participation \times (\frac{Final\ Reference\ Portfolio\ Level - Strike\ Level}{Initial\ Reference\ Portfolio\ Level})$$

Illustrative example of a Note with uncapped upside participation at maturity



- Type of upside return: Uncapped upside participation at maturity
- Principal Amount: $100.00
- Upside Participation: 100%
- Type of downside protection: No downside protection (see below)
- In this example, you will participate in any amount by which the Final Reference Portfolio Level exceeds 100% of the Initial Reference Portfolio Level, on a 1:1 basis. While the payment you may receive on the Maturity Date in the event that the Final Reference Portfolio Level is above the Initial Reference Portfolio Level is uncapped,

if the Final Reference Portfolio Level is below 100% of the Initial Reference Portfolio Level, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note.

For example, if the Final Reference Portfolio Level is 120% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

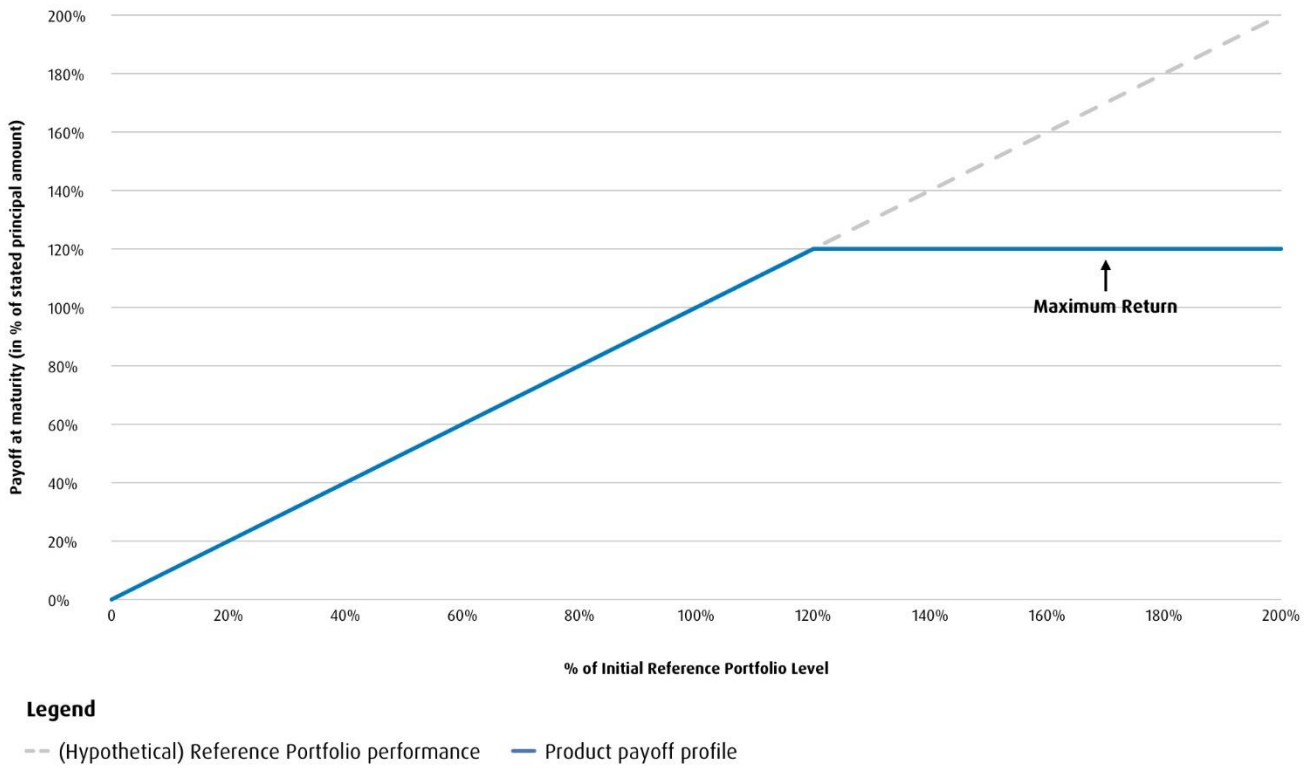
Principal Amount + [Principal Amount x Upside Participation x (Final Reference Portfolio Level – Excess Return Level)]/ Initial Reference Portfolio Level
= $100 + $100 x (100% x 20%)
= $100 + $100 x 20%
= $100 + $20
= $120

- **Capped upside participation at maturity.** The applicable pricing supplement may state that you will participate in any appreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level, subject to a maximum payment (the "Maximum Payment"). While the rate of any Upside Participation will generally be 100%, the applicable pricing supplement may state a different upside participation. Please note that this type of upside return may be combined with any of the types of downside protection listed below, as specified in the applicable pricing supplement.

  Accordingly, if the Final Reference Portfolio Level is at or above the Initial Reference Portfolio Level, you will receive a cash payment for each Note directly linked to any appreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level, subject to the Maximum Payment. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) the lower of (A) (i) the Principal Amount per Note multiplied by (ii) the Upside Participation multiplied by (iii) the result of (x) (I) the Final Reference Portfolio Level minus (m) the excess return level, divided by (y) the Initial Reference Portfolio Level or (B) the Maximum Payment, using the following formula:

$$Min[Principal\ Amount + (Principal\ Amount\ \times Upside\ Participation \times \frac{Final\ Reference\ Portfolio\ Level - Excess\ Return\ Level}{Initial\ Reference\ Portfolio\ Level}), Maximum\ Payment]$$

Illustrative example of a Note with capped upside participation at maturity and an Upside Participation equal to 100%



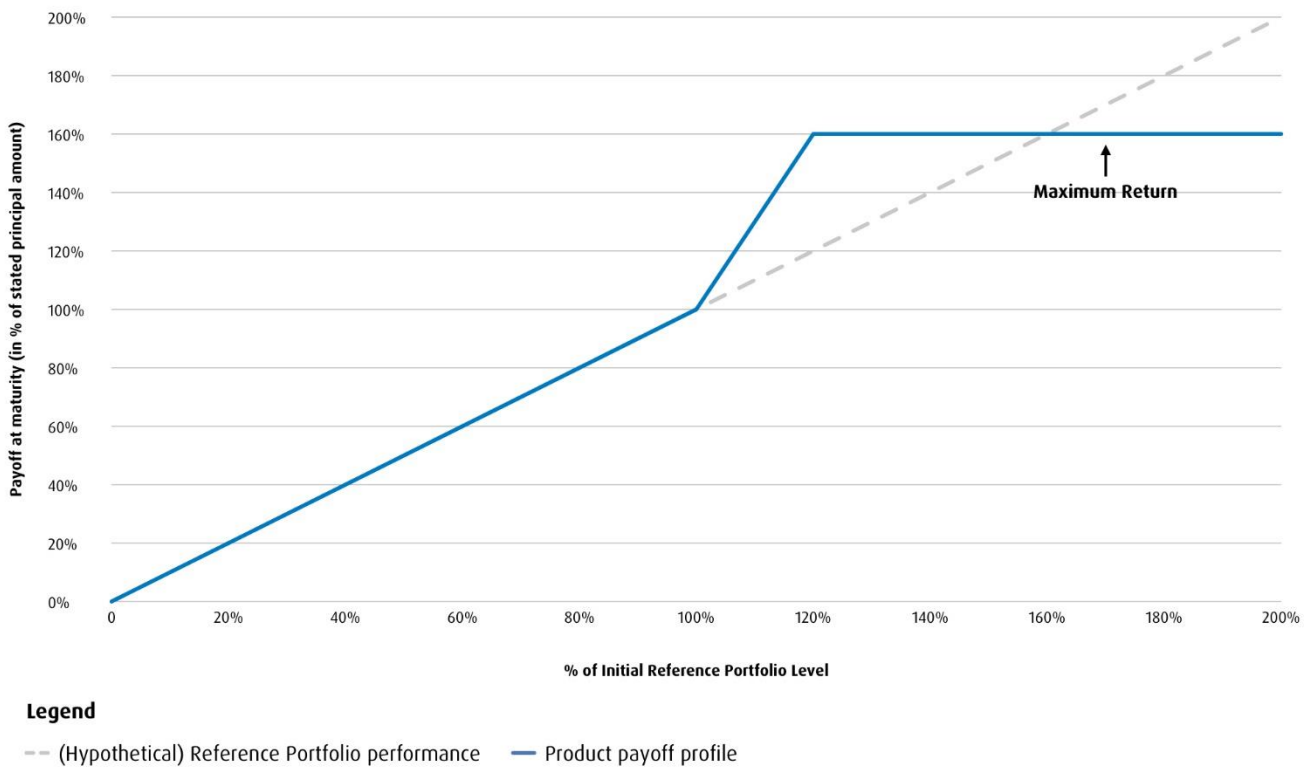
- Type of upside return: Capped upside participation

- Principal Amount: $100.00
- Upside Participation: 100%
- Maximum Return: 20%
- Maximum Payment: $120.00
- Type of downside protection: No downside protection (see below)
- In this example, you will participate in any increase of the Final Reference Portfolio Level over 100% of the Initial Reference Portfolio Level, on a 1:1 basis, subject to a maximum return of 20%. Because the Upside Participation equals 100%, the maximum payment you will receive on the Maturity Date is 120% of the Principal Amount. At the same time, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note, if the Final Reference Portfolio Level is below 100% of the Initial Reference Portfolio Level.

  For example, if the Final Reference Portfolio Level is 130% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Min(Principal Amount + [Principal Amount x Upside Participation x (Final Reference Portfolio Level – Excess Return Level)]/ Initial Reference Portfolio Level, Maximum Payment)
  = Min($100 + [$100 x (100% x 30%)], $120)
  = Min($100 + [$100 x 30%], $120)
  = Min($100 + $30, $120)
  = Min($130, $120)
  = $120

Illustrative example of a Note with capped upside participation and an Upside Participation above 100%



- Type of upside return: Capped upside participation at maturity
- Principal Amount: $100.00
- Upside Participation: 300%
- Maximum Return: 60%
- Maximum Payment: $160.00

- Type of downside protection: No downside protection (see below)

  In this example, you will participate in any increase of the Final Reference Portfolio Level over 100% of the Initial Reference Portfolio Level, on a 3:1 basis, subject to a maximum return of 60%. Because the Upside Participation equals 300%, the maximum payment you will receive on the Maturity Date is (1) 100% plus (2) 300% multiplied by 20%, or 160%, of the Principal Amount. At the same time, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note, if the Final Reference Portfolio Level is below 100% of the Initial Reference Portfolio Level.

  For example, if the Final Reference Portfolio Level is 130% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Min(Principal Amount + [Principal Amount x Upside Participation x (Final Reference Portfolio Level – Excess Return Level)]/ Initial Reference Portfolio Level, Maximum Payment)
  = Min($100 + [$100 x (300% x 30%)], $160)
  = Min($100 + [$100 x 90%], $160)
  = Min($100 + $90, $160)
  = Min($190, $160)
  = $160

Downside Protection

General

The Notes issued under this product supplement are generally structured to provide you with a certain amount of downside protection with respect to your investment in the event the Reference Portfolio Level falls below the Initial Reference Portfolio Level over the term of the Notes. Specifically, the applicable pricing supplement may state that if the Final Reference Portfolio Level is below the Initial Reference Portfolio Level, the Principal Amount will be protected so long as (1) the Final Reference Portfolio Level is at or above a level specified in the applicable pricing supplement (the "Protection Level"), which will be equal to or less than 100% of the Initial Reference Portfolio Level, and (2) if applicable, the Reference Portfolio Level was not below the Protection Level on one or more Observation Dates or during an Observation Period. If the Final Reference Portfolio Level is below the Protection Level or, if applicable, the Reference Portfolio Level was below the Protection Level on one or more Observation Dates or during the Observation Period, the downside protection will cease to apply and you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note or such other amount as may be specified in the applicable pricing supplement. How much of your investment you stand to lose in this case will depend on the point from which you participate in any depreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level and the degree of your participation (the "Downside Participation"), which in turn depends on the type of downside protection specified in the applicable pricing supplement (see below for an overview of common types of downside protection).

You should note that, notwithstanding the partial capital protection offered by Notes with downside protection, you may lose some or substantially all of your investment in the Notes, subject to a minimum payment of $1.00 per Note or such other amount as may be specified in the applicable pricing supplement.

Types of downside protection

Set out below is a non-exhaustive list of types of downside protection that may be specified in the applicable pricing supplement. Please note that the applicable pricing supplement may specify other types of downside protection than, or variations on, those listed below. Therefore, it is important that you carefully read the applicable pricing supplement to understand exactly how the return or loss you may realize on the Notes is calculated.

- **Floor.** Unless otherwise specified in the applicable pricing supplement, Notes offering a "floor" feature will pay you a minimum payment (the "Minimum Payment") regardless of how much the Final Reference Portfolio Level falls below the Initial Reference Portfolio Level. Please note that this type of downside protection may be combined with any of the other types of downside protection listed below, as specified in the applicable pricing supplement.

  Accordingly, assuming the applicable pricing supplement does not specify any of the types of upside return involving an upside participation at maturity, the Maturity Payment will be calculated as follows:

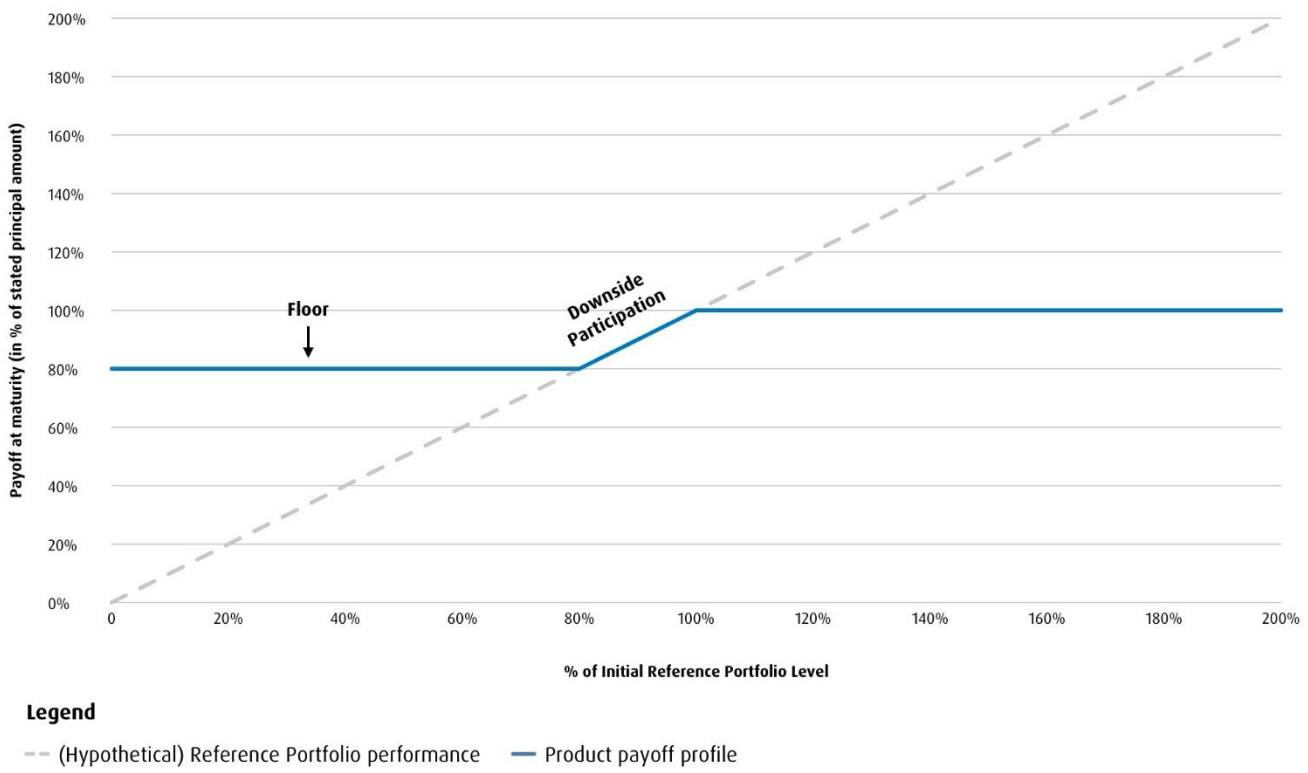
  - If the Final Reference Portfolio Level is at or above the Initial Reference Portfolio Level (or the Buffer Level or the Barrier Level (each, as defined below), if applicable), you will receive a cash

payment per Note equal to the Principal Amount per Note; or

- If the Final Reference Portfolio Level is below the Initial Reference Portfolio Level (or the Buffer Level or the Barrier Level, if applicable), you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return, subject to the Minimum Payment. Assuming, for purposes of this example, that the applicable pricing supplement does not specify that the Notes have a buffer or barrier feature (see below) and that you participate in any depreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level on a 1-to-1 basis (i.e., that the Downside Participation equals 100%), the cash payment per Note will be calculated as the greater of (1) (A) the Principal Amount per Note plus (B) the Principal Amount per Note multiplied by the Final Reference Portfolio Return or (2) the Minimum Payment, using the following formula:

$$\text{Max}[Principal\ Amount + (Principal\ Amount\ \times Final\ Reference\ Portfolio\ Return), Minimum\ Payment]$$

Illustrative example of a Note with a floor feature



- Type of upside return: No upside participation at maturity
- Type of downside protection: No downside protection, subject to a floor
- Protection Level: 100% of the Initial Reference Portfolio Level
- Principal Amount: $100.00
- Downside Participation: 100%
- Minimum return: -20%
- Minimum Payment: $80.00
- In this example, if the Final Reference Portfolio Level is below 100% of the Initial Reference Portfolio Level, your return will be reduced by 1% for every 1% that the Final Reference Portfolio Level is below the Initial Reference Portfolio Level, subject to a minimum payment of $80.00.

  For example, if the Final Reference Portfolio Level is 15% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Max(Principal Amount + Principal Amount x Final Reference Portfolio Return, Minimum Payment)

= Max($100 + $100 x -85%, $80)
= Max($15, $80)
= $80

- **Buffer.** Unless otherwise specified in the applicable pricing supplement, Notes offering a "buffer" feature will have (1) a Protection Level below the Initial Reference Portfolio Level (the "Buffer Level") and (2) a Downside Participation of 100%. With such Notes, you will be fully protected against the Final Reference Portfolio Level falling below 100% of the Initial Reference Portfolio Level up to the "Buffer Protection", which is defined as (1) 100% multiplied by (2) the Initial Reference Portfolio Level minus the Buffer Level, divided by the Initial Reference Portfolio Level. In other words, the Buffer Protection is calculated according to the following formula:

$$Buffer\ Protection = \frac{Initial\ Reference\ Portfolio\ Level - Buffer\ Level}{Initial\ Reference\ Portfolio\ Level}$$

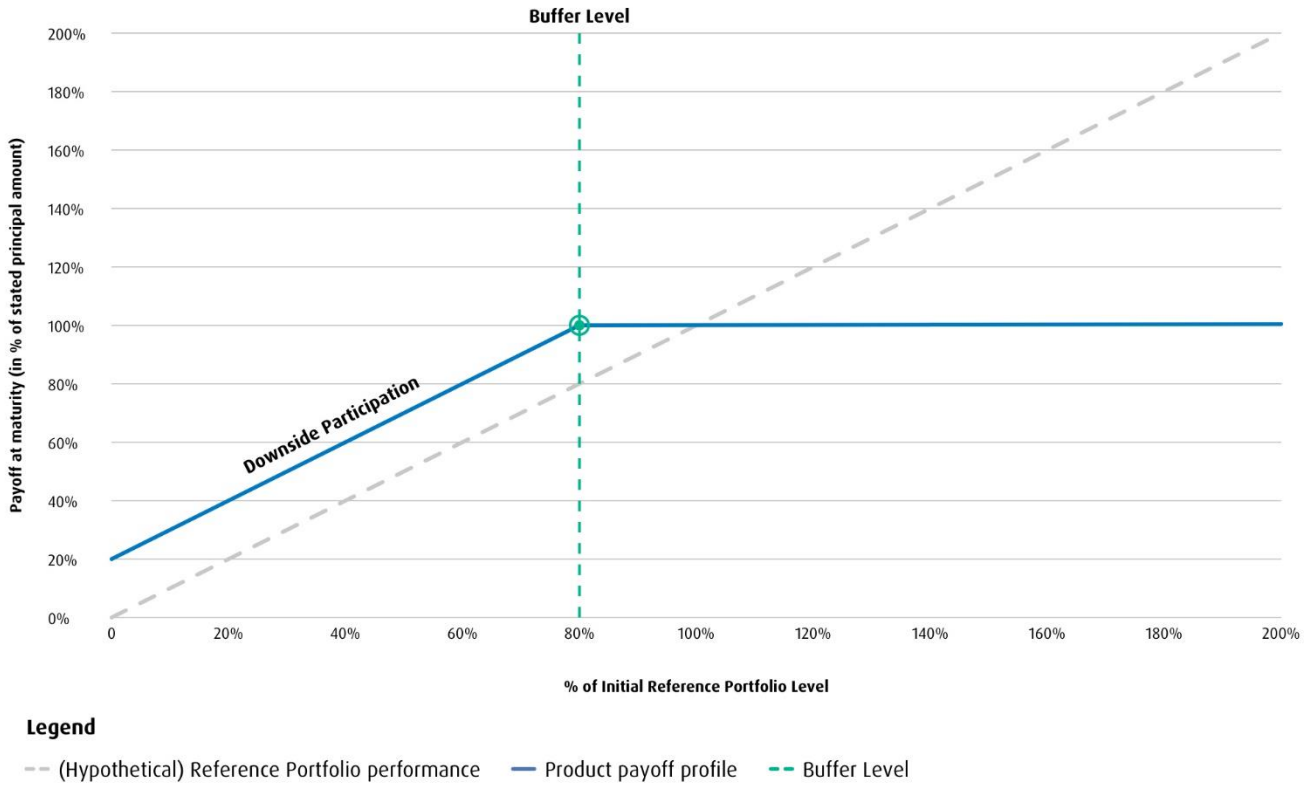
If the Final Reference Portfolio Level is below the Buffer Level, you will incur an incremental loss equal to 1% of the Principal Amount for every 1% by which the Final Reference Portfolio Level is below the Buffer Level.

Accordingly, assuming the applicable pricing supplement does not specify any of the types of upside return involving an upside participation at maturity, the Maturity Payment will be calculated as follows:

- If the Final Reference Portfolio Level is at or above the Buffer Level, you will receive a cash payment per Note equal to the Principal Amount per Note; or
- If the Final Reference Portfolio Level is below the Buffer Level, you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) (A) the Principal Amount per Note multiplied by (B) the Final Reference Portfolio Return plus the Buffer Protection, using the following formula:

$$Principal\ Amount + Principal\ Amount \times (Final\ Reference\ Portfolio\ Return + Buffer\ Protection)$$

Illustrative example of a Note with a buffer feature



- Type of upside return: No upside participation at maturity

- Type of downside protection: Buffer
- Buffer Level: 80% of the Initial Reference Portfolio Level
- Buffer Protection: 20%
- Principal Amount: $100.00
- Downside Participation: 100%
- Minimum Payment: $20.00
- In this example, the Principal Amount is protected if the Final Reference Portfolio Level is at or above 80% of the Initial Reference Portfolio Level, which effectively affords you a buffer of 20% in a decline of the Final Reference Portfolio Level below the Initial Reference Portfolio Level. If, however, the Final Reference Portfolio Level is below 80% of the Initial Reference Portfolio Level, your return on the Principal Amount will be reduced by 1% for every 1% that the Final Reference Portfolio Level is below this level. Because of the buffer feature, you will always receive a payment at maturity of at least 20% of the Principal Amount.

  For example, if the Final Reference Portfolio Level is 70% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Principal Amount + Principal Amount x (Final Reference Portfolio Return + Buffer Protection)
  = $100 + $100 x (-30% + 20%)
  = $100 + $100 x -10%
  = $100 - $10
  = $90

Because of the buffer feature, you will always receive a payment of at least the Buffer Protection multiplied by the Principal Amount on the Maturity Date. Notwithstanding the partial capital protection afforded by the buffer feature, you may still lose a significant portion of your investment.

- **Geared buffer.** Unless otherwise specified in the applicable pricing supplement, Notes offering a "geared buffer" feature will have a Downside Participation greater than 100% equal to the result of (1) 100% multiplied by (2) the Initial Reference Portfolio Level divided by the Buffer Level. In other words, the Downside Participation is calculated according to the following formula:

$$Downside\ Participation = \frac{Initial\ Reference\ Portfolio\ Level}{Buffer\ Level}$$

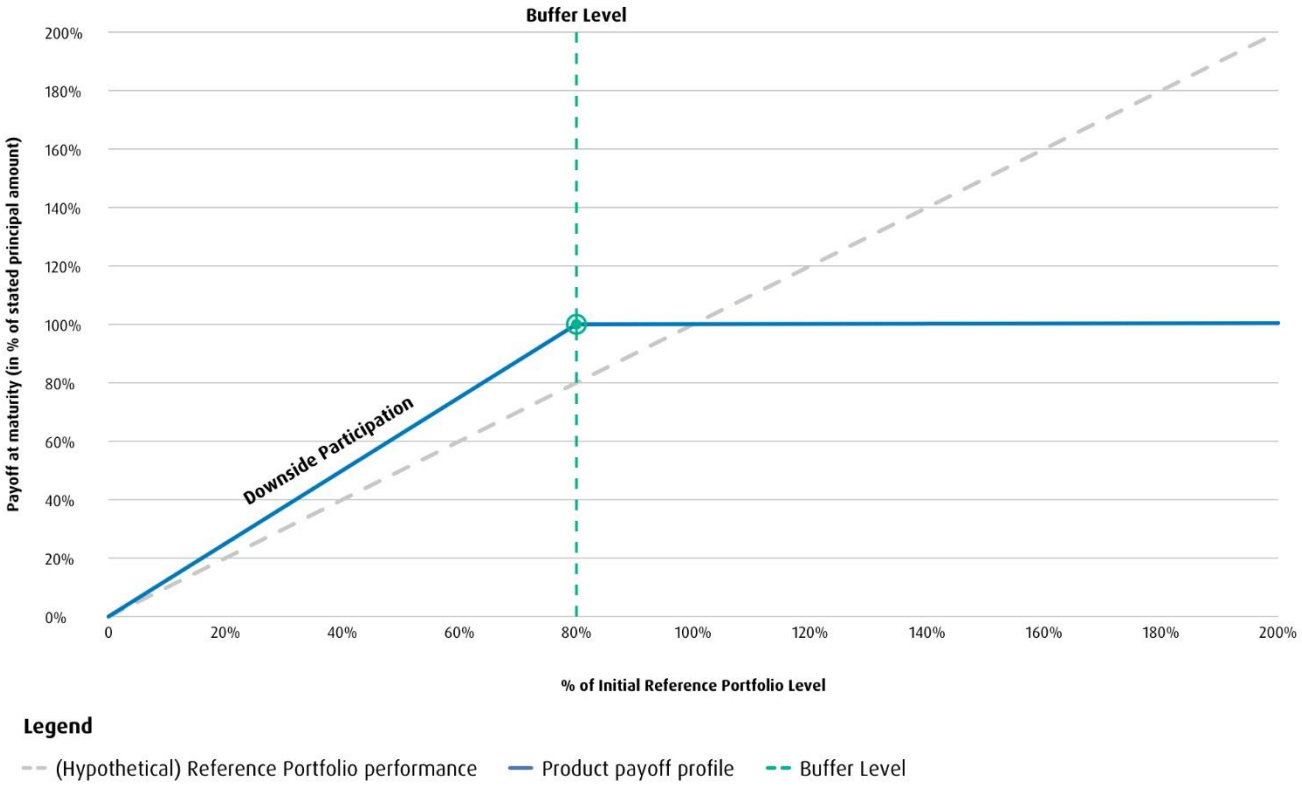
With such Notes, you will be fully protected against the Final Reference Portfolio Level falling below the Initial Reference Portfolio Level down to the Buffer Level. If the Final Reference Portfolio Level is below the Buffer Level, because the Downside Participation will be greater than 100%, you will incur an incremental loss greater than 1% for every 1% by which the Final Reference Portfolio Level is below the Buffer Level.

Accordingly, assuming the applicable pricing supplement does not specify any of the types of upside return involving an upside participation at maturity, the Maturity Payment will be calculated as follows:

- If the Final Reference Portfolio Level is at or above the Buffer Level, you will receive a cash payment per Note equal to the Principal Amount per Note; or
- If the Final Reference Portfolio Level is below the Buffer Level, you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) the Principal Amount per Note multiplied by the Downside Participation multiplied by the sum of (A) the Final Reference Portfolio Return and (B) the Buffer Protection, using the following formula:

$$Principal\ Amount + [Principal\ Amount \times Downside\ Participation \times (Final\ Reference\ Portfolio\ Return + Buffer\ Protection)]$$

Illustrative example of a Note with a geared buffer feature



- Type of upside return: No upside participation at maturity
- Type of downside protection: Geared buffer
- Buffer Level: 80% of the Initial Reference Portfolio Level
- Buffer Protection: 20%
- Principal Amount: $100.00
- Downside Participation: 125%
- In this example, the Principal Amount is protected if the Final Reference Portfolio Level is at or above 80% of the Initial Reference Portfolio Level, which effectively affords you a buffer of 20% in a decline of the Final Reference Portfolio Level below the Initial Reference Portfolio Level. If, however, the Final Reference Portfolio Level is below 80% of the Initial Reference Portfolio Level, your return on the Principal Amount will be reduced by 1.25% for every 1% that the Final Reference Portfolio Level is below this level. As a result, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note.

  For example, if the Final Reference Portfolio Level is 70% of the Initial Reference Portfolio Level, the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Principal Amount + [Principal Amount x Downside Participation x (Final Reference Portfolio Return + Buffer Protection)]
  = $100 + [$100 x 125% x (-30% + 20%)]
  = $100 + [$100 x -12.5%]
  = $100 - $12.50
  = $87.50

You should note that, notwithstanding the partial capital protection afforded by the "geared buffer" feature, because of the way the Downside Participation is calculated, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note. A Note with a "geared buffer" feature therefore offers less downside protection than a Note with a "buffer" feature that has the same Buffer Level.

- **Barrier.** Unless otherwise specified in the applicable pricing supplement, Notes offering a "barrier"

feature will have (1) a Protection Level below the Initial Reference Portfolio Level (the "Barrier Level") and (2) a Downside Participation equal to 100%.

In the case of Notes offering a "barrier" feature, the applicable pricing supplement may specify that any downside protection you may receive is contingent on (1) the Final Reference Portfolio Level being at or above the Barrier Level (regardless of whether the Reference Portfolio Level has fallen below the Barrier Level on any date prior to the Final Valuation Date) or (2) a Barrier Event (as defined below) not having occurred during the term of the Notes. A "Barrier Event" typically is defined to mean one of three things, as specified in the applicable pricing supplement:

- ***Intra-day monitoring.*** For Notes where the Reference Portfolio consists of one or more Reference Assets and the applicable pricing supplement does not state that the Reference Assets should be treated as a reference basket, the applicable pricing supplement may state that "Barrier Event" means that the Trading Price (as defined below), in the case of a Reference Company (as defined below) or a Reference ETF (as defined below), or the Intra-Day Level (as defined below), in the case of a Reference Index (as defined below) of one or more of the Reference Assets has fallen below the Barrier Level at any time on any day during the Observation Period specified in the pricing supplement (which will include the Final Valuation Date). Unless otherwise specified in the applicable pricing supplement, the intra-day asset return of a Reference Asset (the "Intra-Day Asset Return") at a given time on a given day is defined as the result of (1) in the case of a Reference Company or a Reference ETF, the Trading Price, or in the case of a Reference Index, the Intra-Day Level, of such Reference Asset at such time on such day divided by (2) such Reference Asset's Initial Level (as defined below).
- ***Daily at the close monitoring.*** Alternatively, the applicable pricing supplement may state that "Barrier Event" means that the Reference Portfolio Level has fallen below the Barrier Level on any day during the Observation Period specified in the applicable pricing supplement (which will include the Final Valuation Date).
- ***Discrete dates at the close monitoring.*** Alternatively, the applicable pricing supplement may state that "Barrier Event" means that the Reference Portfolio Level has fallen below the Barrier Level on any of the Observation Dates specified in the applicable pricing supplement (which will include the Final Valuation Date).

With such Notes, you will be fully protected against the Final Reference Portfolio Level falling below the Initial Reference Portfolio Level but only if (1) the Final Reference Portfolio Level is at or above the Barrier Level or (2) in the event the applicable pricing supplement defines a Barrier Event, no Barrier Event has occurred. Otherwise, you will incur an incremental loss equal to 1% of the Principal Amount for every 1% by which the Final Reference Portfolio Level is below the Initial Reference Portfolio Level.

Accordingly, assuming the applicable pricing supplement does not specify any of the types of upside return involving an upside participation at maturity, the Maturity Payment will be calculated as follows:

- ***In the event the applicable pricing supplement does not specify a Barrier Event:***
  - If the Final Reference Portfolio Level is at or above the Barrier Level, you will receive a cash payment per Note equal to the Principal Amount per Note.
  - If the Final Reference Portfolio Level is below the Barrier Level, you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) (A) the Principal Amount per Note multiplied by (B) the Final Reference Portfolio Return, using the following formula:

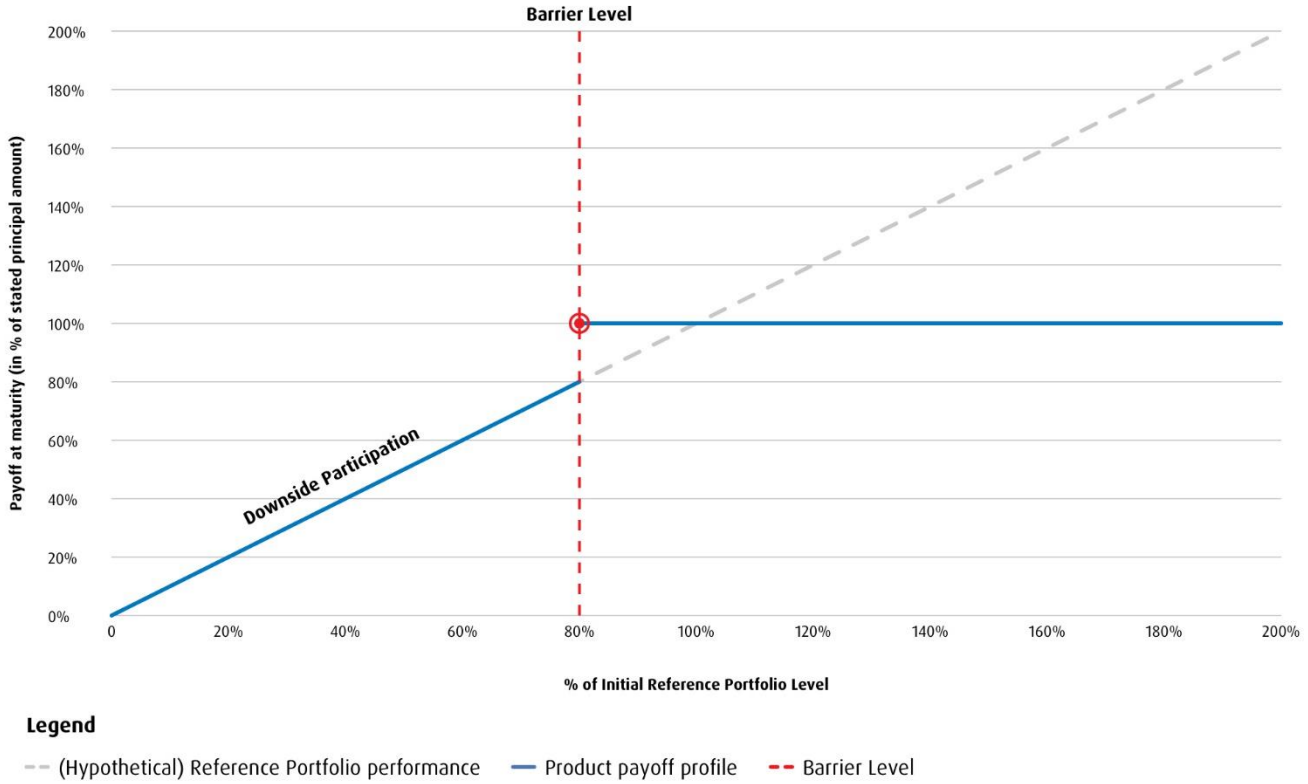
$$Principal\ Amount + Principal\ Amount \times Final\ Reference\ Portfolio\ Return$$

- ***In the event the applicable pricing supplement specifies a Barrier Event:***
  - If no Barrier Event has occurred, you will receive a cash payment per Note equal to the Principal Amount per Note.
  - If a Barrier Event has occurred and the Final Reference Portfolio Level is at or above the Initial Reference Portfolio Level, you will receive a cash payment per Note equal to the Principal Amount per Note.
  - If a Barrier Event has occurred and the Final Reference Portfolio Level is below the Initial

Reference Portfolio Level, you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) (A) the Principal Amount per Note multiplied by (B) the Final Reference Portfolio Return, using the following formula:

$$Principal\ Amount + Principal\ Amount \times Final\ Reference\ Portfolio\ Return$$

Illustrative example of a Note with a barrier feature



- Type of upside return: No upside participation at maturity
- Type of downside protection: Barrier
- Barrier Level: 80% of the Initial Reference Portfolio Level
- Principal Amount: $100.00
- Downside Participation: 100%
- Payment at maturity capped at 100%
- In this example, the Principal Amount is protected (1) if the Final Reference Portfolio Level is at or above 80% of the Initial Reference Portfolio Level or (2) in the event the applicable pricing supplement defines a Barrier Event, if no Barrier Event has occurred. Otherwise, your return will be reduced by 1% for every 1% that the Final Reference Portfolio Level is below the Initial Reference Portfolio Level (which is in contrast to Notes offering a "buffer" or "geared buffer" feature where your return is reduced by at least 1% for every 1% that the Final Reference Portfolio Level is below the Protection Level). As a result, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note.

  For example, if the Final Reference Portfolio Level is 70% of the Initial Reference Portfolio Level, which is below the Barrier Level (i.e., 80% of the Initial Reference Portfolio Level), the amount per Note you will receive on the Maturity Date will be calculated as follows:

  Principal Amount + (Principal Amount x Final Reference Portfolio Return)
  = $100 + ($100 x -30%)
  = $100 - $30
  = $70

You should note that, notwithstanding the partial capital protection afforded by the barrier feature,

you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note. A Note with a "barrier" feature and a maximum payment at maturity is riskier than a Note with a "buffer" feature or a "geared buffer" feature.

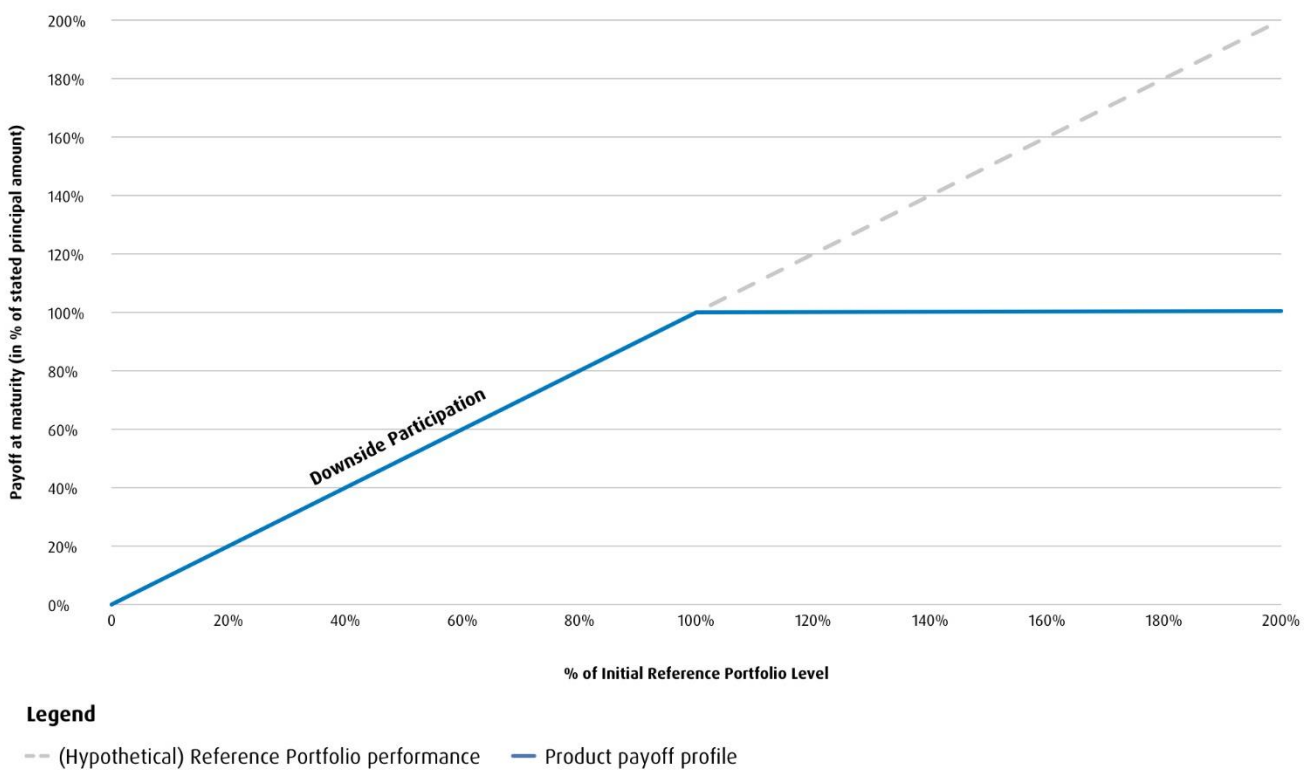
- **No downside protection.** Unless otherwise specified in the applicable pricing supplement, Notes offering no downside protection will have (1) no Protection Level and (2) a Downside Participation of 100%. With such Notes, you will participate in any depreciation of the Reference Portfolio from the Initial Reference Portfolio Level to the Final Reference Portfolio Level on a 1:1 basis.

  Accordingly, assuming the applicable pricing supplement does not specify any of the types of upside return involving an upside participation at maturity, the Maturity Payment will be calculated as follows:

  - If the Final Reference Portfolio Level is at or above the Initial Reference Portfolio Level, you will receive a cash payment per Note equal to the Principal Amount per Note; or
  - If the Final Reference Portfolio Level is below the Initial Reference Portfolio Level, you will receive a cash payment for each Note directly linked to the Final Reference Portfolio Return. The cash payment per Note will be calculated as the sum of (1) the Principal Amount per Note and (2) (A) the Principal Amount per Note multiplied by (B) the Final Reference Portfolio Return, using the following formula:

$$Principal\ Amount + (Principal\ Amount \times Final\ Reference\ Portfolio\ Return)$$

Illustrative example of a Note with no downside protection



- Type of upside return: No upside participation at maturity
- Type of downside protection: No downside protection
- Principal Amount: $100.00
- Downside Participation: 100%
- In this example, the Principal Amount is not protected, and your return will be reduced by 1% for every 1% that the Final Reference Portfolio Level is below the Initial Reference Portfolio Level. As a result, you may lose some or substantially all of your investment, subject to a minimum payment of $1.00 per Note.

  For example, if the Final Reference Portfolio Level is 70% of the Initial Reference Portfolio Level, the amount

per Note you will receive on the Maturity Date will be calculated as follows:

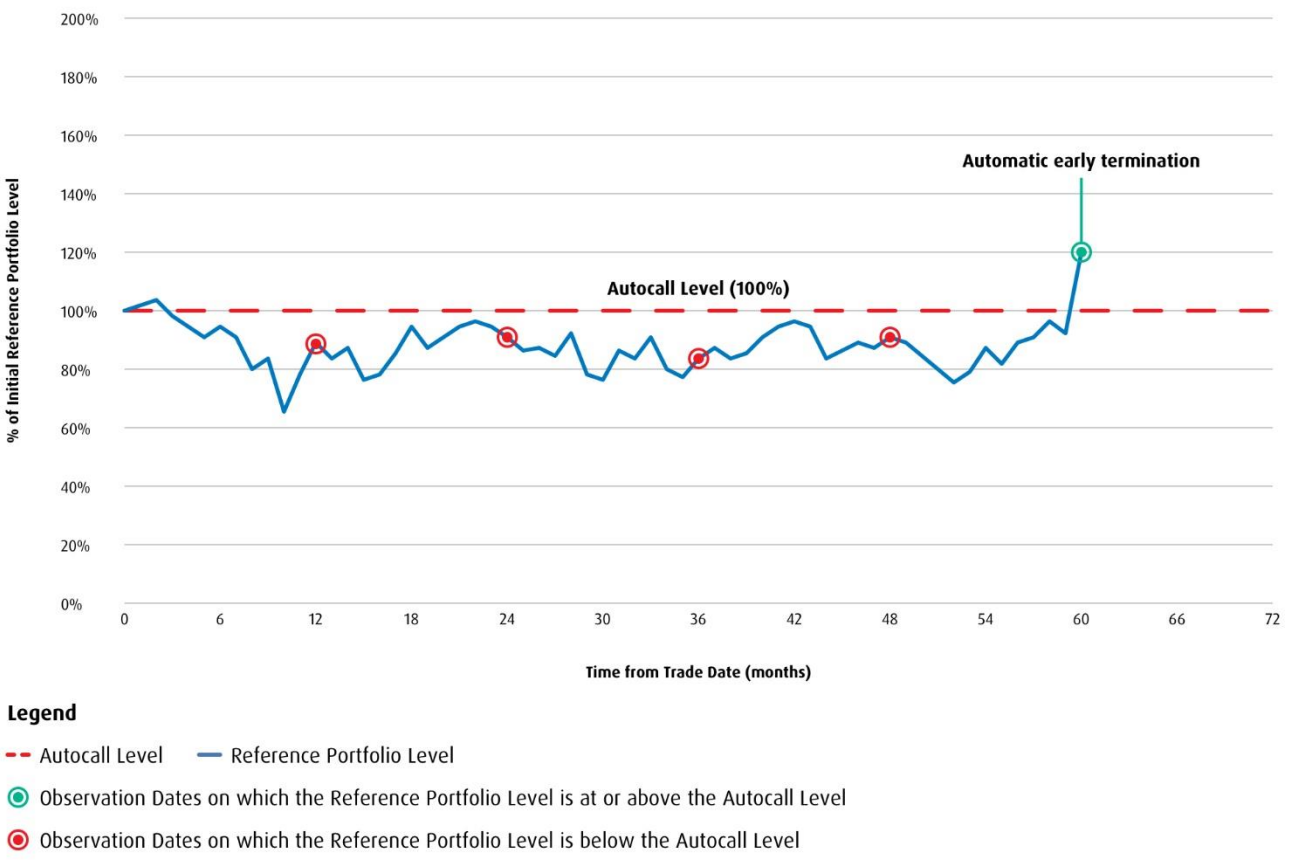
Principal Amount + (Principal Amount x Final Reference Portfolio Return)
= $100 + ($100 x -30%)
= $100 - $30
= $70

Early Redemption

Automatic early redemption

If specified in the applicable pricing supplement, the Notes will be subject to automatic early redemption on the date or dates specified in the pricing supplement (the "Autocall Payment Dates") if the Reference Portfolio Level on the Observation Date immediately preceding the respective Autocall Payment Date was at or above a specified barrier (the "Autocall Level") on the corresponding Observation Date. If an automatic early redemption is triggered, the Notes will be redeemed for a cash payment equal to the Principal Amount, unless specified otherwise in the applicable pricing supplement. If the Notes are redeemed on any Autocall Payment Date, you will not receive any additional Coupon Payments after such date; however, you will also no longer be exposed to the risk that the payment you receive on the Maturity Date may be significantly less than the Principal Amount. If any Autocall Payment Date falls on a day that is not a Business Day, the payment to be made upon redemption will be made on the next succeeding Business Day with the same force and effect as if made on the original date of redemption, and no interest will accrue as a result of delayed payment.

Illustrative example of a Note with an automatic early redemption feature



- Autocall Level: 100% of the Initial Reference Portfolio Level
- Number of Autocall Payment Dates: 6 (falling 12, 24, 36, 48, 60 and 72 months after the Trade Date)
- In this example, the Notes will be automatically redeemed on the Autocall Payment Date falling 60 months after the Trade Date because the Reference Portfolio Level on the corresponding Observation Date is at or above 100% of the Initial Reference Portfolio Level. As a result, you will receive no further Coupon Payments after

such Autocall Payment Date.

Optional early redemption

If specified in the applicable pricing supplement, we will have the right to redeem the Notes, in whole or in part, for a cash payment equal to the Principal Amount. In this case, the applicable pricing supplement will specify the date or dates on which we may redeem the Notes (the "Call Payment Dates"), the price at which we may do so and the circumstances in which we may trigger an early redemption. If we choose to redeem the Notes on any Call Payment Date, you will not receive any additional Coupon Payments after such date; however, you will also no longer be exposed to the risk that the payment you receive on the Maturity Date may be significantly less than the Principal Amount. If any Call Payment Date falls on a day that is not a Business Day, the payment to be made upon redemption will be made on the next succeeding Business Day with the same force and effect as if made on the original date of redemption, and no interest will accrue as a result of delayed payment.

No redemption at the option of the Holder of the Notes

You will have no right to require us to redeem the Notes prior to the Maturity Date.

Reference Portfolio

General

Unless otherwise specified in the applicable pricing supplement, the Reference Portfolio may comprise one or more of the following: (1) shares or units (including American depositary shares ("ADSs")) of a company (a "Reference Company"), (2) shares or units of an exchange-traded fund (a "Reference ETF"), (3) an index (a "Reference Index"), (4) an interest rate (a "Reference Rate") or (5) a commodity (a "Reference Commodity"), each as specified in the applicable pricing supplement. We refer to any Reference Company, Reference ETF, Reference Index, Reference Rate or Reference Commodity to which the Notes are linked as a "Reference Asset". In addition, the Coupon Rate itself may be a floating rate determined by a Reference Rate.

With respect to a Reference Asset that is a Reference Company or a Reference ETF, its "Reference Securities" are the shares of its common stock or other common equity (including ADSs representing its common equity) that are traded on a securities exchange on the Trade Date (or on such later date as such Reference Asset becomes a Reference Asset pursuant to the terms hereof, if applicable) or, if such Reference Asset has more than one class of shares of common stock or other common equity traded on a securities exchange on the applicable Trade Date (or such later date, if applicable), the class of shares specified with respect to such Reference Asset in the applicable pricing supplement on the Trade Date (or by the Calculation Agent on such later date, if applicable), subject to the terms specified in this section.

Reference Portfolio Level

Set out below is a non-exhaustive list of calculation methodologies that may be specified in the applicable pricing supplement to determine the "Initial Reference Portfolio Level", the "Reference Portfolio Level" and the "Final Reference Portfolio Level". Please note that the applicable pricing supplement may specify other calculation methodologies for the calculation of Initial Reference Portfolio Level, the Reference Portfolio Level and the Final Reference Portfolio Level than those listed below. Therefore, it is important that you carefully read the applicable pricing supplement to understand exactly how the Reference Portfolio Level is calculated.

- **One Reference Asset.** If the Reference Portfolio consists of a single Reference Asset:
  - The **Initial Reference Portfolio Level** will equal the "Initial Level", which, as specified in the applicable pricing supplement, will be one of the following: (1) a Trading Price, in the case of a Reference Company or a Reference ETF, or an Intra-Day Level, in the case of a Reference Index, on the Trade Date, (2) the Closing Level (as defined below) of the Reference Asset on the Trade Date, (3) the Closing Level of the Reference Asset on an Observation Date specified in the pricing supplement or (4) the average, lowest or highest Closing Level of the Reference Asset during an Observation Period specified in the pricing supplement,
  - The **Reference Portfolio Level on an Observation Date or during an Observation Period** will equal the "Reference Asset Level" on such Observation Date or during such Observation Period, which, as specified in the applicable pricing supplement, will be either (1) the Closing Level of the Reference Asset on such Observation Date or (2) the average, lowest or highest Closing Level of

the Reference Asset during such Observation Period,

- The **Final Reference Portfolio Level** will equal the "Final Level", which, as specified in the applicable pricing supplement, will be the Reference Asset Level on the Final Valuation Date or during the Observation Period ending on the Final Valuation Date, and
- The "Reference Asset Return" with respect to an Observation Date, including the Final Valuation Date, or an Observation Period will equal (1) the Reference Asset Level on such Observation Date or during such Observation Period minus the Initial Level divided by (2) the Initial Level, as per the following formula:

$$\frac{\textit{Reference Asset Level} - \textit{Initial Level}}{\textit{Initial Level}}$$

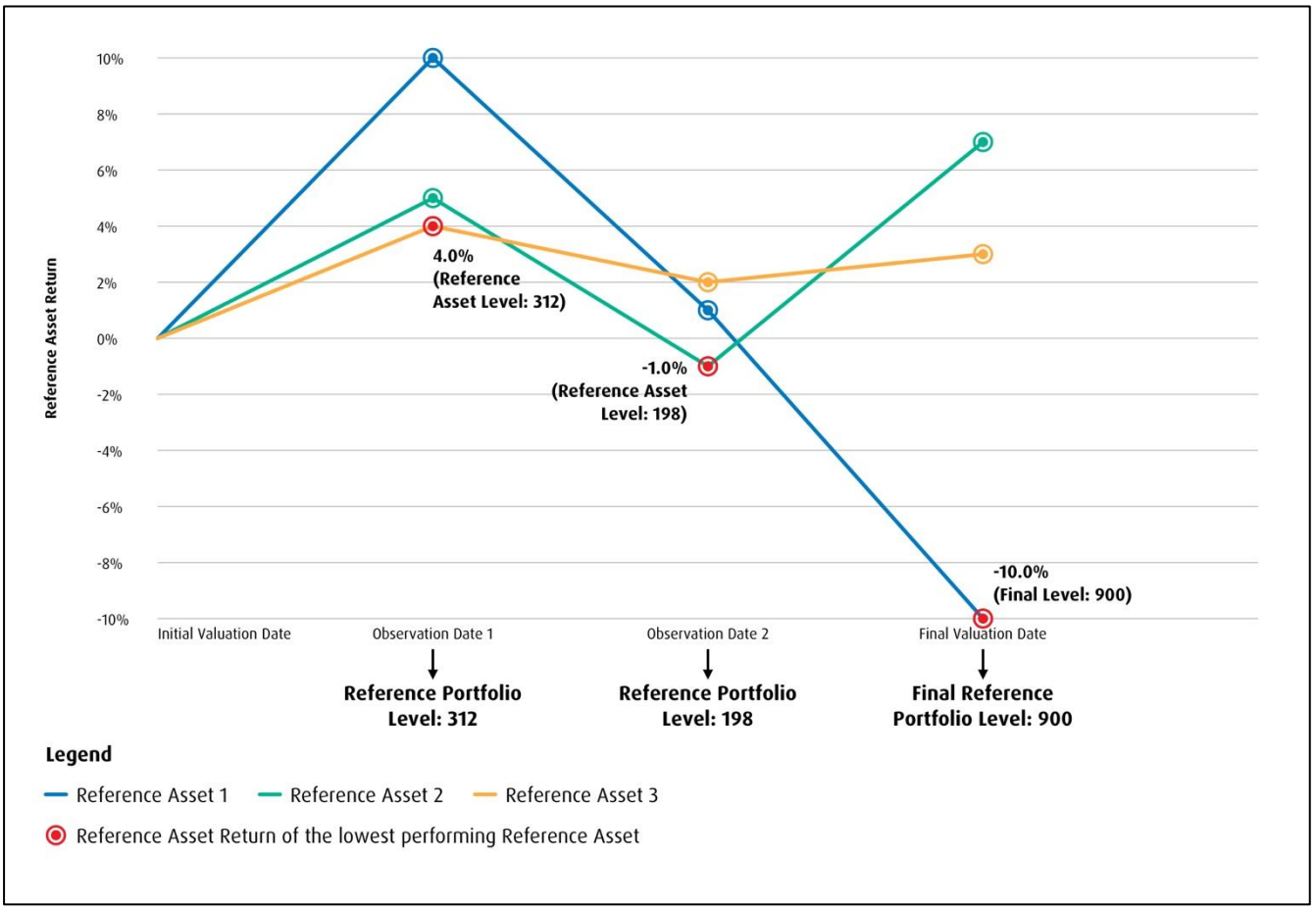
- **Multiple Reference Assets.**
  - ***Lowest performing Reference Asset:*** If the Reference Portfolio consists of multiple Reference Assets and the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of the lowest performing Reference Asset, then, with respect to any Observation Date, including the Final Valuation Date, or Observation Period:
    - The **Initial Reference Portfolio Level** will equal the Initial Level of the Reference Asset with the lowest Reference Asset Return on such Observation Date or during such Observation Period,
    - The **Reference Portfolio Level for Observation Date or Observation Period** will equal the Reference Asset Level of the Reference Asset with the lowest Reference Asset Return on such Observation Date or during such Observation Period, and
    - The **Final Reference Portfolio Level** will equal the Final Level of the Reference Asset with the lowest Reference Asset Return with respect to the Final Valuation Date or the Observation Period ending on the Final Valuation Date, as specified in the applicable pricing supplement.

  You should note that because the Reference Asset with the lowest Reference Asset Return may vary by Observation Date or Observation Period, the Initial Reference Portfolio Level may be different for different Observation Dates and Observation Periods.

  For illustrative purposes, set out below is a table showing how the Reference Portfolio Level on a given Observation Date, including the Final Valuation Date, will be calculated if the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of the lowest performing of three Reference Assets:

	Initial Valuation Date	**Observation Date 1**		**Observation Date 2**		**Final Valuation Date**	
	Initial Level	**Reference Asset Level**	**Reference Asset Return**	**Reference Asset Level**	**Reference Asset Return**	**Final Level**	**Reference Asset Return**
Reference Asset 1	1,000	1,100	10.0%	1,010	1.0%	900	-10.0%
Reference Asset 2	200	210	5.0%	198	-1.0%	214	7.0%
Reference Asset 3	300	312	4.0%	306	2.0%	309	3.0%
Lowest performing Reference Asset		**Reference Asset 3**	**4.0%**	**Reference Asset 2**	**-1.0%**	**Reference Asset 1**	**-10.0%**
Initial Reference Portfolio Level		**300**		**200**		**1,000**	
Reference Portfolio Level		**312**		**198**		**900** **(Final Reference Portfolio Level)**	

Set out below is a graph illustrating the calculations shown in the table above:



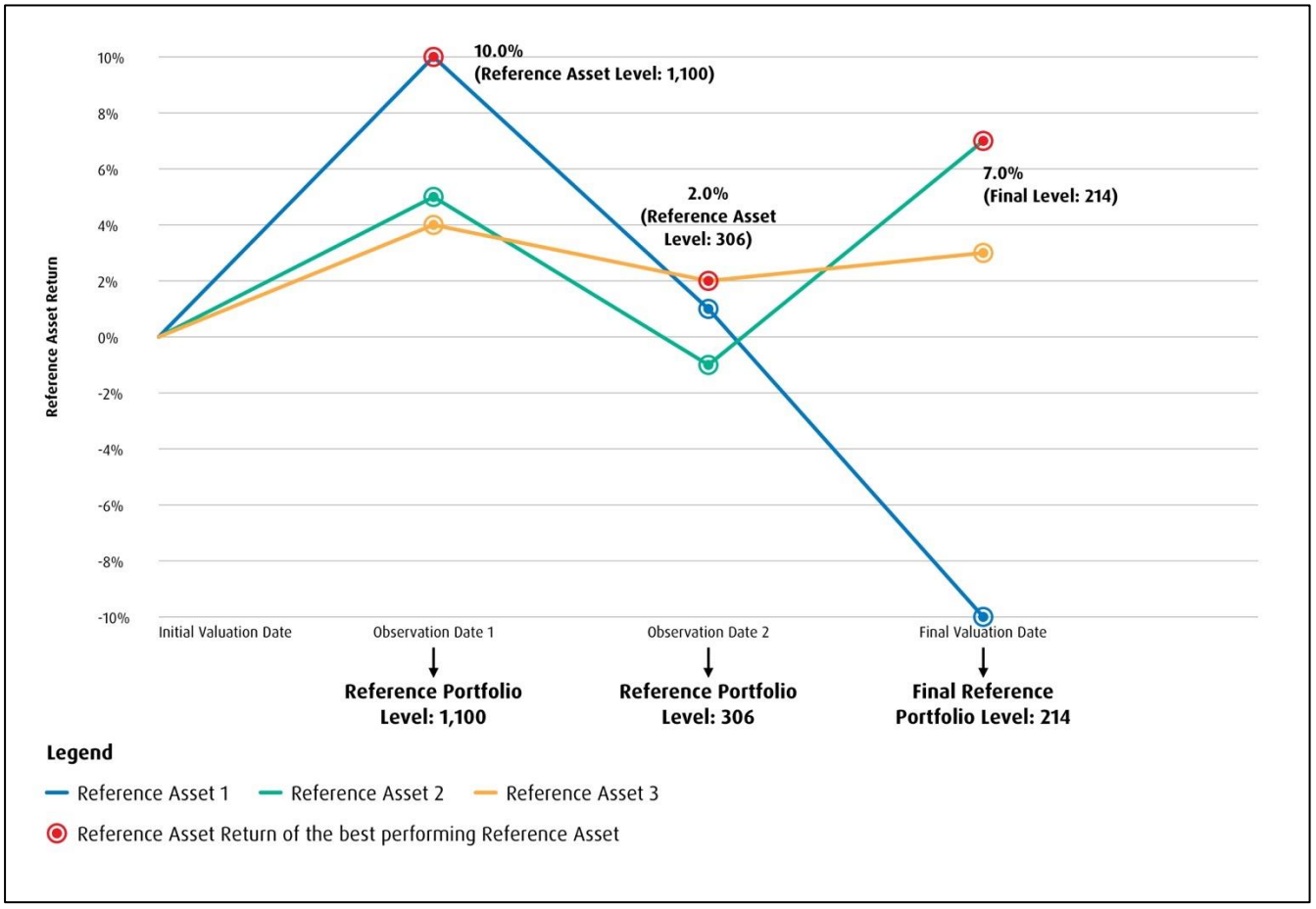
- ***Best performing Reference Asset:*** If the Reference Portfolio consists of multiple Reference Assets and the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of the best performing Reference Asset, then, with respect to any Observation Date, including the Final Valuation Date, or Observation Period:
  - The **Initial Reference Portfolio Level** will equal the Initial Level of the Reference Asset with the highest Reference Asset Return on such Observation Date or during such Observation Period,
  - The **Reference Portfolio Level for such Observation Date or Observation Period** will equal the Reference Asset Level of the Reference Asset with the highest Reference Asset Return on such Observation Date or during such Observation Period, and
  - The **Final Reference Portfolio Level** will equal the Final Level of the Reference Asset with the highest Reference Asset Return with respect to the Final Valuation Date or the Observation Period ending on the Final Valuation Date, as specified in the applicable pricing supplement.

  You should note that because the Reference Asset with the highest Reference Asset Return may vary by Observation Date or Observation Period, the Initial Reference Portfolio Level may be different for different Observation Dates and Observation Periods.

  For illustrative purposes, set out below is a table showing how the Reference Portfolio Level on a given Observation Date, including the Final Valuation Date, will be calculated if the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of the best performing of three Reference Assets:

	Initial Valuation Date	Observation Date 1		Observation Date 2		Final Valuation Date	
	Initial Level	Reference Asset Level	Reference Asset Return	Reference Asset Level	Reference Asset Return	Reference Asset Level	Reference Asset Return
Reference Asset 1	1,000	1,100	10.0%	1,010	1.0%	900	-10.0%
Reference Asset 2	200	210	5.0%	198	-1.0%	214	7.0%
Reference Asset 3	300	312	4.0%	306	2.0%	309	3.0%
Best performing Reference Asset		**Reference Asset 1**	**10.0%**	**Reference Asset 3**	**2.0%**	**Reference Asset 2**	**7.0%**
Initial Reference Portfolio Level		**1,000**		**300**		**200**	
Reference Portfolio Level		**1,100**		**306**		**214** **(Final Reference Portfolio Level)**	

Set out below is a graph illustrating the calculations shown in the table above:



- ***Weighted basket:*** If the Reference Portfolio consists of multiple Reference Assets and the applicable pricing supplement specifies that the Reference Portfolio should be treated as a weighted basket:
  - The **Initial Reference Portfolio Level** will be deemed to be 100,
  - The **Reference Portfolio Level for an Observation Date, including the Final Valuation Date, or during an Observation Period** will be calculated as the result of (1) 100 multiplied by (2) the

weighted sum of the Reference Asset Returns as of such Observation Date or during such Observation Period, using the following formula:

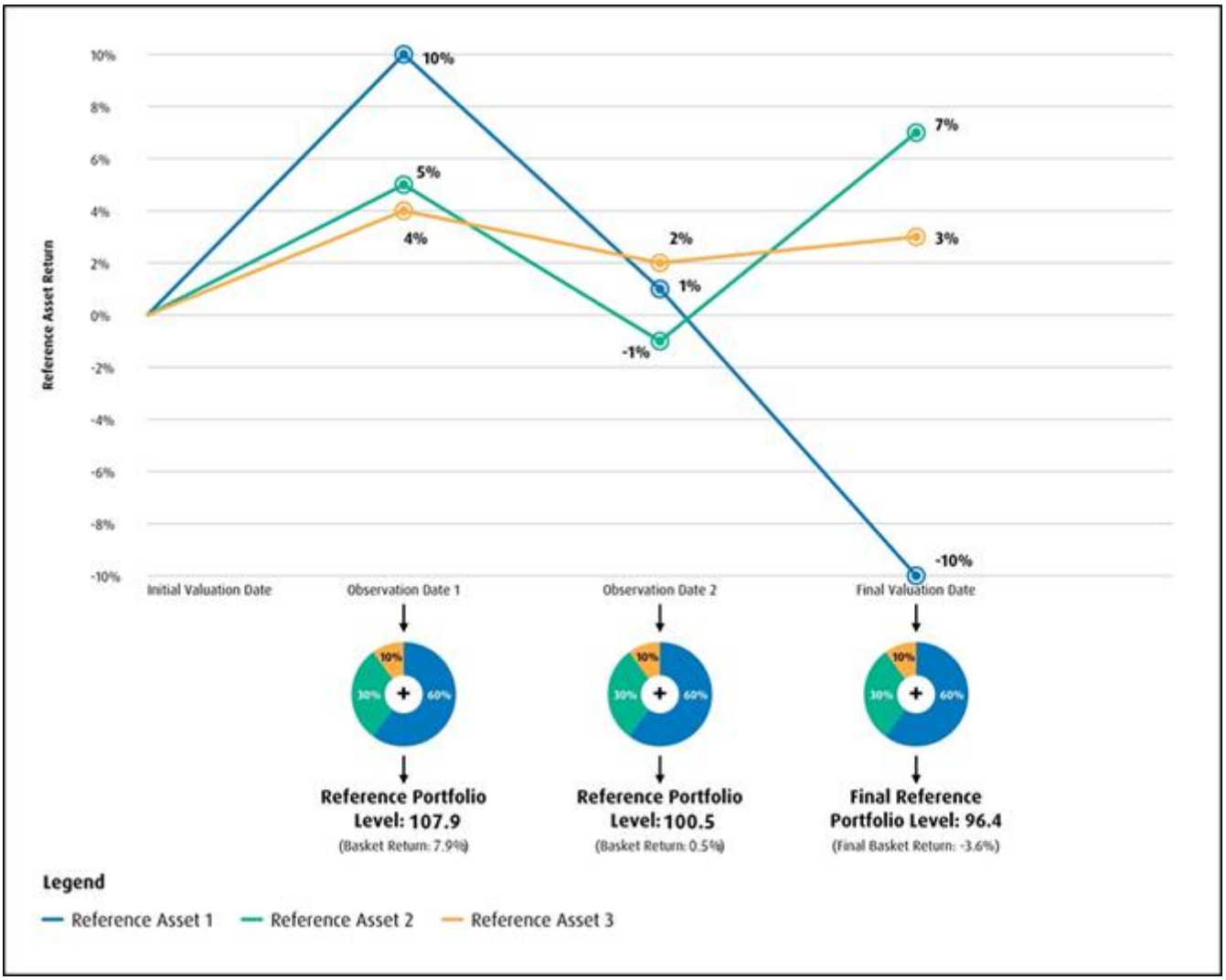
$$100 \times \left(100\% + \sum_{For\ each\ Reference\ Asset} Weight \times Reference\ Asset\ Return \right)$$

- the **Final Reference Portfolio Level** will equal the Reference Portfolio Level on the Final Valuation Date or during the Observation Period ending on the Final Valuation Date, as specified in the applicable pricing supplement.

Set out below is a table showing how the Reference Portfolio Level and the "basket return" (the "Basket Return") on a given Observation Date, including the Final Valuation Date would be calculated if the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of weighted basket consisting of three Reference Assets:

	Weighting	**Initial Valuation Date**	**Observation Date 1**		**Observation Date 2**		**Final Valuation Date**	
		Initial Level	**Reference Asset Level**	**Reference Asset Return**	**Reference Asset Level**	**Reference Asset Return**	**Reference Asset Level**	**Reference Asset Return**
Reference Asset 1	60%	1,000	1,100	10.0%	1,010	1.0%	900	-10.0%
Reference Asset 2	30%	200	210	5.0%	198	-1.0%	214	7.0%
Reference Asset 3	10%	300	312	4.0%	306	2.0%	309	3.0%
Initial Reference Portfolio Level		**100**						
Reference Portfolio Level / Basket Return			**100 x [(1100 / 1000 x 60%) + (210 / 200 x 30%) + (312 / 300 x 10%)]** **= 107.9**	**7.9%**	**100 x [(1010 / 1000 x 60%) + (198 / 200 x 30%) + (306 / 300 x 10%)]** **= 100.50**	**0.50%**	**100 x [(900 / 1000 x 60%) + (214 / 200 x 30%) + (309 / 300 x 10%)]** **= 96.4** **(Final Reference Portfolio Level)**	**-3.6%** **(Final Basket Return)**

Set out below is a graph illustrating the calculations included in the table above:



- **Rainbow basket.** If the applicable pricing supplement states that the Reference Portfolio is a "rainbow" basket of Reference Assets:
  - The **Initial Reference Portfolio Level** will be deemed to be 100,
  - The **Reference Portfolio Level for an Observation Date, including the Final Valuation Date, or during an Observation Period** will be calculated as the sum of the weighted Reference Asset Returns of the Reference Assets as of such Observation Date or during such Observation Period, whereby the weights will be assigned to the Reference Assets in descending order in accordance with their respective Reference Asset Returns as of such Observation Date or during such Observation Period (i.e., the Reference Asset with the highest Reference Asset Return on the applicable Observation Date is assigned the largest weighting specified in the pricing supplement), using the following formula:

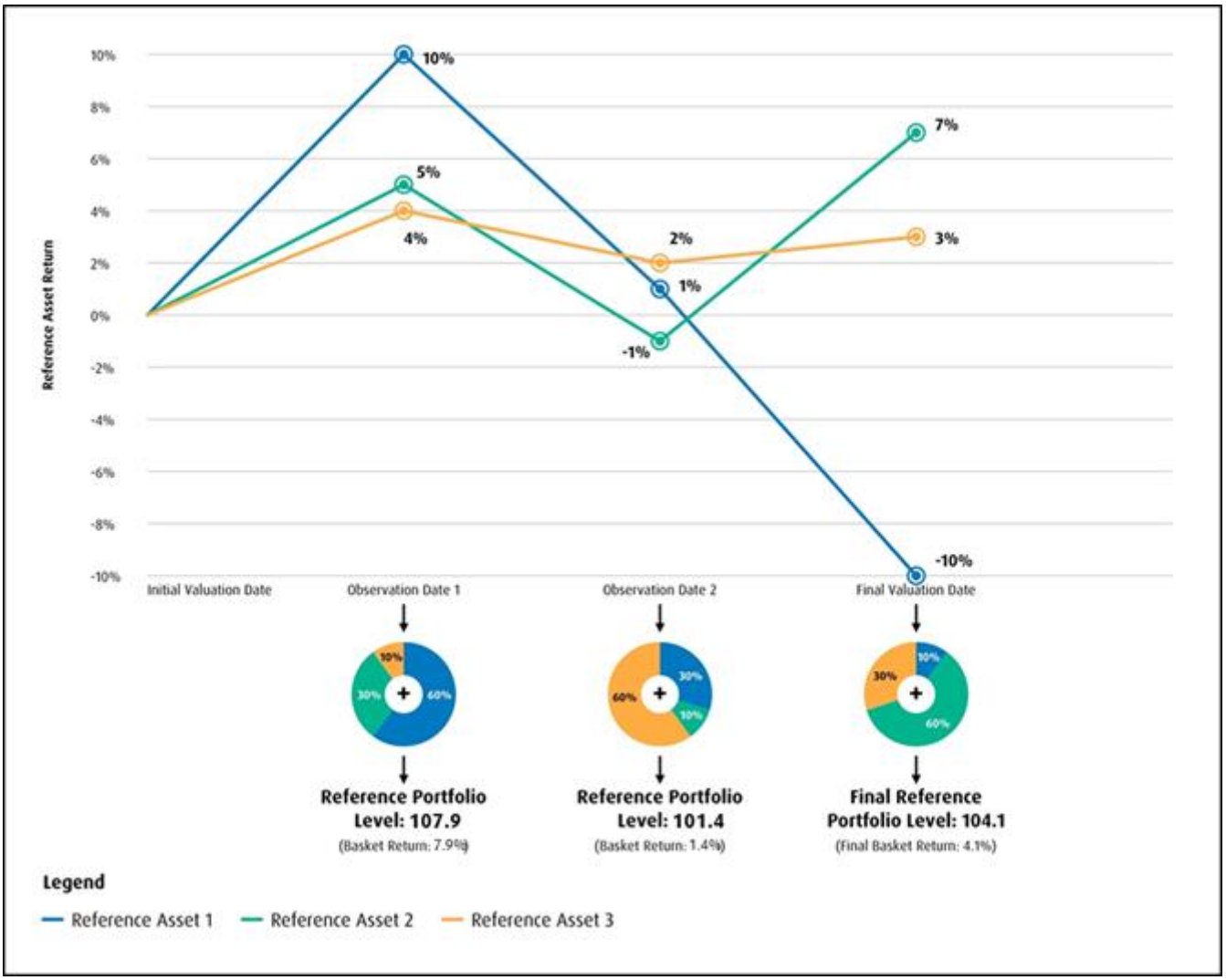
$$100 \times \left(100\% + \sum_{For\ each\ Reference\ Asset} Weight \times Reference\ Asset\ Return \right)$$

  - The **Final Reference Portfolio Level** will equal the Reference Portfolio Level on the Final Valuation Date or during the Observation Period ending on the Final Valuation Date, as specified in the applicable pricing supplement.

Set out below is a table showing how the Reference Portfolio Level and the Basket Return on a given Observation Date would be calculated if the applicable pricing supplement states that the performance of the Reference Portfolio equals the performance of a "rainbow" basket consisting of three Reference Assets, whereby the Reference Asset on the applicable Observation Date with (1) the highest Reference Asset Return is assigned a 60% weighting, (2) the second highest return is assigned a 30% weighting, and (3) the lowest Reference Asset Return is assigned a 10% weighting.

	Initial Valuation Date	Observation Date 1			Observation Date 2			Final Valuation Date		
	Initial Level	**Reference Asset Level**	**Reference Asset Return**	**Weighting**	**Reference Asset Level**	**Reference Asset Return**	**Weighting**	**Reference Asset Level**	**Reference Asset Return**	**Weighting**
Reference Asset 1	1,000	1,100	10.0%	60%	1,01 0	1.0%	30%	900	-10.0%	10%
Reference Asset 2	200	210	5.0%	30%	198	-1.0%	10%	214	7.0%	60%
Reference Asset 3	300	312	4.0%	10%	306	2.0%	60%	309	3.0%	30%
Initial Reference Portfolio Level	**100**									
Reference Portfolio Level / Basket Return		**100 x [(1100 / 1000 x 60%) + (210 / 200 x 30%) + (312 / 300 x 10%)]** **= 107.9**	**7.9%**		**100 x [(1010 / 1000 x 30%) + (198 / 200 x 10%) + (306 / 300 x 60%)]** **= 101.4**	**1.4%**		**100 x [(900 / 1000 x 10%) + (214 / 200 x 60%) + (309 / 300 x 30%)]** **= 104.1** **(Final Reference Portfolio Level)**	**4.1%** **(Final Basket Return)**	

Set out below is a graph illustrating the calculations shown in the table above:



Closing Level

- **Reference Companies and Reference ETFs.** With respect to the Reference Securities of a Reference Asset that is a Reference Company or a Reference ETF (or any other securities in the circumstances described under "—Dilution and reorganization adjustments" below), "Closing Level" means the closing price in the official currency used by the relevant Exchange for such Reference Securities as announced by the relevant Exchange, provided that, if on or after the Issue Date such Exchange changes the time of day at which such closing price is determined or no longer announces such closing price, the Calculation Agent may thereafter deem the closing price to be the price of such Reference Securities as of the time of day used by such Exchange to determine the closing price prior to such change or failure to announce the closing price of its Reference Securities on such date, subject to "—Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF—Dilution and reorganization adjustments." If no such price is available, the Closing Level with respect to such Reference Securities (or such other securities) on the applicable date of determination will be the arithmetic mean, as determined by the Calculation Agent, of the bid prices of such Reference Securities (or such other securities) obtained from as many dealers in such Reference Securities (or such other securities) (which may include BMO Capital Markets or any of our other affiliates or subsidiaries), but not exceeding three such dealers, as will make such bid prices available to the Calculation Agent. If no bid prices are provided from any third-party dealers, the Closing Level will be determined by the Calculation Agent in its sole and absolute discretion (acting in good faith) taking into account any information that it deems relevant. If a Market Disruption Event (as defined below) occurs with respect to such Reference Securities (or such other securities) on the applicable date of determination, the Calculation Agent may, in its sole discretion, determine the Closing Level thereof on such date either (x) pursuant to the two immediately preceding sentences or (y) if available, pursuant to the preceding sentence.
- **Reference Indices.** With respect to a Reference Asset that is a Reference Index, "Closing Level" means the closing level of such Reference Index on such day as published by the publisher of such

Reference Index (the "Index Sponsor"), subject to the terms described under "—Discontinuance or material modification of a Reference Index" below. If the closing level is not published by the Index Sponsor on any date of determination, the closing level on that date will be the closing level of such Reference Index as calculated by the Calculation Agent in accordance with the formula for and method of calculating that Reference Index last in effect prior to the failure to publish, but using only those securities included in that Reference Index immediately prior to such failure to publish. If a Market Disruption Event (as defined below) occurs with respect to the Reference Index on any date of determination, the Calculation Agent may, in its sole discretion, determine the closing level of the Reference Index on such date either (x) pursuant to the immediately preceding sentence (using its good faith estimate of the value of any security included in the Reference Index as to which an event giving rise to the Market Disruption Event has occurred) or (y) if available, using the closing level of the Reference Index on such day as published by the Index Sponsor.

The "Calculation Agent" for each issuance of Notes will be BMO Nesbitt Burns Inc., a subsidiary of ours, which we refer to in this product supplement as "BMO Capital Markets", or any successor appointed by us, unless otherwise specified in the applicable pricing supplement. The Calculation Agent will make the determinations specified in this product supplement or in the applicable pricing supplement. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and us.

Consequences of a Market Disruption Event; Postponement of an Observation Date

If the Calculation Agent, acting in its sole and absolute discretion, determines that a Market Disruption Event (as defined below) in respect of a Reference Asset has occurred and is continuing on any day that but for that event would be an Observation Date, then that Observation Date will be postponed to the next Exchange Day (as defined below) on which there is no Market Disruption Event in effect in respect of such Reference Asset. If, however, on the eighth (8^{th}) Exchange Day following the date originally scheduled as the Observation Date or, if earlier, the Business Day immediately preceding the Maturity Date, the Observation Date has not occurred, then despite the occurrence of any Market Disruption Event in respect of such Reference Asset on or after such eighth (8^{th}) Exchange Day:

- such eighth (8^{th}) Exchange Day or, if earlier, the Business Day immediately preceding the Maturity Date, will be the Observation Date in respect of such Reference Asset; and
- the Closing Level to be used for the Reference Asset for any calculations or determinations on that Observation Date will be a level estimated by the Calculation Agent taking into account all relevant market circumstances.

For the avoidance of doubt, if the Notes are linked to two or more Reference Assets, the Closing Level (or Trading Price or Intra-Day Level, if applicable) of each Reference Asset in respect of that Observation Date will be determined based on (1) for any Reference Asset for which the originally scheduled Observation Date is an Exchange Day and as to which a Market Disruption Event does not occur on the originally scheduled Observation Date, the Closing Level of such Reference Asset on the originally scheduled Observation Date and (2) for any other Reference Asset, the Closing Level of such Reference Asset on the Observation Date as postponed (or, if earlier, the first Exchange Day for such Reference Asset following the originally scheduled Observation Date on which a Market Disruption Event does not occur with respect to such Reference Asset and on which another Observation Date does not or is not deemed to occur).

If a Market Disruption Event occurs on an Observation Date and the Calculation Agent does not postpone the Observation Date, or if the Observation Date is postponed for any reason to the last date to which it may be postponed, in each case as described above, then the Closing Level to be determined on such date will be determined as set forth in the definition of "Closing Level" above (and, if applicable, the Trading Price or Intra-Day Level to be determined on such date will be determined as set forth in the definition of "Trading Price" or "Intra-Day Level" below, as applicable). If two or more Observation Dates are postponed to the same day and an average of the Closing Levels of the applicable Reference Asset on two or more Observation Dates is required to be determined, each Observation Date that is postponed to such day shall be counted separately for purposes of determining such average.

As a result, the occurrence of a Market Disruption Event may delay the determination of the Closing Level of a Reference Asset and the value of the Reference Portfolio and consequently the calculation of the payment you receive on the Maturity Date (or an Autocall Payment Date or Call Payment Date), including any final Coupon Payment that may be payable under the Notes. Where there has been a Market Disruption Event, the payment on the Maturity Date (or an Autocall Payment Date or Call Payment Date) and payment of any final Coupon Payment will be made on the fifth (5^{th}) Business Day after the Closing Level of the Reference Asset and the value of the Reference Portfolio have been determined.

Notwithstanding the foregoing, in the case of Notes that are not "prescribed debt obligations" within the meaning of the Tax Act for initial holders (as defined herein), if a Market Disruption Event has occurred and is continuing as of 5:00 p.m. (Toronto time) on the last Business Day of any month during the term of the Notes, then that last Business Day shall be the Observation Date in respect of the Reference Index, and the Closing Level of the Reference Asset to be used for any calculations or determinations on that Observation Date will be a level estimated by the Calculation Agent taking into account all relevant market circumstances.

Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF

General

For purposes of this section, in the case of a Reference Company and a Reference ETF, we use the term "Reference Units" to refer to the shares or units of such Reference Asset, provided that, in the case of ADSs of a Reference Company, we use the term "Reference Units" to refer to the securities represented by such ADSs.

Definitions of Market Disruption Event and Exchange Day and related definitions

"Exchange" means, with respect to a Reference Asset that is a Reference Company or a Reference ETF and its Reference Securities (or any other securities in the circumstances described under "—Dilution and reorganization adjustments" below), the principal securities exchange or trading system on which trading in such Reference Securities (or other applicable securities) occurs, as determined by the Calculation Agent.

"Exchange Day" means, with respect to a Reference Asset that is a Reference Company or a Reference ETF and its Reference Securities (or any other securities in the circumstances described under "—Dilution and reorganization adjustments" below), any day, as determined by the Calculation Agent, on which the Exchange, if any, and each Related Exchange, if any, for such Reference Securities (or other applicable securities) are scheduled to be open for trading for their respective regular trading sessions, notwithstanding the Exchange or any Related Exchange closing prior to their respective scheduled closing times. If on any relevant date any Reference Asset and its Reference Securities have neither an Exchange nor a Related Exchange, then, with respect to such Reference Asset and its Reference Securities, an Exchange Day shall mean a Business Day. Notwithstanding the foregoing, the Calculation Agent may, in its sole discretion, deem any day on which a Related Exchange for the applicable Reference Securities is not scheduled to be open for trading for its regular trading session, but on which the Exchange for such Reference Securities is scheduled to be open for its regular trading session, to be an Exchange Day.

"Market Disruption Event" means, with respect to any Reference Asset that is a Reference Company or a Reference ETF and its Reference Securities (or any other securities in the circumstances described under "—Dilution and reorganization adjustments" below), as determined by the Calculation Agent, any event, circumstance or cause (whether or not reasonably foreseeable) beyond our reasonable control or the reasonable control of any person that does not deal at arm's length with us which has or will have a material adverse effect on our and/or our affiliates' ability generally to acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Notes and the Reference Asset or to realize, recover or remit the proceeds of any such hedge transaction. A Market Disruption Event may include, without limitation, any of the following events:

- any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (a) relating to the Reference Securities, or (b) in futures or options contracts relating to the Reference Securities on any relevant Related Exchange;
- the closure ("Early Closure") on any Exchange Day of the Exchange or the Related Exchange after it has opened for trading but prior to its scheduled closing time unless such earlier closing time is announced by the Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange on such

Exchange Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the close of trading on such Exchange Day;

- any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Reference Securities on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Securities on the Related Exchange;
- the failure on any Exchange Day of the Exchange or the Related Exchange to open for trading during its regular trading session;
- the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or notice, howsoever described, or any order of any court or other governmental or regulatory authority, or any issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described or any other event that makes or would make it unlawful or impracticable for us to perform our obligations under the Notes or for dealers to generally acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Reference Asset or to realize, recover or remit the proceeds of any such hedge transaction in respect of the Reference Asset or has or would have a material adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange;
- the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, that has a material adverse effect on the financial markets of Canada, the United States or a country in which the Exchange or Related Exchange is located;
- any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) that has or would have a material adverse effect on our ability to perform its obligations under the Notes or of dealers generally to acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Reference ETF, or to realize, recover or remit the proceeds of any such hedge transaction in respect of the Reference ETF, or has or would have a material adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange; or
- an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying or unwinding or disposing of any hedge transaction in connection with the Reference Asset, or in the cost of realizing, recovering or remitting the proceeds of any such hedge transaction.

In the case of a Reference ETF, in addition to the foregoing events, a Market Disruption Event shall occur with respect to such Reference ETF if a Market Disruption Event would occur with respect to the index underlying such ETF pursuant to the definition of “Market Disruption Event” under “—Certain Additional Terms for Notes Linked to a Reference Index—Definitions of Market Disruption Event and Exchange Day and related definitions” below.

“Related Exchange” means, with respect to a Reference Asset that is a Reference Company or a Reference ETF and its Reference Securities (or any other securities in the circumstances described under “—Dilution and reorganization adjustments” below), each exchange where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Reference Securities (or other applicable securities).

Dilution and reorganization adjustments

If an Adjustment Event (as defined below) occurs with respect to a Reference Asset that is a Reference Company or a Reference ETF, the Calculation Agent, acting in its sole and absolute discretion, will determine whether such event has a dilutive or concentrative effect on the theoretical value of the Reference Units and, if so, will (1) make the corresponding adjustments, if any, to each Relevant Value (as defined below) and (2) determine the effective date of the adjustments (the "Adjustment Date"). In doing so, the Calculation Agent may, but need not, determine any appropriate adjustments by reference to the adjustments in respect of such event made by an options exchange to options on the Reference Units traded on such options exchange. A "Relevant Value" is any level with respect to the Reference Units that is (1) determined prior to the relevant Adjustment Date of such event and (2) used in any calculation that also uses a level of the Reference Units that is determined on a date on or after such Adjustment Date. For example, if any payment on the Notes is based on the percentage change from the Initial Level to the Closing Level of the Reference Asset on a specified Observation Date and/or whether the Closing Level of the Reference Asset on a specified Observation Date is above or below a protection level that is set at a specified percentage of the Initial Level on the Trade Date (the "Protection Level"), the Initial Level and the Protection Level will each be a Relevant Value and subject to adjustment under the provisions set forth below.

If a Merger Event (as defined below) or Tender Offer (as defined below) occurs with respect to a Reference Asset that is a Reference Company or a Reference ETF, the Calculation Agent, acting in its sole and absolute discretion, (1) will (A) make any adjustments to each Relevant Value as the Calculation Agent determines appropriate to account for the economic effect of the Merger Event or Tender Offer, as the case may be, on the Notes, which may, but need not, be determined by reference to the adjustments made in respect of such Merger Event or Tender Offer, respectively, by an options exchange to options on the Reference Units traded on such options exchange, and (B) in the case of a Merger Event, determine the closing date of such event or, where a closing date cannot be determined under the local law applicable to such event, such other date as determined by the Calculation Agent (the "Merger Date") or, in the case of a Tender Offer, determine the date on which Reference Units in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent (the "Tender Offer Date"), or (2) if the Calculation Agent determines that no adjustments that it could make under (1) will produce a commercially reasonable result, may deem the relevant Merger Event to be a Substitution Event (as defined below).

If a Substitution Event (as defined below) occurs with respect to a Reference Asset that is a Reference Company or a Reference ETF, the Calculation Agent may, in its sole and absolute discretion, choose another appropriate reference asset (the "Alternate Asset") as a substitute for such Reference Asset after the effective date of such event as determined by the Calculation Agent (the "Substitution Date") by reference to the Alternate Asset. From the Substitution Date, the units of the Alternate Asset will be considered to be the Reference Units, the issuer of such units will be considered to be the Reference Asset, and the principal securities exchange or trading system on which trading in such Reference Units occurs will be considered the Exchange in respect of the Alternate Asset. The Calculation Agent, acting in its sole and absolute discretion, will determine the Initial Level of the Alternate Asset by taking into account all relevant market circumstances, including the Initial Level and the Closing Level or estimated value of the Reference Units on the Substitution Date and the Closing Level on the Substitution Date of the Alternate Asset, and will make adjustments, if any, to any one or more of the formula for calculating each Relevant Value as the Calculation Agent, acting in its sole and absolute discretion, determines appropriate to account for the economic effect of the Substitution Event on the Notes (including adjustments to account for changes in volatility, expected dividends or distributions, stock loan rate or liquidity relevant to the applicable substitution). Upon selection of an Alternate Asset by the Calculation Agent, we will promptly give details of such substitution and brief details of the Substitution Event to you by posting such details on www.bmonotes.com. For greater certainty, the Alternate Asset chosen by the Calculation Agent may be any security of an issuer that is the continuing entity in respect of a Merger Event. The Calculation Agent may decide not to choose an Alternate Asset as a substitute for the Reference ETF, if the Calculation Agent, acting in its sole and absolute discretion, determines that there is no appropriate security which offers sufficient liquidity in order for a party to acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of such security or to realize, recover or remit the proceeds of any such hedge transaction.

No adjustments will be required other than those specified above. The adjustments specified in this section do not cover all events that could have a dilutive or adverse effect on the relevant Reference Securities during the term of the Notes. See "Risk Factors —Risk Factors Relating to All Notes—The notes will not be adjusted for all events that could affect the level of the underlying securities of any reference company or reference ETF to which the notes are linked" below.

With respect to Reference Securities that are ADSs, the adjustments described below will not be made (1) if holders of the ADSs are not eligible to participate in the applicable transaction or event or (2) if, and to the extent that, the Calculation Agent determines in its sole discretion that the Reference Asset or the depositary for the ADSs has made an adjustment to the number of ordinary shares represented by each ADS that corresponds to the adjustment that would otherwise be made as described below.

If the Notes are linked to a basket of Reference Assets and the contribution of any Reference Asset that is a Reference Company or a Reference ETF to the value of the reference basket is determined by multiplying the Closing Level of such Reference Asset on the applicable Observation Date by a multiplier initially fixed on the Trade Date (a "Multiplier"), and if any event described below occurs that would otherwise require an adjustment to a Relevant Value, such Multiplier will be adjusted on the Adjustment Date for such event by dividing such Multiplier by the dilution adjustment fraction specified below with respect to the applicable event.

"Adjustment Event" means, in respect of any Reference Units, (1) a subdivision, consolidation or reclassification of the Reference Units (unless resulting in a Merger Event, as defined below), or a free distribution or dividend on the units to existing holders thereof by way of bonus, capitalization or similar issue, (2) a distribution, issue or dividend to existing holders of the Reference Units of (a) such Reference Units, (b) other capital units or securities granting the right to payment of dividends, distributions and/or the proceeds of liquidation of the Reference Asset equally or proportionately with such payments to holders of the Reference Units, (c) capital units or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Asset as a result of a spin off or other similar transaction, or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent, (3) an extraordinary dividend or distribution in respect of the Reference Units (where the characterization of a dividend or distribution as "extraordinary" will be determined by the Calculation Agent), (4) a call by the issuer of the Reference Units of any Reference Units that have not been fully paid up, (5) a repurchase by the issuer of the Reference Units or any of its subsidiaries of the Reference Units, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or a combination of cash and securities (other than a repurchase which constitutes a Tender Offer), (6) any event that results in any rights being distributed or becoming separated from the Reference Units or other securities of the capital stock of the Reference Asset pursuant to a rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred shares, warrants, debt instruments or share rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption or exercise of such rights, or (7) any other event that the Calculation Agent determines, in its sole and absolute discretion, may have a diluting or concentrative effect on the theoretical value of the Reference Units, provided that the term "Adjustment Event" shall not include any event that, the Calculation Agent, acting in its sole and absolute discretion, determines to be a Substitution Event.

"Delisting" means, in respect of any Reference Units, that the Exchange announces that pursuant to the rules of the Exchange, the Reference Units cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately relisted, re-traded or re-quoted on an exchange or marketplace located in the same country as such Exchange.

"Index Event" means, in respect of any Reference Units of a Reference ETF, (1) on or prior to any Observation Date, the sponsor for the index replicated by the Reference ETF (the "Underlying Index") announces that it will make a material change in the formula for or the method of calculating the closing level of the Reference Index or in any other way materially modifies the Underlying Index (other than a modification prescribed in that formula or method to maintain the Reference Index in the event of changes to the constituent securities and other routine events) or permanently cancels the Underlying Index and no successor index exists, or (2) on any Observation Date, the sponsor for the Underlying Index fails to determine and announce the official closing price or level of the Underlying Index, and, in either case, the Calculation Agent determines that such event has a material effect on (1) whether and when the Notes are redeemed automatically prior to the Maturity Date and (2) the amount of the payment you receive on the Maturity Date or, in the event of an automatic early redemption, the relevant Autocall Payment Date.

"Insolvency" means, in respect of any Reference Units, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting the Reference Asset, (1) all the Reference Units are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Reference Units become legally prohibited from transferring them.

"Merger Event" means, in respect of any Reference Units, any (1) reclassification, reorganization, consolidation or change of the Reference Units that results in a transfer of, or an irrevocable commitment to transfer, all the units outstanding to another entity or person, (2) statutory arrangement, consolidation, amalgamation, merger or binding security exchange of the Reference Asset with or into another entity or person (other than a statutory arrangement, consolidation, amalgamation, merger or binding security exchange in which the Reference Asset is the continuing entity and which does not result in a reclassification, reorganization, consolidation or change of all Reference Units outstanding), (3) takeover bid (within the meaning of applicable securities laws), tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding units of the Reference Asset that results in a transfer of, or an irrevocable commitment to transfer, all such units (other than such units owned or controlled by such other entity or person), (4) statutory arrangement, consolidation, amalgamation, merger or binding security exchange of the Reference Asset with or into another entity in which the Reference Asset is the continuing entity and which does not result in a reclassification, reorganization, consolidation or change of all the units of the Reference Asset outstanding but results in such units (other than such units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding units immediately following such event (commonly referred to as a "reverse merger"), or (5) sale of all or substantially all of the assets of the Reference Asset (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all of the assets of the Reference Asset) in each case if the Merger Date is on or before the date on which the Closing Level is determined.

"Nationalization" means, in respect of any Reference Units, the nationalization, expropriation or other transfer to any governmental agency, authority or entity of all or substantially all the units, or all or substantially all of the assets of the Reference Asset.

"Substitution Event" means, in respect of any Reference Units, any actual or proposed Nationalization, Insolvency, Delisting, Merger Event, Tender Offer or, in the case of a Reference Asset that is a Reference ETF, Index Event which, in each case, is deemed by the Calculation Agent to be a Substitution Event, in its sole and absolute discretion, the occurrence and continuation for at least four consecutive applicable Exchange Days of a Market Disruption Event or, in the case of a Reference Asset that is a Reference ETF, any event listed under subsection (a) of the definition of "Extraordinary Event" (as defined below under "– Extraordinary Events").

"Tender Offer" means, in respect of any Reference Units, a takeover bid (within the meaning of applicable securities laws), tender offer, exchange offer, solicitation, proposal or other event by any entity or person (including, for greater certainty, an issuer bid) that results in such entity or person, directly or indirectly, acquiring or otherwise obtaining or having the right to acquire, by conversion or other means, together with such entity's or person's Reference Units, greater than 20% and less than 100% of the outstanding Reference Units, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent considers relevant.

Extraordinary Events

If an Extraordinary Event (as defined below) occurs in respect of a Reference Asset, we may, upon notice to noteholders or their agents to be given effective on an Exchange Day (the date of such notification being the "Extraordinary Event Notification Date"), elect to discharge our obligations in respect of (1) the payment you receive on the Maturity Date and (2) if applicable, the amount of any Coupon Payments during the remaining term of the Notes by making an accelerated payment prior to the Maturity Date (an "Early Payment Amount"). The Early Payment Amount will be determined by the Calculation Agent acting in good faith in accordance with industry-accepted methods and based on all relevant market circumstances. Upon this election, the following consequences will arise as of the Extraordinary Event Notification Date: (1) any payment on the Notes that may otherwise be payable by us will not be calculated in accordance with the provisions set out in this section; (2) the Early Payment Amount will be determined as of the Extraordinary Event Notification Date, whether or not any Extraordinary Event is continuing on such date; and (3) we will be discharged of all our obligations in respect of any further payments on the Notes. Payment of the Early Payment Amount, if any, will be made on the tenth (10th) Business Day after the Extraordinary Event Notification Date (the "Early Payment Date"), and you will not be entitled to receive any further payments with respect to the Notes. It is possible that the Early Payment Amount may be less than (1) what you may have received on the Maturity Date and (2) if applicable, the amount of any Coupon Payments you may have received during the remaining term of the Notes absent the occurrence of the Extraordinary Event and an election by us to pay the Early Payment Amount.

"Extraordinary Event" means:

(a) in the case of a Reference Asset that is a Reference ETF, any of the following events that occurs after the Issue Date and prior to the Maturity Date where the Calculation Agent, acting in its sole and absolute discretion, has determined in good faith that such event constitutes an "Extraordinary Event":

- the winding-up, dissolution or liquidation of the Reference ETF or other cessation of trading of any Reference Units;
- the sponsor of the Reference ETF or any of its affiliates ceasing to act as an investment adviser of the Reference ETF;
- the investment objectives, investment restrictions or investment policies of the Reference ETF or any Reference Units being modified (except where such modification is of a formal, minor or technical nature);
- a material modification (other than any modifications referred to in the preceding paragraph) of the terms and conditions relating to the Reference ETF or any Reference Units (including, but not limited to, a material modification of the constating documents of the Reference ETF) or the occurrence of any event or change having a material adverse effect on the Reference ETF or any Reference Units (including, in respect of the Reference ETF, but not limited to, the interruption, breakdown or suspension for a significant period of time of the calculation or publication of the net asset value per unit);
- the non-execution or partial-execution by the Reference ETF of a subscription, redemption or exchange order given by an investor in any Reference Units or a refusal to transfer any of the Reference Units to an eligible transferee except where such non-execution, partial execution or refusal is the result of circumstances beyond the control of the Reference ETF;
- any mandatory redemption or other reduction (actual or potential as determined by the Calculation Agent in its sole discretion) in the number of the units held by any holder of such Reference Units for any reason beyond the control of such holder;
- any failure by the sponsor of the Reference ETF to calculate or publish the daily official net asset value per unit within five (5) Business Days after the relevant Observation Date except as provided in the case of a suspension of the determination of the net asset value per unit in accordance with the provisions set out in the governing documents of the Reference ETF;
- the imposition by the Reference ETF in whole or part of any restriction, charge or fee in respect of a redemption, exchange or subscription of any Reference Units by any holder thereof (other than any fee applicable to a holder of the Reference Units as at the Issue Date), including, without limitation, a short-term trading fee imposed by the manager of the Reference ETF and paid to such Reference ETF that is different from the short-term trading fees charged by the manager of the Reference ETF

generally as of the Issue Date or that is applied differently than it would be applied as of the Issue Date;

- any relevant activities of or in relation to the Reference ETF, its sponsor or its portfolio advisor being or becoming unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof;
- a relevant authorization or license being revoked or under review by a competent authority in respect of the Reference ETF or its sponsor;
- any change in or in the official interpretation or administration of any laws or regulation relating to taxation that has or is likely to have a material adverse effect on any holder of Reference Units or in respect of any hedging arrangements entered into in connection with the Notes;
- a party being unable to effectively acquire, establish, re-establish, substitute, maintain, unwind or dispose of any hedging arrangements entered into in connection with the Notes or to realize, recover or remit the proceeds of any such hedging arrangements;
- an increase in the cost of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedging arrangements entered into in connection with the Notes or in the cost of realizing, recovering or remitting the proceeds of any such hedging arrangements; or
- as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described or as a result of any other event, (1) it becomes unlawful for any holder of Reference Units to hold, purchase, exchange, redeem or sell any units, (2) the cost of investing in any units materially increases, other than ordinary course increases in the market value of the Reference Units, or (3) any holder of Reference Units would be subject to a material loss as a result of holding any Reference Units;

(b) the Calculation Agent determines in its sole and absolute discretion that a Market Disruption Event has occurred and has continued for at least eight (8) consecutive Exchange Days, or that any other Substitution Event has occurred, and the Calculation Agent has decided not to choose an Alternate Asset as a substitute for the Reference Asset on the grounds the Calculation Agent has determined that there is no other appropriate security which offers sufficient liquidity in order for the Calculation Agent to acquire, place, establish, re-establish, substitute, maintain, modify, unwind or dispose of any hedge transaction in respect of such security or to realize, recover or remit the proceeds of any hedge transaction; or

(c) there is any change or proposed change in applicable law (or the interpretation or administration thereof) that, in the opinion of the Calculation Agent, acting reasonably, would have a significant adverse effect on the market price, value, marketability or return payable with respect to the Notes.

Share-linked Notes with an Observation Period

The applicable pricing supplement for certain Notes linked to a Reference Asset that is a Reference Company or a Reference ETF may specify that any payment on the Notes is contingent on the occurrence or non-occurrence of a specified event during an Observation Period consisting of two or more Exchange Days. Such event may be referred to in the applicable pricing supplement as a trigger event, a knock-in event, a knock-out event, a downside event, a fixing event or by another term. For purposes of this product supplement, we refer to any such event as a "Trigger Event." The following additional terms apply to Notes linked to a Reference Asset that is a Reference Company or a Reference ETF for which an Observation Period is applicable.

If the last day of the Observation Period is an Observation Date, any postponement of such Observation Date will not extend such Observation Period. For the avoidance of doubt, no day included in an Observation Period is an Observation Date unless such day is specifically designated in the applicable pricing supplement as an Observation Date.

The applicable pricing supplement will specify whether the Trigger Event is based on the Trading Price or the Intra-Day Level of the applicable Reference Securities. "Trading Price" means, with respect to any Reference Asset that is a Reference Company or Reference ETF and its Reference Securities (or any other security in the circumstances described under "—Dilution and reorganization adjustments" above), at any time on any date of determination, the most recently reported sale price, regular way, of the principal trading session on that date on the Exchange for such Reference Securities (or other applicable securities), as determined by the Calculation Agent. If no such price is available for more than, in the aggregate, two hours of trading of the principal trading session on the applicable Exchange or a Market Disruption Event occurs with respect to such Reference Securities (or other applicable securities) on a date of determination, the Calculation Agent may, in its sole discretion, determine one Trading Price for such Reference Securities (or other applicable securities) for the period during which such price is unavailable or such Market Disruption Event is continuing, and such Trading Price will be (a) the arithmetic mean, as determined by the Calculation Agent, of the bid prices for such Reference Securities (or other applicable securities) obtained from as many dealers in such Reference Securities (or other applicable securities) (which may include BMO Capital Markets or any of our other affiliates or subsidiaries), but not exceeding three such dealers, as will make such bid prices available to the Calculation Agent, or (b) if no bid prices are provided from any third party dealers, the Trading Price will be determined by the Calculation Agent in its sole and absolute discretion (acting in good faith) taking into account any information that it deems relevant. Solely for purposes of this paragraph, a Market Disruption Event will be deemed to occur with respect to Reference Securities (or other applicable securities) if, in addition to any of the events described in the definition of "Market Disruption Event" above, any of the events described in such definition (disregarding the time period specified in such clauses) occurs for more than two hours of trading during the principal trading session of the relevant Exchange or any Related Exchange, as applicable.

Certain Additional Terms for Notes Linked to a Reference Index

Definitions of Market Disruption Event and Exchange Day and related definitions

"Exchange" means, with respect to any security included in a Reference Index, the principal exchange or trading system on which trading in such security occurs.

"Exchange Day" means, with respect to a Reference Index, any day on which the Exchange(s) for securities used from time to time in the computation of the Closing Level and each Related Exchange, if any, for such Reference Index are open for trading, notwithstanding the Exchange or any Related Exchange closing prior to its scheduled closing time.

"Market Disruption Event" means, with respect to a Reference Index, as determined by the Calculation Agent, any event, circumstance or cause (whether or not reasonably foreseeable) beyond our reasonable control or the reasonable control of any person that does not deal at arm's length with us which has or will have a material adverse effect on our and/or our affiliates' ability generally to acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Notes and the Index or to realize, recover or remit the proceeds of any such hedge transaction. A Market Disruption Event may include, without limitation, any of the following events:

- any failure of trading to commence, or the permanent discontinuation of trading, or any suspension of or limitation on trading of (a) the Reference Index, (b) securities that comprise 10% or more of the level of the Reference Index on a relevant Exchange, or (c) any futures or options contracts relating to the Index on a relevant Related Exchange, whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise;
- the failure of the Index Sponsor to determine or announce the Closing Level (or the information necessary for determining the Closing Level), or the temporary or permanent discontinuance or unavailability of such announcements;
- the Early Closure of a relevant Exchange or Related Exchange;
- any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (a) the Reference Index, (b) securities that comprise 10% or more of the level of the Reference Index on a relevant Exchange, or (c) any futures or options contracts relating to the Reference Index on a relevant Related Exchange;
- the failure of a relevant Exchange or Related Exchange to open for trading during its regular trading session on an Exchange Day;

- the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or notice, howsoever described, or any order of any court or other governmental or regulatory authority, or any issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described or any other event that makes or would make it unlawful or impracticable for us to perform our obligations under the Notes or for dealers to generally acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Index or to realize, recover or remit the proceeds of any such hedge transaction in respect of the Index or has or would have a material adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange;
- the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, that has a material adverse effect on the financial markets of Canada, the United States or a country in which any applicable Exchange or Related Exchange is located;
- any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) that has or would have a material adverse effect on our ability to perform our obligations under the Notes or of dealers generally to acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction in respect of the Index or to realize, recover or remit the proceeds of any such hedge transaction in respect of the Index or has or would have a material adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange; or
- an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying or unwinding or disposing of any hedge transaction in connection with the Reference Index or in the cost of realizing, recovering or remitting the proceeds of any such hedge transaction.

For purposes of this definition, the relevant percentage contribution of a security included in the Reference Index to the level of the Reference Index will be based on a comparison of the portion of the level of the Reference Index attributable to that security to the level of the Reference Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data."

"Related Exchange" means, with respect to a Reference Index, any exchange or trading system on which futures or options on the Reference Index are listed from time to time.

Discontinuance or material modification of a Reference Index

For Notes linked to a Reference Index, if the Reference Index is (1) not calculated and announced by the Index Sponsor but is calculated and announced by a successor publisher acceptable to the Calculation Agent or (2) replaced by a successor reference index that the Calculation Agent determines, in its sole discretion, uses the same or a substantially similar formula for and method of calculation as used in the calculation of the Reference Index, in each case the Calculation Agent may deem that reference index (the "Successor Index") to be the applicable Reference Index. Upon the selection of any Successor Index by the Calculation Agent pursuant to this paragraph, references in this product supplement or the applicable pricing supplement to the original Reference Index will no longer be deemed to refer to the original Reference Index and will be deemed instead to refer to that Successor Index for all purposes, and references in this product supplement or the applicable pricing supplement to the Index Sponsor will be deemed to be to the publisher of the Successor Index. In such event, the Calculation Agent will make such adjustments, if any, to any level of the Reference Index that is used for purposes of the Notes as it determines are appropriate in the circumstances, and (1) the payment you receive on the Maturity Date, (2) if applicable, whether you receive any contingent Coupon Payments during the remaining term of the Notes and the amount of any such payments and (3) if applicable, whether the Notes are automatically redeemed prior to maturity will be determined by reference to the Successor Index.

If any of the following occurs in respect of an Index (each, a "Material Index Change"):

- on or prior to any Observation Date, the Index Sponsor announces that it will make a material change in the formula for or the method of calculating the Closing Level or in any other way materially modifies the Reference Index (other than a modification prescribed in that formula or method to maintain the Reference Index in the event of changes in constituent securities and capitalization and other routine events) or permanently cancels the Reference Index and no successor index exists;
- on any Observation Date, the failure of the Index Sponsor to calculate, announce and/or publish the Closing Level (or the information necessary for determining the Closing Level), or the temporary or

permanent discontinuance or unavailability of the Index Sponsor; or

- prior to the Maturity Date, we determine, in our sole discretion, that we have ceased to have any necessary license or right to utilize the Index in connection with the Notes,

then the Calculation Agent may (A) determine if such Material Index Change has a material effect on the determination of (1) the payment you receive on the Maturity Date, (2) if applicable, whether you receive any contingent Coupon Payments during the remaining term of the Notes and the amount of any such payments and (3) if applicable, whether the Notes are automatically redeemed prior to maturity and, if so, will make those determinations using, in lieu of a published Closing Level for the Reference Index, the level for the Reference Index as of each relevant Observation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating the Closing Level last in effect prior to the change, failure or cancellation, but using only those constituent securities that comprised the Reference Index immediately prior to that Material Index Change, or (B) determine if another comparable equity index exists that (1) is reasonably representative of the market which was represented by the Reference Index, and (2) may be as efficiently and economically hedged by dealers in such market as the Reference Index was so hedged. If the Calculation Agent determines that such other comparable index exists, then the comparable index (the "Replacement Index") will replace the Reference Index as of the date of such determination, and (1) the payment you receive on the Maturity Date, (2) if applicable, whether you receive any contingent Coupon Payments during the remaining term of the Notes and the amount of any such payments and (3) if applicable, whether the Notes are automatically redeemed prior to maturity will be determined by reference to the Replacement Index. In this case, we will, as soon as practicable after the Replacement Event, make adjustments to all variables relevant to the aforesaid determinations. Any adjustments will be made in such a way as the Calculation Agent determines appropriate to account for the performance of the Reference Index up to the occurrence of such Replacement Event and the subsequent performance of the Replacement Index thereafter. As soon as practicable after the occurrence of a Replacement Event and the making of any adjustments, the Calculation Agent will give notice to noteholders or their agents.

For greater certainty, the Calculation Agent, acting in its sole and absolute discretion, may determine that no other comparable index exists such that a Replacement Index is not substituted for the Index.

Extraordinary Events

If the Calculation Agent determines in its sole and absolute discretion that (1) a Market Disruption Event in respect of the Reference Index has occurred and has continued for at least eight (8) consecutive Exchange Days, (2) a Material Index Change has occurred or (3) there is any change or proposed change in applicable law (or the interpretation or administration thereof) that, in the opinion of the Calculation Agent, acting reasonably, would have a significant adverse effect on the market price, value, marketability or return payable with respect to the Notes, the Calculation Agent may decide not to choose a Replacement Index as a substitute for the Reference Index (an "Extraordinary Event"). Such a decision may be made if the Calculation Agent has determined that there is no comparable index traded on a major exchange or market quotation system that offers sufficient liquidity in order for the Calculation Agent to (A) acquire, place, establish, re-establish, substitute, maintain, modify or unwind or dispose of any hedge transaction for that index or (B) realize, recover or remit the proceeds of any hedge transaction. If an Extraordinary Event occurs, we may, upon notice to noteholders or their agents to be given effective on an Exchange Day (the date of such notification being the "Extraordinary Event Notification Date"), elect to discharge our obligations in respect of (1) the payment you receive on the Maturity Date and (2) if applicable, the amount of any Coupon Payments during the remaining term of the Notes by making an accelerated payment prior to the Maturity Date (an "Early Payment Amount"). The Early Payment Amount will be determined by the Calculation Agent acting in good faith in accordance with industry-accepted methods and based on all relevant market circumstances. Upon this election, the following consequences will arise as of the Extraordinary Event Notification Date: (1) any payment on the Notes that may otherwise be payable by us will not be calculated in accordance with the provisions set out in this section; (2) the Early Payment Amount will be determined as of the Extraordinary Event Notification Date, whether or not any Extraordinary Event is continuing on such date; and (3) we will be discharged of all our obligations in respect of any further payments on the Notes. Payment of the Early Payment Amount, if any, will be made on the tenth (10th) Business Day after the Extraordinary Event Notification Date (the "Early Payment Date"), and you will not be entitled to receive any further payments with respect to the Notes. It is possible that the Early Payment Amount may be less than (1) what you may have received on the Maturity Date and (2) if applicable, the amount of any Coupon Payments you may have received during the remaining term of the Notes absent the occurrence of the Extraordinary Event and an election by us to pay the Early Payment Amount.

If we determine that an Extraordinary Event has occurred and the Extraordinary Event is the result of a Market Disruption Event or Material Index Change, then, in lieu of electing to pay the Early Payment Amount, we may use an alternative exchange or index source to determine the Closing Level, or replace the Reference Index Publisher with an alternative reference source or basis for determining the Closing Level which, in our reasonable determination, most closely approximates the level for the Reference Index, and thereafter such alternative reference source or basis for determining the level may become the successor publisher for determining the Closing Level in the future.

Index-linked Notes with an Observation Period

The applicable pricing supplement for Notes linked to a Reference Index may specify that any payment on the Notes is contingent on the occurrence or non-occurrence of a specified event during an Observation Period consisting of two or more Exchange Days. Such event may be referred to in the applicable pricing supplement as a trigger event, a knock-in event, a knock-out event, a downside event, a fixing event or by another term. For purposes of this product supplement, we refer to any such event as a "Trigger Event." The following additional terms apply to Notes linked to a Reference Index for which an Observation Period is applicable.

If the last day of the Observation Period is an Observation Date, any postponement of such Observation Date will not extend such Observation Period. For the avoidance of doubt, no day included in an Observation Period is an Observation Date unless such day is specifically designated in the applicable pricing supplement as an Observation Date.

The applicable pricing supplement will specify whether the Trigger Event is based on the Closing Level or the Intra-Day Level of a Reference Index. The "Intra-Day Level" of a Reference Index at any time on any date of determination will be the level of such Reference Index as most recently published on such date by the relevant Index Sponsor, subject to the terms described under "—Discontinuance or material modification of a Reference Index" above. If the level of the Reference Index is not published by the Index Sponsor for more than, in the aggregate, two hours on any date of determination or a Market Disruption Event occurs with respect to such Reference Index on any date of determination, the Calculation Agent may, in its sole discretion, determine one Intra-Day Level for the applicable Reference Index for the period during which the level is not published or a Market Disruption Event is continuing, and such Intra-Day Level will be the level of such Reference Index as calculated by the Calculation Agent in accordance with the formula for and method of calculating that Reference Index last in effect prior to the failure to publish or the occurrence of the Market Disruption Event, as applicable, determined as of any time selected by the Calculation Agent during such period, but using only those securities included in that Reference Index immediately prior to such failure to publish or the occurrence of the Market Disruption Event, as applicable, and, if applicable, using its good faith estimate of the value of any security included in the Reference Index as to which an event giving rise to the Market Disruption Event has occurred. Solely for purposes of this paragraph, a Market Disruption Event will be deemed to occur with respect to the Reference Index if, in addition to any of the events described in the definition of "Market Disruption Event" above, any of the events described in such definition occurs for more than two hours of trading during the principal trading session of the relevant Exchange or any Related Exchange, as applicable.

Tax Considerations

Certain Canadian Federal Income Tax Considerations

In the opinion of our counsel, Torys LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of the notes by a holder that purchases the notes at the time of issuance (an "initial holder"). This summary is applicable only to an initial holder who is an individual (other than a trust) and, for the purposes of the Tax Act, is, or is deemed to be, a resident of Canada, deals at arm's length with and is not affiliated with us and holds the notes as capital property. The notes will generally be considered to be capital property to an initial holder unless: (i) the initial holder holds the notes in the course of carrying on or otherwise as part of a business of trading or dealing in or buying and selling securities; or (ii) the initial holder acquired the notes as an adventure in the nature of trade. Certain initial holders resident in Canada whose notes might not otherwise be considered to be capital property or who desire certainty with respect to the treatment of the notes as capital property may be entitled to make an irrevocable election to have the notes and all of the initial holder's other "Canadian securities" (as defined in the Tax Act) deemed to be capital property pursuant to subsection 39(4) of the Tax Act. To the extent that any Canadian federal income tax considerations described in a pricing supplement for a particular series of notes are inconsistent with those described herein, the tax considerations in the relevant pricing supplement shall supersede the tax considerations in this summary.

This summary is based on the current provisions of the Tax Act as in force on the date hereof, counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. No assurance can be given that any proposal to amend the Tax Act will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or in the CRA's administrative or assessing practices, whether by legislative, governmental or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the notes and does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be relied upon or construed as, legal or tax advice to any particular holder. Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in the notes, based on their particular circumstances.

Currency Conversion

The notes may be denominated in a foreign currency. For the purposes of the Tax Act, all foreign currency amounts relating to the acquisition, holding or disposition of a note must generally be expressed in Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard (the "applicable exchange rate"). As a result, an initial holder may realize income, capital gains or capital losses by virtue of fluctuations in the value of the foreign currency relative to the Canadian dollar.

Coupon Payments

An initial holder will be required to include a Coupon Payment, if any, as interest on the notes in income for the taxation year in which the Coupon Payment is received or became receivable (depending on the method regularly followed by the initial holder in computing income) to the extent such amount was not included in computing the initial holder's income for a preceding taxation year.

Accrual of Interest

Except as otherwise indicated in a pricing supplement for a particular series of notes, the notes are "prescribed debt obligations" within the meaning of the Tax Act. In certain circumstances, provisions of the Tax Act can deem interest to accrue on notes that are "prescribed debt obligations". The rules (the "prescribed debt obligations rules") in the Tax Act applicable to a prescribed debt obligation generally require a taxpayer to accrue the amount of any interest, bonus or premium receivable in respect of the obligation over the term of the obligation, based on the maximum amount of interest, bonus or premium receivable on the obligation. Based in part on counsel's understanding of the CRA's administrative practice with regard to "prescribed debt obligations", there should be no deemed accrual of interest under the prescribed debt obligations rules prior to the time that an amount of the upside return becomes determinable.

Payment at AutoCall Payment Date, Call Payment Date, Maturity Date or Early Payment Date

Except as otherwise indicated in a pricing supplement for a particular series of notes, an initial holder who holds a note on an Autocall Payment Date, Call Payment Date or the Maturity Date (or an Early Payment Date) will generally be required to include in income for the taxation year which includes the Autocall Payment Date, Call Payment Date or the Maturity Date (or the Early Payment Date), the amount, if any, by which the Maturity Payment, the Autocall Payment, the Call Payment, or the Early Payment Amount, as applicable, exceeds the Principal Amount, except to the extent otherwise included in income for the taxation year or a preceding taxation year. Generally, at the Autocall Payment Date, Call Payment Date or Maturity Date (or an Early Payment Date) an initial holder will also be considered to have disposed of the note and may realize a capital loss to the extent that the payment on such date is less than the initial holder's adjusted cost base of the note.

We will file an information return with the CRA in respect of any interest to be included in an initial holder's income as and when required by law and will provide the initial holder with a copy of such return.

Disposition of Notes Prior to Maturity Date

Except as otherwise indicated in a pricing supplement for a particular series of notes, where an initial holder assigns or transfers a note, the initial holder will be required to include in income as accrued interest the amount, if any, by which the price for which the note was assigned or transferred (converted into Canadian dollars using the applicable exchange rate on the date of assignment or transfer where the note is denominated in a foreign currency) exceeds the Principal Amount (converted into Canadian dollars using the applicable exchange rate on the date of the assignment or transfer where the note is denominated in a foreign currency). On such an assignment or transfer, an initial holder may realize a capital loss or, in the case of a note denominated in a foreign currency, may realize, because of foreign currency fluctuations, a capital gain. An initial holder who disposes of a note prior to the Maturity Date should consult the initial holder's tax advisor with respect to their particular circumstances.

Treatment of Gains and Losses

One-half of a capital gain (a "taxable capital gain") realized by an initial holder must be included in the income of the initial holder. One-half of a capital loss (an "allowable capital loss") realized by an initial holder is deductible against taxable capital gains realized in the taxation year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted against net taxable capital gains realized in the three preceding taxation years or carried forward and deducted against net taxable capital gains realized in subsequent years, subject to the detailed rules in the Tax Act.

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

Plan of Distribution

Subscription

The notes are being offered through Fundserv Inc's investment fund transaction processing system ("Fundserv"), unless otherwise specified in the applicable pricing supplement. Subscriptions for the notes will be made through the Fundserv network, which will result in funds being accumulated in a non-interest-bearing account of BMO Capital Markets pending execution of all documents required for this transaction and satisfaction of closing conditions if any. You should note that, unless you have purchased the notes directly through a representative of BMO Nesbitt Burns Inc., you do not have an account with BMO Nesbitt Burns Inc. Funds in respect of all subscriptions shall be payable at the time of subscription. We will have the sole right to accept offers to purchase the notes and may reject any proposed purchase of the notes in whole or in part, and we reserve the right to allot the notes to investors in an amount less than that subscribed for by the investor. We reserve the right to close the subscription book at any time and may discontinue accepting subscriptions at any time without notice. We may at any time prior to the issue date, in our discretion, elect whether or not to proceed in whole or in part with the issue of the notes.

It is expected that the closing of a particular offering of notes will take place on the date described in the applicable pricing supplement, or such other date as we and the dealers may agree, and that on or about the issue date a certificate evidencing the Notes will be issued to a custodian maintaining records of ownership on behalf of the Bank, to CDS Clearing and Depository Services Inc., or to such other depository as we and the dealers may agree. Except in certain limited circumstances, subscribers for the notes will not have the right to receive physical certificates evidencing their ownership of the notes. If for any reason the closing of the offering does not occur, all subscription funds will be returned forthwith to the subscriber's financial advisor without interest or deduction using the Fundserv network.

We may from time to time issue any additional series of the notes or any other notes or other debt instruments (which may or may not resemble the notes) which may be offered by us concurrently with the offering.

Secondary Market

BMO Capital Markets will use reasonable efforts under normal market conditions to provide for a daily secondary market for the sale of the notes through Fundserv's order entry system, but reserves the right to elect not to do so in the future, in its sole and absolute discretion, without prior notice to you. Except in certain special circumstances described in this product supplement, the notes may be sold to BMO Capital Markets through Fundserv on a daily basis at the posted bid price, which may be lower than the issue price, minus any applicable early trading charge. In order to sell notes, you must arrange through your investment broker to give notice to BMO Capital Markets either in writing or electronically through Fundserv's investment fund transaction processing system. BMO Capital Markets may suspend the secondary market at any time in its sole and absolute discretion, including in the event that the calculation agent suspends the determination of bid prices as BMO Capital Markets would not be able to fairly and accurately determine the price of the notes in order to facilitate a secondary market.

The bid price at which you will be able to sell the notes prior to maturity may be at a discount, which could be substantial, to the payment you would receive if the notes were maturing on the maturity date. The bid price for the notes at any time will depend on, among other factors, (1) how much the closing level of the reference asset or reference assets has risen or fallen since the date of the applicable pricing supplement and the performance of the reference asset or reference assets up to such time, and (2) a number of other interrelated factors, including, without limitation, supply and demand for the notes, inventory positions with market makers, the volatility of the reference asset or reference assets, the prevailing level of interest rates, market expectations of the future levels of interest rates, the time remaining to the next payment due under the notes, the time remaining to maturity, the dividend yield of the reference asset or reference assets and, if the reference asset is a reference ETF or a reference index, the constituent securities, the recognition over time by us of our estimated revenue from the notes (which may or may not be realized) net of our cost of hedging the notes, the amortization by us of the upfront costs incurred by us in creating, distributing and issuing the notes and our creditworthiness. The relationship between these factors is complex and may be influenced by various political, economic, regulatory and other factors that can affect the bid price for the notes. In particular, you should understand that the bid price (1) might have a non-linear sensitivity to rises and falls in the performance of the reference asset or reference assets (i.e., the trading price of the notes might increase and decrease at a different rate compared to the percentage increases and decreases in the closing level of the reference asset or reference assets) and (2) may be substantially affected by changes in the level of interest rates independent of the performance of the reference asset or reference assets.

In addition, any sale of notes by you to BMO Capital Markets prior to maturity may be subject to an early trading charge that will depend on the amount of time that has elapsed since the issue date, as specified in the applicable pricing supplement.

The calculation agent may suspend the determination of the bid price during the existence of any state of affairs that makes the determination of the bid price impossible, impractical or prejudicial to you, including, without limitation, the interruption, breakdown or suspension of the trading of the Reference Asset or Reference Assets. See “Description of the Notes.” If the calculation agent suspends the calculation of the bid price, BMO Capital Markets will not be able to fairly and accurately determine the price of the notes in order to facilitate a secondary market. BMO Capital Markets may suspend the secondary market (assuming the availability of a secondary market) for the notes if the calculation agent suspends the calculation of the bid price.

You should consult your investment advisor on whether it would be more favourable in the circumstances at any time to sell the notes or hold the notes until maturity and in order to understand the timing and other procedural requirements and limitations of selling the notes prior to maturity. For information about selling the notes through the Fundserv system, see “Description of the Notes—Fundserv” in the accompanying base shelf prospectus.

You will not be able to redeem or sell your notes prior to maturity other than through the secondary market, if any, that may be provided by BMO Capital Markets. If you choose to sell your Notes prior to maturity, you will receive an amount that may be substantially less than the issue price, particularly if (1) the closing level of the reference asset or reference assets is below its or their respective initial levels and (2) the trigger conditions for any contingent payments on the notes have not been met. There is no guarantee that any secondary market which may develop will be liquid or sustainable.

We and BMO Capital Markets, and any of our respective affiliates, may at any time, subject to applicable laws, purchase or sell notes at any price in the open market or by private agreement.

We reserve the right to purchase for cancellation at our discretion any number of notes in the secondary market, without notice to noteholders or their agents.

In connection with the issue and sale of the notes by us, no person is authorized to give any information or to make any representation not expressly contained in this product supplement or the global note and we do not accept responsibility for any information not contained herein. This product supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the notes in any jurisdiction outside Canada where any action is required.

The notes to be issued pursuant to the applicable pricing supplement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the requirements of the U.S. Securities Act.

Use of Proceeds

We will use the net proceeds of the offerings for general banking purposes. We and/or our affiliates may use all or any portion of the proceeds in transactions intended to hedge our obligations under the notes, including forward and option contracts. We may benefit from any difference between the amount we are obligated to pay under the notes, net of related fees and expenses, and the returns we may generate in hedging such obligation.

Calculation Agent

BMO Capital Markets or a person appointed by BMO Capital Markets will act as calculation agent for the notes. Except in the circumstances described below, all calculations and determinations to be made in connection with the notes will be made by the calculation agent in its sole and absolute discretion. Whenever the calculation agent is required to act, it will do so in good faith using its reasonable judgment and its determinations will be binding in the absence of manifest error. The calculation agent does not warrant the accuracy, reliability or completeness of information made available with respect to the notes or calculations made by it in connection with the notes. The calculation agent receives no fees for acting in such capacity. If a calculation or valuation described in "Description of the Notes" contemplated to be made by the calculation agent in respect of the notes following an extraordinary event involves the application of material discretion and is not based on information or calculation methodologies compiled or utilized by, or derived from, independent third party sources, we will appoint one or more calculation experts to confirm such calculation or valuation. Such calculation experts will be independent from us and active participants in the financial markets in Canada. Calculation experts will not assume any obligation or duty to, or any relationship of agency or trust for or with, you or us. You will be entitled to rely on any valuations, calculations or confirmations made by such calculation experts and such valuations, calculations and confirmations will, except in the case of manifest error, be final and binding on us, the calculation agent and you. Calculation experts will not be responsible for good faith errors or omissions in the making of any such valuations, calculations and confirmations. Calculation experts may, with our consent, delegate any of their obligations and functions to a third party as they deem appropriate, but acting honestly and reasonably at all times. The valuations, calculations and confirmations of calculation experts will be made available to you at our principal executive offices.

Conflicts of Interest

BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of ours, which we refer to in this product supplement as "BMO Capital Markets". As a result, we are a "related issuer" of BMO Capital Markets for the purposes of National Instrument 33-105 — *Underwriting Conflicts*. The decision to offer any notes and the determination of the terms of such notes will be based on a number of factors, including the direction and advice of officers of BMO Capital Markets. The terms of the notes were based on negotiations between BMO Capital Markets, as our agent, and the dealers. We or BMO Capital Markets, as agent on our behalf, may enter into arrangements to hedge our risks associated with the notes. We have agreed that BMO Capital Markets may retain a portion of any profits, and may be required to compensate us for a portion of any losses, resulting from such hedging arrangements. In addition, BMO Capital Markets will serve as calculation agent and facilitate payment of amounts payable, if any, in respect of the notes. BMO Capital Markets will also use commercially reasonable efforts under normal market conditions to provide for a daily secondary market for the sale of the notes, as described herein, but reserves the right to elect not to do so in the future, in its sole and absolute discretion, without prior notice to noteholders or their agents, and may earn a profit in connection with the acquisition or subsequent disposition of the notes acting as principal. BMO Capital Markets will receive a share of the dealers' fee as described in the applicable pricing supplement.

Risk Factors

An investment in the notes is significantly riskier than an investment in conventional debt securities. The notes are subject to all of the risks associated with an investment in our conventional debt securities, including the risk that we may default on our obligations under the notes, and are also subject to risks associated with the relevant reference asset or reference assets because any payment you may receive under the notes will depend on the performance of the relevant reference asset or reference assets. The risk factors below describe certain significant risks associated with an investment in the notes. You should read these risk factors together with the risk factors included in the base shelf prospectus and the applicable pricing supplement, which will describe more specifically those risks associated with the terms of the particular issuance of notes. Each of the following risk factors may or may not be applicable to the notes, as described in the applicable pricing supplement.

Risk factors Relating to All Notes

The Notes may not be suitable for you.

You should decide to invest in the notes only after carefully considering with an advisor whether the notes are a suitable investment for you in light of the information set out in the applicable pricing supplement, this product supplement and the accompanying base shelf prospectus. Neither we nor BMO Nesbitt Burns Inc., a subsidiary of ours, which we refer to in this product supplement as "BMO Capital Markets", make any recommendation as to whether the notes are a suitable investment for you.

Investments in the notes are uncertain in nature in that they could produce no return and you could lose some or substantially all of your investment, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement. An investment in the notes is only suitable for investors with a medium-term investment horizon who are prepared to assume the risk that the return on the notes, any coupon payments and the repayment of the principal amount depends on the closing level of the reference asset or reference assets on one or more observation dates and, in the case of coupon payments where the coupon rate is linked to a reference rate, the level of that reference rate on the relevant dates. If the applicable pricing supplement states that the coupon is (1) "contingent" on the performance of one or more reference assets, (2) a performance coupon, the amount of which depends on the performance of one or more reference assets, or (3) subject to a range accrual feature, or that the coupon rate is a floating rate determined by reference to a reference rate, it is possible that you may receive no coupons during the term of the notes. The notes are therefore not a suitable investment for you if you require a guaranteed return or cannot withstand a loss of some or substantially all of your principal investment.

You may lose some or all of your investment in the notes.

Unlike conventional debt securities, the notes do not provide for the repayment of the stated principal amount at maturity in all circumstances. Instead, the payment you receive at maturity will depend on the performance of the relevant reference asset or reference assets, as described in the applicable pricing supplement. You should carefully read the applicable pricing supplement to understand the circumstances in which the performance of the reference portfolio will cause you to receive an amount that is less than the stated principal amount of the notes at maturity. Depending on the performance of the reference portfolio, you could lose some or substantially all of your investment, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement.

You may not receive one or more, or any, coupon payments during the term of the notes if the applicable pricing supplement states that the coupon is (1) "contingent" on the performance of one or more reference assets, (2) a performance coupon, the amount of which depends on the performance of one or more reference assets, or (3) subject to a range accrual feature, or that the coupon rate is a floating rate determined by reference to a reference rate. The notes are therefore not a suitable investment for you if you require a guaranteed return or cannot withstand a loss of some or substantially all of your investment.

If the applicable pricing supplement states that the coupon is (1) "contingent" on the performance of one or more reference assets or (2) a performance coupon, the amount of which depends on the performance of one or more reference assets, whether you receive a coupon payment on any coupon payment date and the amount of any such payment will depend on the closing level of the reference asset or reference assets on the immediately preceding observation date. If the condition to receiving a contingent coupon payment is not satisfied on an observation date, you will not receive a coupon payment on the immediately following coupon payment date. You should understand that in this case you may not receive a payment on one or more, or any, coupon payment dates during the term of the notes. As a result, your actual yield on the notes, if any, may be less than that of our conventional debt securities.

If the applicable pricing supplement states that the coupon rate is subject to a range accrual feature, the coupon payments on the notes will be variable and may be zero on one or more, or all, coupon payment dates. In this case, any coupon payment will be paid at a rate equal to the coupon rate specified in the applicable pricing supplement only if the accrual condition is satisfied on each elapsed day during the related accrual period. Whether the accrual condition is satisfied on any elapsed day will depend on the closing level of the reference asset or reference assets on that elapsed day. If, on each elapsed day during an accrual period, the accrual condition is not satisfied, no coupon payment will be made on the related coupon payment date. If, on any elapsed day during an accrual period, the accrual condition is not satisfied, the applicable coupon payment will be paid at a rate that is less, and possibly significantly less, than the coupon rate. Accordingly, there can be no assurance that you will receive a coupon payment on one or more, or any, coupon payment dates or that any coupon payment you do receive will be calculated at the full contingent rate.

Furthermore, if the coupon rate is itself a floating rate determined by reference to a reference rate, there will be additional risks associated with that reference rate. A floating rate may be as low as zero for any coupon period, unless otherwise specified in the applicable pricing supplement. If the coupon rate is zero for any coupon period, you will not receive any coupon payment on the related coupon payment date.

Higher coupon rates are associated with greater risk.

The notes offer guaranteed or contingent coupon payments at a rate which, assuming, in the case of contingent coupon payments or coupon payments subject to a range accrual feature, all are paid in full, and, in the case of notes offering a variable return, when considering the potential of a variable return, would result in a yield that is generally higher than the yield on our conventional debt securities of the same maturity. You should understand that, in exchange for this potentially higher yield, you will be exposed to significantly greater risks than investors in our conventional debt securities. These risks include (1) the risk that the payment you receive at maturity may be significantly less than the stated principal amount of the notes, (2) the risk that, if the applicable pricing supplement states that the coupon is contingent, a performance coupon or subject to a range accrual feature, you may not receive a coupon payment on one or more, or any, of the coupon payment dates and (3) the risk that, if so specified in the applicable pricing supplement, the notes may be automatically redeemed prior to maturity or we may choose to redeem the notes prior to maturity. In general, higher coupon rates are associated with greater levels of expected risk as of the date of the applicable pricing supplement for the notes.

The volatility of the reference asset or reference assets is an important factor affecting the risks described in the preceding paragraph. Volatility is a measure of the average magnitude of daily fluctuations in the level of the reference asset or reference assets over any given time period. Investors in the notes will be adversely affected by volatility of the reference asset or reference assets. This is because greater volatility generally means a greater risk that the closing level of the reference asset or reference assets on one or more observation dates will be below the protection level specified in the applicable pricing supplement and, as a result, the payment you receive at maturity may be significantly less than the stated principal amount of the notes and, if the applicable pricing supplement states that the coupon is contingent or subject to a range accrual feature, you may not receive a coupon payment on one or more, or any, of the coupon payment dates.

Notes with a barrier feature are subject to particular risks.

If the applicable pricing supplement so specifies, any limitation on the downside exposure of the notes to the negative performance of the reference asset or reference assets may not apply if the downside protection is structured as a barrier and the level of the reference asset or reference assets falls below the specified protection level on one or more specified observation dates. For such notes, if the level of the reference asset or reference assets is below the protection level on the relevant dates, you will be fully exposed to any decline in the reference asset or reference assets from the applicable initial level to the final level. Unlike notes where the downside protection is structured as a buffer, such notes offer no protection at all if the level of the reference asset or reference assets falls below the specified protection level, and it is possible that you will lose some or substantially all of the stated principal amount of such notes, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement.

Notes with a geared buffer are subject to particular risks.

If the applicable pricing supplement so specifies, any limitation on the downside exposure of the notes to the negative performance of the reference asset or reference assets may be diminished if the downside protection is structured as a geared buffer and the level of the reference asset or reference assets is below the protection level on the date specified in the applicable pricing supplement as the final valuation date. For such notes, if the level of the reference asset or reference assets is below the protection level on the final valuation date, you will lose more than 1% of the stated principal amount of the notes for every 1% the level of the reference asset or reference assets decline beyond the buffer level. The percentage of such magnified loss, which will progressively offset any protection that the geared buffer would offer, will be specified in the applicable pricing supplement. The lower the level of the reference asset or reference assets on the final valuation date, the less benefit you will receive from a geared buffer. Unlike notes offering a 1-to-1 participation in any decline of the final reference portfolio level below the buffer level, notes with a geared buffer feature may expose you to the full decline in the level of the reference asset or reference assets, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement.

Notes with a knock-in, knock-out or similar feature are subject to particular risks.

If the applicable pricing supplement so specifies, one or more payments on the notes may be adversely affected if a specified event occurs, which may be described as a trigger event, a knock-in event, a knock-out event, a downside event, a fixing event or by another term. Any such event may occur if the closing level, intra-day level or trading price of the reference asset or reference assets is less than, less than or equal to, greater than or greater than or equal to a specified level during a specified observation period, as specified in the applicable pricing supplement. Any such event may occur even if only as a result of a temporary drop or spike in the level of the reference asset or reference assets that is quickly reversed. For such notes, you should carefully read the applicable pricing supplement to understand when the applicable event will occur and what the consequences of that event are on the amounts owed to you under the notes. Notes that are subject to any such event may not perform as well as notes that are not subject to such an event.

With notes offering an early redemption feature, the timing of any redemption payment is uncertain.

If so specified in the applicable pricing supplement, the notes will be subject to automatic early redemption, or we will have the right to redeem the notes, in whole or in part, on the date or dates specified in the pricing supplement. If the notes are redeemed early, you will receive a redemption payment prior to the stated maturity date and will not receive any further payments after such date.

The return on the notes, if any, is uncertain until redemption.

The amount of any return you may receive on the notes will depend on the reference portfolio performance. Depending on the features of the notes, as set out in the applicable pricing supplement, the reference portfolio performance at different points may influence both the amount of the any coupon payments, early redemption payment and payment at maturity. The historical performance of the reference asset or reference assets should not be considered as an indication of its or their respective future performance. You should understand that the risk involved in investing in the notes is greater than that associated with other types of fixed income investments.

The initial level of the reference asset or reference assets applicable to the notes may be determined after the notes are issued.

If the applicable pricing supplement so specifies, the initial level of the reference asset or reference assets may be determined based on the lowest or highest level or the arithmetic average of their closing levels on one or more dates on or after the trade date. As a result, the initial level of the reference asset or reference assets may not be determined, and you may therefore not know their initial levels, until after the trade date. Any change to the initial level of the reference asset or reference assets as a result of changes in their levels after the trade date may adversely affect your return on the notes.

You may not be adequately compensated for assuming the downside risks of the reference asset or reference assets.

The coupon payments on the notes are the compensation you receive for assuming the downside risks of the reference asset or reference assets described in the applicable pricing supplement, as well as all the other risks of the notes. This compensation may be less than you expect. In addition, in the case of notes where the applicable pricing supplement states that the coupon payments are contingent on the performance of one or more reference assets or subject to a range accrual feature, the compensation is effectively "at risk" and may, therefore, be less than you currently anticipate. First, the actual yield you realize on the notes could be lower than you anticipate because the coupon is "contingent" or subject to a range accrual feature and, as a result, you may not receive a coupon payment on one or more, or any, of the coupon payment dates or the coupon amount may be lower than you expect. Second, the coupon payments are the compensation you receive not only for the downside risks of the reference asset or reference assets, but also for all of the other risks inherent in the notes, including interest rate risk and our credit risk. If those other risks increase or are otherwise greater than you currently anticipate, the coupon payments may turn out to be inadequate to compensate you for all the risks of the notes, including the downside risks of the reference asset or reference assets.

Notes linked to the lowest performing of two or more reference assets are subject to particular risks.

If the applicable pricing supplement so specifies, the notes will be linked to the lowest performing of two or more reference assets. The return on such notes, which may be negative, will be based on the performance of the reference asset that has the lowest performance over the term of the notes. Accordingly, you may lose money if one reference asset performs poorly, even if the other reference asset or reference assets perform well. Such notes are not like notes linked to a reference basket, where the negative performance of one reference basket component might be offset to some degree by the positive, or lesser negative, performance of the other reference basket component. Instead, notes linked to the lowest performing of two or more reference assets will reflect the performance of the reference asset that has the lowest performance with no offsetting benefit from the reference asset or reference assets with the better performance.

The value of the notes prior to maturity will fluctuate based on many unpredictable factors.

The value of the notes prior to maturity will fluctuate based on the level of the reference asset or reference assets and a number of other factors, including those described below. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of one or more other factors. The paragraphs below describe what we expect to be the impact on the value of the notes of a change in a specific factor, assuming all other conditions remain constant. You should understand that the value of the notes at any time prior to maturity may be significantly less than the stated principal amount.

Value of the reference asset or reference assets. We expect that the value of the notes at any time will depend substantially on the level of the reference asset or reference assets at that time. If the level of the reference asset or reference assets declines following the trade date, the value of the notes, if any, will also likely decline, perhaps significantly. Even at a time when the level of the reference asset or reference assets exceeds the applicable level on the trade date, the value of the notes may nevertheless be significantly less than the stated principal amount of the notes because of expectations that the value will continue to fluctuate over the term of the notes, among other reasons.

The level of any reference ETF or reference index to which the notes may be linked will be influenced by the value and volatility of the stocks that are held by the reference ETF or that constitute the reference index, as well as by complex and interrelated political, economic, financial and other factors that affect the capital markets generally. The level of any reference company to which the notes may be linked will be influenced by the results of operations of the reference company, as well as by the same general market factors.

Furthermore, the level of any reference rate by reference to which the coupon rate is determined will generally be influenced by perceptions about future levels of the reference rate, general economic conditions in the relevant market and prevailing market interest rates. Hedging by us or our counterparties (which may include our affiliates), the issuance of other notes similar to the notes and other trading activities by our affiliates may also affect such values, which could negatively affect the value of the notes.

Volatility in the closing level of the reference asset or reference assets. Volatility refers to the average magnitude of daily fluctuations in the closing level of a reference asset over any given period. Any increase in the expected volatility in the closing level of the reference asset or reference assets is likely to adversely affect the value of the notes. This is because greater volatility in the level of the reference asset or reference assets is associated with a greater likelihood that the level of the reference asset or reference assets will decrease to a level that will negatively affect one or more payments owed to you under the notes.

Changes in correlation. For notes linked to two or more reference assets and/or a reference rate, if the correlation (a measure of the extent to which the levels of those reference assets and/or the reference rate increase or decrease to the same degree at the same time) between those reference assets and/or the reference rate changes, the value of the notes may decrease.

Dividend yield. If the dividend yield on the stocks included in a reference index or paid by a reference ETF or reference company increases, we expect that the value of the notes may decrease. You will not be entitled to receive any dividends paid on the stocks included in a reference index or paid by a reference ETF or reference company during the term of the notes, and any payment you may receive under the notes will not reflect the value of such dividend payments except to the extent such dividends reduce the level of the reference asset or reference assets.

Currency exchange rates. If a reference index or a reference ETF includes or holds stocks that are traded in a currency other than Canadian dollars and the level of such reference index or reference ETF is based on the Canadian dollar value of those stocks, then the value of the notes will be affected by changes in the exchange rate between the relevant currencies and the Canadian dollar. In general, if the Canadian dollar strengthens relative to such other currencies, the value of the notes will decline for that reason alone.

Volatility of currency exchange rates and correlation between exchange rates and the reference index. If a reference index includes stocks that are traded in a currency other than Canadian dollars and the level of such reference index is based on the value of such stocks in such other currency, without conversion into Canadian dollars, then the value of the notes will be affected by changes in the volatility of the exchange rate between such other currency and the Canadian dollar and by changes in the correlation between such exchange rate and the level of such reference index.

Interest rates. We expect that the value of the notes will be affected by changes in Canadian interest rates. In general, if Canadian interest rates increase, the value of the notes may decrease.

Time remaining to maturity. At any given time, a portion of the value of the notes will be attributable to time value, which is based on the amount of time then remaining to maturity. If you sell the notes at any time prior to maturity, you will be giving up any increase in the time value of the notes that may result as the time remaining to maturity shortens.

Our creditworthiness. The notes are subject to our credit risk. Therefore, any actual or anticipated changes to its credit rating or credit spreads may adversely affect the value of the notes.

It is important for you to understand that the impact of one of the factors discussed above may offset, or magnify, some or all of any change in the value of the notes attributable to one or more of the other factors.

The performance of the notes will depend on the closing level of the reference asset or reference assets solely on the relevant observation dates, which makes the notes particularly sensitive to volatility of the reference asset or reference assets.

The applicable pricing supplement may specify that the payment you receive at maturity, and whether a coupon payment will be made on any coupon payment date and the amount of any such payment, is based on the closing level of the reference asset or reference assets on a small number of observation dates. In this case, you are subject to the risk that the relevant closing level may be lower, and possibly significantly lower, on those relevant observation dates than on one or more other dates during the term of the notes, including other dates near the relevant observation dates. If the applicable pricing supplement states that the performance of the notes depends on the closing level of the reference asset or reference assets on a small number of dates, the notes will be particularly sensitive to volatility in the closing level of the reference asset or reference assets.

You will not receive any dividends paid with respect to the reference asset or reference assets.

As an investor in the notes, you will not receive any dividends paid by any reference asset, or on any shares included in or held by any reference index or reference ETF, to which the notes may be linked. Further, as the payment on the notes will be based on the closing level of the applicable reference asset or reference assets on a particular date, the payment on the notes will not reflect the value of any dividends paid over the term of the notes except to the extent dividends reduce the closing level of the reference asset or reference assets. Over the term of the notes, this forgone dividend yield may cause an investment in the notes to significantly underperform a direct investment in the applicable reference asset(s). Therefore, you should not invest in the notes unless you are willing to forgo dividends in respect of the relevant reference asset(s).

Investing in the notes is not equivalent to investing in the reference asset or reference assets.

Investing in the notes is not equivalent to investing in any reference asset to which the notes may be linked. In addition to forgoing dividends, investors in the notes will not have voting rights with respect to any reference company, or any shares included in or held by any reference index or reference ETF, to which the notes may be linked. Moreover, the notes may be subject to a cap or other feature that may limit the extent to which an investor in the notes may participate in the performance of the reference asset or reference assets.

Your payment at maturity may be based on the level of the reference asset or reference assets on a single day.

The applicable pricing supplement may specify that the payment at maturity of the notes is based on the closing level of the reference asset or reference assets on a single observation date. In such case, you are subject to the risk that the relevant closing level may be lower, and possibly significantly lower, on the relevant observation date than on one or more other dates during the term of the notes, including other dates near the relevant observation date. If you had invested directly in the applicable reference asset or reference assets, or in another instrument linked to the reference asset that you could liquidate for full value at a time selected by you, you might have achieved better returns.

Our offering of the notes is not a recommendation of the reference asset or reference assets or any reference rate.

You should not take our offering of the notes as an expression of our views about how any reference asset or reference rate to which the notes may be linked will perform in the future or as a recommendation to invest in such reference asset or reference rate, including through an investment in the notes. As we are part of a global financial institution, our affiliates may, and often do, have positions (including short positions) that conflict with an investment in the notes, including positions in shares included in or held by any reference ETF or reference index to which the notes may be linked or positions in any reference company to which the notes may be linked. You should undertake an independent determination of whether an investment in the notes is suitable for you in light of your specific investment objectives, risk tolerance and financial resources.

Our affiliates may have published research, expressed opinions or provided recommendations that are inconsistent with investing in the notes and may do so in the future, and any such research, opinions or recommendations could adversely affect the level of the reference asset or reference assets or any reference rate.

We and BMO Capital Markets may publish research from time to time relating to the financial markets or any reference asset or reference rate to which the notes may be linked. Any research, opinions or recommendations provided by us or BMO Capital Markets may influence the level of any such reference asset or reference rate and the value of the notes, and they may be inconsistent with purchasing or holding the notes. We and BMO Capital Markets may have published or may publish research or other opinions that call into question the investment view implicit in an investment in the notes. Any research, opinions or recommendations expressed by such affiliates of ours may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the reference asset or reference assets or any reference rate and the merits of investing in the notes.

The level of the reference asset or reference assets and any reference rate may be affected by our or our affiliates' hedging and other trading activities.

In anticipation of the sale of any issuance of the notes, we expect to hedge our obligations under the notes through certain affiliated or unaffiliated counterparties, who may take positions directly in the reference asset or reference assets or any reference rate, or in derivative instruments that may affect the level of the reference asset or reference assets or any reference rate. For example, for notes linked to a reference index, our counterparties may take positions directly in the shares included in the reference index, for notes linked to a reference company or a reference ETF, our counterparties may take positions directly in the reference company or the reference securities of, or the securities held by, the reference ETF, and for notes linked to a reference rate, our counterparties may take positions in instruments linked to the reference rate. We or our counterparties may also adjust this hedge during the term of the notes and close out or unwind this hedge on or before any observation date, which may involve, among other things, our counterparties purchasing or selling such shares or other instruments. This hedging activity on or prior to the trade date could potentially affect the level of the reference asset or reference assets or any reference rate on the trade date, which may adversely affect your return on the notes. Additionally, this hedging activity during the term of the notes, including on or near any observation date, could negatively affect the level of the reference asset or reference assets or any reference rate on that observation date and, therefore, adversely affect any payment owed to you under the notes. This hedging activity may present a conflict of interest between your interests as a holder of the notes and the interests we and/or our counterparties, which may be our affiliates, have in executing, maintaining, and adjusting hedging transactions. These hedging activities could also affect the price, if any, at which we or BMO Capital Markets may be willing to purchase the notes in a secondary market transaction.

We and BMO Capital Markets may also trade the reference asset or reference assets or any reference rate and/or derivative instruments that may affect the level of such reference asset or reference assets or such reference rate on a regular basis (taking long or short positions or both), for their accounts, for other accounts under their management or to facilitate transactions, including block transactions, on behalf of customers. As with our or our affiliates' hedging activity, this trading activity could affect the level of the reference asset or reference assets or any reference rate on any observation date and therefore, adversely affect the performance of the notes.

We and BMO Capital Markets may also enter transactions with investors who hold shares representing significant stakes in a reference company or in a company held by a reference ETF or included in a reference index. Those transactions may include margin loans and derivative transactions that may be secured by those shares. In certain circumstances, we and BMO Capital Markets may foreclose on those shares, which may involve selling a large percentage of the outstanding shares of the relevant company in a short period of time, which may put significant downward pressure on the price of the company's shares.

It is possible that these hedging or trading activities could result in substantial returns for us or our affiliates while the value of the notes declines.

We and our affiliates may have economic interests that are adverse to yours as a result of our affiliates' business activities.

Our affiliates may currently or from time to time engage in business with any reference company or reference ETF to which the notes may be linked or any company that is included in or held by any reference ETF or reference index to which the notes may be linked (each, a "relevant issuer"). These activities may include extending loans to, making equity investments in or providing advisory services to a relevant issuer, including merger and acquisition advisory services. In the course of this business, we or our affiliates may acquire non-public information about a relevant issuer and we will not disclose any such information to you. Any prospective purchaser of the notes should undertake an independent investigation of any relevant issuer as in its judgment is appropriate to make an informed decision with respect to an investment in the notes. We do not make any representation or warranty to any purchaser of the notes with respect to any matters whatsoever relating to our affiliates' business with any relevant issuer.

If any of our affiliates is or becomes a creditor of a relevant issuer or otherwise enters into any transaction with a relevant issuer in the course of its business, such affiliate may exercise remedies against that issuer without regard to the impact on your interests as a holder of the notes.

Additionally, we or one of our affiliates may serve as issuer, agent or underwriter for issuances of other notes or financial instruments with returns linked or related to changes in the level of the reference asset or reference assets. To the extent that we or one of our affiliates does so, our or their interests with respect to these products may be adverse to yours. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the notes.

In the case of notes linked to a reference ETF or reference index that is composed primarily of notes issued by non-Canadian companies, our affiliates may currently or from time to time engage in trading activities related to the currency in which the equity notes, reference asset, any such reference ETF or reference index or the ordinary shares represented by the ADSs trade. These trading activities could potentially affect the exchange rate with respect to that currency and, if currency exchange rate calculations are involved in the calculation of the level of the reference index, reference ETF or ADSs, as applicable, could affect the value of the notes.

The historical performance of the reference asset or reference assets or any reference rate is not an indication of future performance.

The historical performance of any reference asset or reference rate to which the notes may be linked, which will be included in the applicable pricing supplement, should not be taken as an indication of the future performance of such reference asset or reference rate during the term of the notes. Changes in the level of the reference asset or reference assets or any reference rate will affect any payments made under, and the value of, the notes, but it is impossible to predict whether the level of the reference asset or reference assets or any reference rate will rise or fall.

We have no affiliation with the publisher of any reference index or with any reference company or reference ETF to which the notes may be linked and are not responsible for its public disclosures.

We are not affiliated with the publisher of any reference index or with any reference company or reference ETF to which the notes may be linked, and no such publisher or issuer will be involved in any of our offerings of the notes in any way. Consequently, we have no control over the actions of any such publisher or issuer, including any actions that could adversely affect the level of any such reference index or the securities comprising any such reference company or reference ETF. No such publisher or issuer has any obligation to consider your interests as an investor in the notes in taking any such actions. None of the money you pay for the notes will go to any such publisher or issuer.

In addition, as we are not affiliated with the publisher of any reference index or with any reference company or reference ETF to which the notes may be linked, we do not assume any responsibility for the accuracy or adequacy of any information about any such reference asset contained in the public disclosures of any such publisher or reference asset. We have made no “due diligence” or other investigation into any such publisher or reference asset in connection with the offering of the notes. As an investor in the notes, you should make your own investigation into the applicable reference asset.

The notes will not be adjusted for all events that could affect the level of the underlying securities of any reference company or reference ETF to which the notes are linked.

For notes linked to a reference asset that is a reference company or reference ETF, certain events may occur during the term of the notes that have a dilutive effect on the level of the securities comprising such reference company or reference ETF or otherwise adversely affect the market price of such reference asset securities. The calculation agent will make certain adjustments for some of these events, as described under “Description of the Notes—Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF—Dilution and reorganization adjustments.” However, an adjustment will not be made for all events that could have a dilutive or adverse effect on such reference securities or their market price, such as ordinary dividends, partial tender offers or additional public offerings of reference securities, and the adjustments that are made may not fully offset the dilutive or adverse effect of the particular event. Accordingly, the occurrence of any event that has a dilutive or adverse effect on the securities comprising any reference company or reference ETF to which the notes are linked may adversely affect the payment you receive at maturity and, if applicable, any other payment owed to you under the notes. Unlike an investor in the notes, a direct holder of the reference securities may receive an offsetting benefit from any such event that may not be reflected in an adjustment to the terms of the notes; therefore, you may experience dilution or adverse consequences in a circumstance in which a direct holder would not.

If the notes are linked to a reference asset that is a reference company or a reference ETF, even if the applicable reference asset pays a dividend that it identifies as special or extraordinary, no adjustment will be required under the notes for that dividend unless it meets the criteria specified herein.

For notes linked to a reference asset that is a reference company or a reference ETF, in general, an adjustment will not be made under the terms of the notes for any cash dividend paid on its reference securities unless the calculation agent determines that the dividend is "extraordinary", as described under "Description of the Notes—Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF—Dilution and reorganization adjustments." Any dividend will reduce the closing price of the reference securities by the amount of the dividend per share. If the applicable reference asset pays any dividend for which an adjustment is not made under the terms of the notes, you will be adversely affected.

Notes linked to a reference asset that is a reference company or a reference ETF may become linked to a company or ETF other than the original company or ETF.

For notes linked to a reference asset that is a reference company or a reference ETF, in connection with certain reorganization events described under "Description of the Notes—Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF—Dilution and reorganization adjustments" or in the event of the delisting of the securities comprising such reference company or reference ETF from their exchange, the notes may become linked to a company or ETF other than the original company or ETF. For example, if a reference asset to which the notes are linked enters into a merger agreement with another issuer that provides for holders of the original reference securities to receive shares of the other issuer and such other shares are marketable notes, the closing level of the reference asset at all times following consummation of the merger will be based on the level of such other shares. If the securities comprising a reference company or reference ETF are delisted (other than in connection with a reorganization event) and we do not exercise our right to redeem the notes, if applicable, the calculation agent will have discretion to select another company or ETF to be the successor company or ETF, as applicable. In any such case, the level of the reference asset will be determined by reference to the level of the reference securities of the successor company or ETF. You may not wish to have investment exposure to any other company or ETF to which the notes may become linked and may not have bought the notes had they been linked to such other company or ETF at the time of your investment.

If the notes are linked to a reference asset that is a reference company or a reference ETF, you will have no rights against the reference asset, and you will not receive dividends on the securities comprising such reference company or reference ETF, unless and until you receive reference securities at maturity.

As a holder of the notes, you will not be entitled to any rights with respect to any reference asset or the securities comprising such reference asset, including voting rights and rights to receive any dividends or other distributions on the reference securities, but you will be subject to all changes affecting the reference securities. No reference asset is involved in the offering of the notes in any way, and no reference asset has any obligation to consider your interests as a holder of notes.

For example, in the event that an amendment is proposed to a reference asset's certificate of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date you receive reference securities (if at all), you will not be entitled to vote on the amendment, even though you will nevertheless be subject to any changes in the powers, preferences or special rights of the applicable reference securities in the event you receive reference securities at maturity. Any such change to the reference securities may adversely affect their market price, which will adversely affect the value of the notes and increase the likelihood that you lose money on your investment.

The notes will not be listed on any securities exchange and you may not be able to sell them prior to maturity.

The notes will not be listed on any securities exchange or marketplace. While BMO Capital Markets will use reasonable efforts under normal market conditions to provide a daily secondary market for the sale of the notes through Fundserv, it reserves the right to elect not to do so in the future, in its sole and absolute discretion, without prior notice to you and may earn a profit in connection with the acquisition or subsequent disposition of the notes acting as principal. The calculation agent may suspend the determination of bid prices during the existence of any state of affairs that makes those determinations impossible, impractical or prejudicial to you. If the calculation agent suspends these calculations, BMO Capital Markets will not be able to fairly and accurately determine the price for the notes in order to facilitate a secondary market and, consequently, may suspend the secondary market for the notes. If BMO Capital Markets suspends or terminates making a market, there may be no secondary market at all for the notes because it is likely that BMO Capital Markets will be the only broker-dealer that is willing to buy your notes prior to maturity. Moreover, any secondary market that may develop may be illiquid or offer prices that may not reflect the performance of the reference portfolio. The value of the notes in the secondary market will be affected by a number of complex and inter-related factors, as described in "Plan of Distribution—Secondary Market". You should consult your investment advisor on whether it would be more favourable in the circumstances at any time to sell or to hold the notes until maturity. If you sell the notes in the secondary market prior to maturity, you may receive a price substantially less than the issue price, particularly if, in the case of notes for which the applicable pricing supplement states that the coupon is "contingent" on the performance of one or more reference assets or is subject to a range accrual feature, coupons have not been payable in respect of coupon payment dates prior to the date of such sale and the closing level of the reference asset or reference assets is substantially below their initial levels.

Estimated value of the notes.

Our estimated value of the Notes on the Issue Date is only an estimate, and based on a number of factors. The estimated value was determined on the pricing date using our internal pricing models, which take into account a number of variables and assumptions about future events that may prove to be incorrect, including expectations as to dividends and distributions, volatility, interest rates and our internal funding rates. Our internal funding rates may differ from the market rates for our conventional debt securities. The use of different pricing models and assumptions could result in materially different values as compared to our estimated value. An estimated value calculated on the Issue Date may differ from the current estimate, and the actual value of the Notes at any time will reflect many factors and cannot be predicted with accuracy.

The initial offering price of the Notes exceeds the estimated value of the Notes. The difference between the initial offering price and the estimated value of the Notes results from several factors, including any fees to be paid to the Dealers, the estimated profit that we and our affiliates expect to earn (which may or may not be realized) for assuming the risks in hedging our obligations under the Notes, and the estimated cost of hedging these obligations.

The estimated value of the Notes is not an indication or prediction of the price at which BMO Capital Markets or any other person may be willing to purchase or sell the Notes in the secondary market. The value of the Notes after the date of this pricing supplement will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value that a Holder would receive upon selling the Notes in the secondary market, if any, should be expected to differ materially from the initial estimated value of the Notes. See "Secondary Market" for more information concerning the value of the Notes in the daily secondary market.

We have adopted written policies and procedures for determining the estimated value of the Notes which include: (i) the methodologies used for valuing each type of component embedded in the Notes, (ii) the methods by which we will review and test valuations to assess the quality of the prices obtained as well as the general functioning of the valuation process, and (iii) conflicts of interest. The independent agent for an offering of the Notes will not participate in the preparation of, or review the calculation of, the estimated value of the Notes.

The opinions of our subsidiaries and the dealers may be inconsistent.

Subsidiaries of ours, including BMO Capital Markets, and the dealers have published, and in the future expect to publish, research reports with respect to the reference asset or reference assets, which research may express opinions or provide recommendations that are inconsistent with purchasing or holding the notes, and us, including BMO Capital Markets, and the dealers may engage in transactions that affect the performance of the reference portfolio.

The calculation agent, which is a subsidiary of ours, will make important determinations with respect to the notes.

As calculation agent, BMO Capital Markets, our subsidiary, will determine, among other things, any level required to be determined under the notes and any amounts owed to you under the terms of the notes. In addition, if certain events occur, BMO Capital Markets will be required to make certain discretionary judgments that could significantly affect your return on the securities. In making these judgments, BMO Capital Markets' interests as a subsidiary of ours could be adverse to your interests as a holder of the securities. Such judgments could include, among other things:

- determining whether a market disruption event has occurred,
- determining the level of the reference asset or reference assets if it is not otherwise available on an observation date or a market disruption occurs and the relevant observation date has been postponed to the last possible date,
- if the coupon rate is determined based on a reference rate, determining the level of that reference rate if it is not otherwise available on a date of determination,
- with respect to a reference asset that is a reference index, selecting a successor index or performing an alternative calculation of the level of the reference index if the reference index is discontinued or materially modified, and
- selecting a successor rate if any reference rate is discontinued.

Any of these determinations made by BMO Capital Markets, in its capacity as calculation agent, may adversely affect your return on the notes.

Conflicts may arise between the calculation agent and us.

Conflicts of interest may affect the calculation agent or us and an independent calculation expert will only be appointed in limited circumstances. See "Calculation Agent."

The notes have not been rated.

The notes have not been and will not be rated. As at the date of this product supplement, our deposit liabilities with a term to maturity of more than one year were rated AA by DBRS, A+ by S&P, Aa2 by Moody's and AA by Fitch. There can be no assurance that, if the notes were rated by these rating agencies, they would have the same rating as our other unsubordinated indebtedness.

Extraordinary events may impact our future payment obligations.

Upon the occurrence of an extraordinary event, we may elect to pay an early payment amount to discharge its obligations in respect of the maturity payment and extinguish any future payment obligations.

Legislative, regulatory and administrative changes.

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

Additional Risk Factors Relating to Notes Linked to a Reference Company

If the securities comprising a reference company are delisted, we may redeem the notes prior to maturity.

In the case of notes linked to a reference company, if the securities comprising such reference company are delisted from their exchange (other than in connection with a reorganization event) and not then or immediately thereafter listed on a Canadian national securities exchange, we will have the right to redeem the notes prior to the maturity date. If we exercise this right, you will receive the amount described below under "Description of the Notes— Certain Additional Terms for Notes Linked to a Reference Company or a Reference ETF—Dilution and reorganization adjustments." This amount may be less, and possibly significantly less, than the stated principal amount of the notes and/or the total amount you would have received under the notes had the notes not been redeemed prior to maturity.

Notes linked to the reference securities of multiple reference asset companies operating in the same geographic region or the same industry sector are subject to concentration risk.

Where a note is linked to the reference securities of multiple reference asset companies operating in the same geographic region or the same industry sector, you face special risks that are not present with notes linked to a single reference asset or multiple reference assets spread over multiple geographic regions or industry sectors. This is because the performance of such notes is tied entirely to the success of a single geographic region or industry sector, and therefore any factors that affect such region or sector as a whole have a direct impact on the notes.

Notes linked to non-Canadian companies are subject to risks associated with non-Canadian markets.

Investments in notes linked to non-Canadian companies involve certain risks. Where the reference asset ordinary shares principally trade on a non-Canadian market, that market may be more volatile than Canadian markets. Also, there is generally less publicly available information about non-Canadian companies than Canadian companies, and non-Canadian companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to Canadian companies.

In addition, share prices of companies located in emerging markets, or whose principal operations are located in emerging markets, are subject to political, economic, financial and social factors that affect emerging markets. These factors, which could negatively affect the value of such shares, include the possibility of changes in local or national economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to such companies or to investments in equity notes of companies located, or whose principal operations are located, in emerging markets. Specifically, political and/or legal developments in emerging markets could include forced divestiture of assets; restrictions on production, imports and exports; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of company facilities; price controls; tax increases and other retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Moreover, the economies of emerging nations may differ unfavourably from the Canadian economy in such respects as growth of gross national product, rate of inflation, capital investment, resources and self-sufficiency.

The notes are subject to our credit risk.

You are subject to our credit risk. The notes are not guaranteed by any entity other than us. Any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the value of the notes. If we default on our obligations under the notes, your investment will be at risk and you could lose some or substantially all of your investment, subject to a minimum payment of $1.00 per note or such other amount as may be specified in the applicable pricing supplement. As a result, the value of the notes prior to maturity will be affected by changes in the market's view of our creditworthiness. Any decline, or anticipated decline, in our credit ratings or increase, or anticipated increase, in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

Additional Risk Factors Relating to Notes Linked to a Reference ETF

The price and performance of the securities comprising a reference ETF may not completely track the performance of the index, reference asset, the ETF or the net asset value per share of the ETF.

A reference ETF may not fully replicate its underlying index (the "underlying index") and may hold securities different from those included in the underlying index. In addition, the performance of a reference ETF will reflect transaction costs and fees that are not included in the calculation of the underlying index. All of these factors may lead to a lack of correlation between the performance of a reference ETF and its underlying index. In addition, if a reference ETF holds equity notes, corporate actions with respect to such equity notes (such as mergers and spin-offs) may impact the variance between the performances of the reference ETF and its underlying index. Finally, if a reference ETF is traded on a securities exchange and is subject to market supply and investor demand, the market level of the securities comprising the reference ETF may differ from the net asset value per share of the ETF.

During periods of market volatility, securities held by a reference ETF may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the reference ETF and the liquidity of the securities comprising the reference ETF may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem the securities comprising a reference ETF. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell the securities comprising a reference ETF. As a result, under these circumstances, the market level of the securities comprising a reference ETF may vary substantially from the net asset value per share of the reference ETF. For all of the foregoing reasons, the performance of the securities of a reference ETF may not correlate with the performance of its underlying index and/or the net asset value per share of the reference ETF, which could materially and adversely affect the value of the notes and/or reduce your return on the notes.

A reference ETF that invests in non-Canadian companies is subject to risks associated with non-Canadian markets.

Investments in notes linked to the price of equity notes of non-Canadian companies involve certain risks. Where the stock of a company in which a reference ETF invests principally trades on a non-Canadian market, that market may be more volatile than Canadian markets. Also, there is generally less publicly available information about non-Canadian companies than Canadian companies, and non-Canadian companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to Canadian companies.

In addition, share prices of companies located in emerging markets, or whose principal operations are located in emerging markets, are subject to political, economic, financial and social factors that affect emerging markets. These factors, which could negatively affect the value of such shares, include the possibility of changes in local or national economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to such companies or to investments in equity notes of companies located, or whose principal operations are located, in emerging markets. Specifically, political and/or legal developments in emerging markets could include forced divestiture of assets; restrictions on production, imports and exports; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of company facilities; price controls; tax increases and other retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Moreover, the economies of emerging nations may differ unfavourably from the Canadian economy in such respects as growth of gross national product, rate of inflation, capital investment, resources and self-sufficiency.

Changes made by the investment adviser to a reference ETF to which the notes may be linked or by the publisher of the underlying index or reference ETF could adversely affect the value of the notes.

We are not affiliated with the investment adviser to any reference ETF to which the notes may be linked or with the publisher of the applicable underlying index (each, a "sponsor" of the reference ETF or the underlying index, as applicable). Accordingly, we have no control over any changes any such sponsor may make to such reference ETF or underlying index. Any such sponsor may make changes to such reference ETF or underlying index, in methodology or otherwise, at any time. Any such changes may adversely affect the performance of the reference ETF and, as a result, the performance of the notes.

Additional Risk Factors Relating to Notes Linked to a Reference Index

Adjustments to a reference index to which the notes may be linked could adversely affect the value of the notes.

The publisher of any reference index to which the notes may be linked (its "sponsor") may add, delete or substitute the stocks that constitute the reference index or make other methodological changes that could affect the level of the reference index. Moreover, the sponsor may discontinue or suspend calculation or publication of the reference index at any time. In this latter case, the calculation agent will have the sole discretion to substitute a successor reference index as described under "Description of the Notes—Certain Additional Terms for Notes Linked to a Reference Index—Discontinuance or material modification of a Reference Index" above and is not precluded from considering indices that are calculated and published by the calculation agent or any of its affiliates.

Additional Risk Factors Relating to Notes Linked to ADSs

The price of ADSs may not completely track the price of the common equity.

In the case of notes linked to a reference company whose units are ADSs, you should be aware that the price of the ADSs may not completely track the price of the common equity represented by such ADSs. Active trading volume and efficient pricing for the common equity on the securities exchange(s) on which those common equities principally trade will not necessarily indicate similar characteristics in respect of the ADSs. Factors such as the number of the common equities that are available in ADS form outside the country in which those common equities principally trade may affect the liquidity of the ADSs, which may be less than that of the common equity. In addition, the terms and conditions of the applicable depositary facility may result in less liquidity or a lower market price of the ADSs than for the common equity.

Fluctuations in exchange rates will affect the price of ADSs.

There are significant risks related to an investment in notes that are linked to a reference company whose units are ADSs that are quoted and traded in U.S. dollars and represent common equities that are quoted and traded in a foreign currency. Such ADSs will trade differently from the common equity they represent as a result of fluctuations in the currency exchange rate between the U.S. dollar and the applicable foreign currency. In recent years, the rates of exchange between the U.S. dollar and some other currencies have been highly volatile and this volatility may continue in the future. These risks generally depend on economic and political events over which we have no control. You should understand that, if the U.S. dollar strengthens relative to the currency in which the applicable common equity trade, the price of the ADSs will likely decline for that reason alone.

Notes linked to ADSs may become linked to the common equity represented by the ADSs.

For notes linked to a reference company whose units are ADSs, if the ADSs are delisted (other than in connection with a reorganization event), the calculation agent will have discretion to select the common equity represented by the ADSs to be successor units. In any such case, the price of the units will be determined by reference to the price of the applicable common equity. You may not wish to have investment exposure to the common equity to which the notes may become linked and may not have bought the notes had they been linked to such common equity at the time of your investment.

Additional Risk Factors Relating to Notes Linked to a Reference Basket

Changes in the levels of the reference basket components may offset each other.

Changes in the levels of the reference assets included in a reference basket may not correlate with each other. At a time when the level of one or more of the reference basket components increases, the level of one or more other reference basket components may not increase as much or may even decline, depending on the reference basket calculation methodology specified in the applicable pricing supplement. In such event, increases in the level of one or more of the components may be moderated, wholly offset or more than offset by lesser increases or declines in the level of the other components, particularly if the components that appreciate are of relatively low weight in the reference basket.

An investment in notes linked to a reference basket is not a diversified investment.

The fact that the notes may be linked to a basket of reference assets does not mean that the notes represent a diversified investment. First, although the applicable reference assets may differ in certain respects, they may bear similarities that cause them to perform in similar ways. For example, notes linked to a basket of Canadian equity indices will have exposure to Canadian equity markets, and such indices may respond in similar ways to economic events that affect the Canadian equity markets generally. Second, the notes are subject to our credit risk. No amount of diversification that may be represented by the reference basket components will offset the risk that we may default on our obligations.

Changes in the levels of the reference basket components may be highly correlated.

Changes in the levels of the reference assets included in a basket may become highly correlated during periods of decline in the level of such reference assets. This may occur because of events that have broad effects on markets generally, because the reference basket components may be from the same industry or sector, or for other reasons. If changes in the levels of the reference basket components become correlated in decline, a decline in the level of one reference basket component will not be offset by the performance of any other basket component and, in fact, each reference basket component will contribute to an overall decline in the level of the reference basket.

The reference basket components may not be equally weighted.

The reference assets included in a reference basket may be assigned different weights, if specified in the applicable pricing supplement. Reference Assets that are assigned greater weights in the reference basket will have a greater impact on the performance of the reference basket than reference assets that are assigned lesser weights, and you will accordingly be subject to greater risk associated with the reference basket components that have such greater weights.

Legal Matters

The offerings are subject to approval of certain legal matters on our behalf by Torys LLP and on behalf of the dealers by Stikeman Elliott LLP. As of May 29, 2025, the partners and associates of Torys LLP and Stikeman Elliott LLP beneficially owned, directly or indirectly, in the aggregate, less than 1% of the outstanding securities of Bank of Montreal and its affiliates and associates.

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