BANK OF MONTREAL /CAN/
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Subject to Completion, dated January 5, 2015

Preliminary Pricing Supplement
(To the Prospectus dated June 27, 2014 and
the Prospectus Supplement dated June 27, 2014)

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Senior Medium-Term Notes, Series C
Notes Linked to the BMO Q-30 Strategy, due February 5, 2016

- The return on the notes will depend mainly upon the performance of a hypothetical portfolio (the "Portfolio") of stocks selected from the S&P 500® Index (the "SPX") based upon the BMO Q-30 Strategy (the "Strategy"). BMO Capital Markets Corp. ("BMOCM") will rank and select the top 30 stocks in the SPX using a set of scores produced by the Strategy.

- The Strategy was designed to find those companies that have growth potential, based on the Strategy's financial metrics. The Portfolio will initially be an equally-weighted basket of the top 30 ranked securities as determined by the Strategy. The calculation agent will adjust the stocks included in the Portfolio (the "Portfolio Shares") on a daily basis based on a set of criteria described below. As a result, the Portfolio Shares are expected to change during the term of the notes. We describe the Strategy in more detail below in the section "BMO Q-30 Strategy."

- To determine the payment at maturity for each $1,000 in principal amount of the notes, the calculation agent will determine the Indicative Note Value as of the final valuation date. This Indicative Note Value will represent the return on a hypothetical investment of $1,000 (the "Initial Value") multiplied by the Participation Rate of 98% ($980) in the Portfolio over the term of the notes, including changes in the value of the Portfolio Shares and the dividends paid on them (subject to the definition of Dividend Amount below). In addition, on each trading day, the Indicative Note Value will be reduced by an Investor Fee that will accrue at the rate of 0.50% per annum. Accordingly, in order for you not to lose any portion of your initial investment in the notes, the value of the Portfolio must increase over the term of the notes by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee. We describe in more detail below how the value of the Portfolio and the Indicative Note Value will be calculated during the term of the notes and at maturity.

- You may lose a substantial portion of your investment in the notes at maturity.

- The notes do not pay any interest.

- Any payment on the notes is subject to our credit risk.

- The notes will not be listed on any securities exchange or quotation system.

- The CUSIP number of the notes is 06366RYU3.

- Our subsidiary, BMOCM, is the agent for this offering. See "Supplemental Plan of Distribution—Conflicts of Interests" below.

Investing in the notes involves risks, including those described in the "Additional Risk Factors" section beginning on page PS-7 of this pricing supplement, and the "Risk Factors" sections beginning on page S-1 of the prospectus supplement and page 7 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

On the date of this preliminary pricing supplement, the estimated initial value of the notes is less than the principal amount. However, as discussed in more detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy. See "Risk Factors—General Risks Relating to the Notes."

	Price to Public(1)	Agent's Commission(1)	Proceeds to Us
Per $1,000 of the Notes	US$1,000.00	US$20.00	US$980.00
Total	US$	US$	US$

(1)Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be between $980.00 and $1,000 per $1,000 in principal amount.

BMO CAPITAL MARKETS

KEY TERMS OF THE NOTES

This section summarizes the terms of the notes, and should be read together with the additional information in this pricing supplement, including the information set forth below under the captions "Additional Risk Factors" and "Additional Terms of the Notes."

Issue Price of the Notes:	$1,000 per $1,000 in principal amount of the notes.
Pricing Date:	On or about January 27, 2015.
Issue Date:	On or about January 30, 2015, as determined on the pricing date.
Final Valuation Date:	On or about February 2, 2016, as determined on the pricing date.
Maturity Date:	On or about February 5, 2016, as determined on the pricing date.
Interest Payments:	None
Underlying Asset:	The notes are linked to a Portfolio of 30 equity securities that is determined by applying the Strategy. The calculation agent will adjust the Portfolio Shares on a daily basis based on a set of criteria described below. As a result, the Portfolio Shares are expected to change during the term of the notes. We describe the Strategy in more detail below in the section "BMO Q-30 Strategy."
The Strategy:	The BMO Q-30 Strategy, which ranks the top 30 stocks in the SPX according to scores derived from a set of financial metrics, as described in more detail below.
Redemption Amount:	The payment at maturity will depend upon the performance of the Portfolio and the effect of the Participation Rate and the Investor Fee. On the maturity date, for each $1,000 in principal amount of the notes, we will pay an amount equal to the Indicative Note Value as of the close of trading on the final valuation date. At any time, the Indicative Note Value will reflect the return of an initial hypothetical investment of $980 in the Portfolio as of the pricing date, including dividends paid on the Portfolio Shares (subject to the definition of Dividend Amount below). The Indicative Note Value will be reduced on each trading day, as described below. At the close of each trading day, the Portfolio will be deemed to be liquidated, and the proceeds used to make a hypothetical purchase of the stocks identified by the Strategy based on the prior trading day's Strategy scores. We discuss this process in more detail below in the section "The Indicative Note Value."

	As discussed in more detail below, in order for you to receive a Redemption Amount per $1,000 in principal amount of the notes that equals or exceeds the price to public of the notes, the value of the Portfolio must increase over the term of the notes by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee. If the value of the Portfolio does not increase by at least this amount, the Redemption Amount will be less, and could be substantially less, than the price to public of the notes.
Participation Rate:	98%
Indicative Note Value:	On the pricing date, the Indicative Note Value will be equal to the Initial Value of $1,000 multiplied by the Participation Rate, or $980. On each subsequent trading day, it will be equal to (i) the Indicative Note Value as of the close of the immediately preceding trading day multiplied by (ii) the Portfolio Factor for that day minus (b) the Investor Fee for that day.
Portfolio Factor:	On any trading day, (a) the Portfolio closing level on that day divided by (b) the Portfolio closing level on the immediately preceding trading day.
Investor Fee Percentage:	0.50% per annum
Investor Fee:	On any trading day, the product of (a) the Indicative Note Value as of the close of the immediately preceding trading day, (b) the Investor Fee Percentage and (c) (i) the number of calendar days from and including the immediately preceding trading day to the current trading day divided by (ii) 360.
Calculation Agent:	BMOCM
CUSIP:	06366RYU3

The pricing date and the issue date of the notes are subject to change. The actual pricing date, issue date, final valuation date and maturity date for the notes will be set forth in the final pricing supplement relating to the notes.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless our agent or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

HYPOTHETICAL PAYMENTS ON THE NOTES AT MATURITY

The following hypothetical examples are provided for illustration purposes only; they do not purport to be representative of every possible scenario concerning increases or decreases in the closing level of the Portfolio and the related effect on the Indicative Note Value. The following hypothetical examples illustrate the Indicative Note Value at the end of each month, including at maturity, if you had purchased $1,000 in principal amount of the notes, and give effect to the 98% Participation Rate. Example 1 assumes that the Portfolio closing level increases at a constant rate of 1% every month through maturity, while Example 2 assumes that the Portfolio closing level decreases at a constant rate of 1% every month through maturity. Example 3 assumes that the Portfolio closing level increases at a rate of 1% every month for the first six months and then decreases at a rate of 1% every month for the next six months, while Example 4 assumes the reverse, that the Portfolio closing level decreases at a rate of 1% every month for the first six months and then increases at a rate of 1% every month for the next six months.

For ease of analysis and presentation, the examples below assume that trading days occur once a month so that the Portfolio Factor, the Investor Fee and the Indicative Note Value are recalculated only once a month, at the end of each month. However, the actual Investor Fee will accrue each calendar day until the maturity date, the actual Portfolio Factor, Investor Fee and Indicative Note Value will be calculated each trading day after the pricing date up to and including the final valuation date. The hypothetical Portfolio closing level in the examples below is 100.00 on the pricing date. Numbers appearing in the examples below have been rounded for convenience.

These examples highlight the impact of the Investor Fee on the Indicative Note Value under different circumstances. Because the Investor Fee takes into account the performance of the Portfolio, the absolute amount of the Investor Fee is dependent on the path taken by the Portfolio. As a result, the actual Investor Fee may be greater than or less than the hypothetical Investor Fee (which is calculated monthly) shown in these examples. The hypothetical Indicative Note Value for the end of the one-year period is as of the hypothetical final valuation date, and given the indicated assumptions, a holder will receive a payment at maturity in the indicated amount, according to the indicated formula.

Example 1

Period End A t	Hypothetical Portfolio Closing Level B	Hypothetical Portfolio Factor C Bt / Bt-1	Hypothetical Investor Fee D Et-1 x Investor Fee Percentage x (360/360)	Hypothetical Indicative Note Value E (Et-1 x Ct) - Dt
0	100.00	—	—	$980.00
1	101.00	1.01	$4.90	$984.90
2	102.01	1.01	$4.92	$989.82
3	103.03	1.01	$4.95	$994.77
4	104.06	1.01	$4.97	$999.75
5	105.10	1.01	$5.00	$1,004.75
6	106.15	1.01	$5.02	$1,009.77
7	107.21	1.01	$5.05	$1,014.82
8	108.29	1.01	$5.07	$1,019.89
9	109.37	1.01	$5.10	$1,024.99
10	110.46	1.01	$5.12	$1,030.12

11	111.57	1.01	$5.15	$1,035.27
12	112.68	1.01	$5.18	$1,040.44(1)

(1) This hypothetical Indicative Note Value is as of the hypothetical final valuation date and represents the Redemption Amount for this example. For you to receive a Redemption Amount equal to or greater than the price to public of the notes, the value of the Portfolio must increase by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee. If the value of the Portfolio does not increase by at least this amount, you will lose some or all of your initial investment in the notes. Please see the section "Additional Risk Factors—General Risks Relating to the Notes—Your investment may result in a loss."

Example 2

Period End A t	Hypothetical Portfolio Closing Level B	Hypothetical Portfolio Factor C Bt / Bt-1	Hypothetical Investor Fee D Et-1 x Investor Fee Percentage x (360/360)	Hypothetical Indicative Note Value E (Et-1 x Ct) - Dt
0	100.00	—	—	$980.00
1	99.00	0.99	$4.90	$965.30
2	98.01	0.99	$4.83	$950.82
3	97.03	0.99	$4.75	$936.56
4	96.06	0.99	$4.68	$922.51
5	95.10	0.99	$4.61	$908.67
6	94.15	0.99	$4.54	$895.04
7	93.21	0.99	$4.48	$881.62
8	92.27	0.99	$4.41	$868.39
9	91.35	0.99	$4.34	$855.37
10	90.44	0.99	$4.28	$842.54
11	89.53	0.99	$4.21	$829.90
12	88.64	0.99	$4.15	$817.45(1)

(1) This hypothetical Indicative Note Value is as of the final valuation date and represents the Redemption Amount for this example.

Example 3

Period End A t	Hypothetical Portfolio Closing Level B	Hypothetical Portfolio Factor C Bt / Bt-1	Hypothetical Investor Fee D Et-1 x Investor Fee Percentage x (360/360)	Hypothetical Indicative Note Value E (Et-1 x Ct) - Dt
0	100.00	—	—	$980.00
1	101.00	1.01	$4.90	$984.90
2	102.01	1.01	$4.92	$989.82
3	103.03	1.01	$4.95	$994.77
4	104.06	1.01	$4.97	$999.75
5	105.10	1.01	$5.00	$1,004.75
6	106.15	1.01	$5.02	$1,009.77
7	105.09	0.99	$5.05	$994.62
8	104.04	0.99	$4.97	$979.70
9	103.00	0.99	$4.90	$965.01
10	101.97	0.99	$4.83	$950.53

11	100.95	0.99	$4.75	$936.28
12	99.94	0.99	$4.68	$922.23(1)

(1) This hypothetical Indicative Note Value is as of the final valuation date and represents the Redemption Amount for this example. For you to receive a Redemption Amount equal to or greater than the price to public of the notes, the value of the Portfolio must increase by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee. If the value of the Portfolio does not increase by at least this amount, you will lose some or all of your initial investment in the notes. Please see the section "Additional Risk Factors—General Risks Relating to the Notes—Your investment may result in a loss."

Example 4

Period End A t	Hypothetical Portfolio Closing Level B	Hypothetical Portfolio Factor C Bt / Bt-1	Hypothetical Investor Fee D Et-1 x Investor Fee Percentage x (360/360)	Hypothetical Indicative Note Value E (Et-1 x Ct) - Dt
0	100.00	—	—	$980.00
1	99.00	0.99	$4.90	$965.30
2	98.01	0.99	$4.83	$950.82
3	97.03	0.99	$4.75	$936.56
4	96.06	0.99	$4.68	$922.51
5	95.10	0.99	$4.61	$908.67
6	94.15	0.99	$4.54	$895.04
7	95.09	1.01	$4.48	$899.52
8	96.04	1.01	$4.50	$904.01
9	97.00	1.01	$4.52	$908.53
10	97.97	1.01	$4.54	$913.08
11	98.95	1.01	$4.57	$917.64
12	99.94	1.01	$4.59	$922.23(1)

(1) This hypothetical Indicative Note Value is as of the final valuation date and represents the Redemption Amount for this example. For you to receive a Redemption Amount equal to or greater than the price to public of the notes, the value of the Portfolio must increase by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee. If the value of the Portfolio does not increase by at least this amount, you will lose some or all of your initial investment in the notes. Please see the section "Additional Risk Factors—General Risks Relating to the Notes—Your investment may result in a loss."

We cannot predict the actual Indicative Note Value on any trading day or the market value of your notes, nor can we predict the relationship between the Indicative Note Value and the market value of your notes at any time prior to the maturity date. The actual Redemption Amount and the rate of return on the notes will depend on the actual Indicative Note Value on the final valuation date. Moreover, the assumptions on which the examples above are based, including the assumptions that the Index Factor, the Investor Fee and the Indicative Note Value are calculated monthly, are purely for illustrative purposes. Consequently, your Redemption Amount may be very different from the amounts reflected in the examples above.

ADDITIONAL TERMS OF THE NOTES

You should read this pricing supplement together with the prospectus supplement dated June 27, 2014 and the prospectus dated June 27, 2014. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent. You should carefully consider, among other things, the matters set forth in "Additional Risk Factors" in this pricing supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Prospectus supplement dated June 27, 2014: http://www.sec.gov/Archives/edgar/data/927971/000119312514254915/d750935d424b5.htm

- Prospectus dated June 27, 2014: http://www.sec.gov/Archives/edgar/data/927971/000119312514254905/d749601d424b2.htm

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, the "Company," "we," "us" or "our" refers to Bank of Montreal.

ADDITIONAL RISK FACTORS

An investment in the notes involves risks. This section describes significant risks relating to the terms of the notes. The notes are a riskier investment than ordinary debt securities. In addition, the notes are not equivalent to investing directly in any Portfolio Shares. Before investing in the notes, you should read the following information about these risks, together with the other information contained in or incorporated by reference in the prospectus supplement and prospectus.

General Risks Relating to the Notes

Your investment in the notes may result in a loss. The notes do not guarantee any return of principal. There is no minimum payment on the notes, and you could lose all or substantially all of your initial investment in the notes. The amount payable on the notes at maturity will depend on the performance of the Portfolio and the Investor Fee. This amount may be less, and possibly significantly less, than your initial investment. In addition, the Portfolio must increase in value by at least a percentage equal to the cumulative effect of the Participation Rate and the Investor Fee in order for you to receive a Redemption Amount per $1,000 in principal amount of the notes that equals or exceeds the price to public of the notes. You may incur a loss, even if the value of the Portfolio increases (but by less than is sufficient to offset the cumulative effect of the Participation Rate and the Investor Fee).

The notes do not pay interest and your return may be lower than the return on a conventional debt security of comparable maturity. There will be no periodic interest payments on the notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The yield that you will receive on your notes, which could be negative, may be less than the yield you could earn if you purchased a standard senior debt security of Bank of Montreal with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

Owning the notes is not the same as owning the Portfolio Shares or a security directly linked to the performance of the Portfolio Shares. The return on your notes will not necessarily reflect the return you would realize if you actually owned the Portfolio Shares or a security directly linked to the performance of the Portfolio Shares and held that investment for a similar period. Your notes may trade quite differently from the Portfolio Shares. Changes in the prices and dividend yields of the Portfolio Shares may not result in comparable changes in the market value of your notes. Even if the prices and dividend yields of the Portfolio Shares increase during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes to decrease while the prices and dividend yields of the Portfolio Shares increase.

Our initial estimated value of the notes will be lower than the price to public. Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes will exceed our initial estimated value, because, among other things, costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the agent's commission, and the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations.

Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. Our initial estimated value of the notes as of the date of this preliminary pricing supplement is, and our estimated value as determined on the pricing date will be, derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include our credit spreads and interest rates. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect.

As of the date on the cover of this document, we expect to record a value of the notes on our financial statements of $994.10 per $1,000 in principal amount. On the pricing date, this value may be different, but we do not expect it to be less than $980.00. The difference between this estimated value and the principal amount results primarily from our credit spreads, and the value of the debt obligation represented by the notes. (The difference does not result, for example, from the impact of the agent's commission and Investor Fee included in the terms of the notes.) However, in contrast to our financial statements, we have been advised that BMOCM does not currently expect to value the notes in any secondary transaction based upon our credit spreads; accordingly, it has advised us that, as of the pricing date, in any hypothetical repurchase transaction for the notes, it would be prepared to repurchase the notes at a price reflecting their principal amount, less a customary bid/ask spread. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated values do not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

Certain costs may adversely affect the value of the notes. Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices may take into account our then-current market credit spreads, and because any secondary market prices may exclude all or a portion of the agent's commission and the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.

Any increase in the price of one or more Portfolio Shares may be offset by decreases in the price of one or more other Portfolio Shares. The price of one or more Portfolio Shares may increase while the price of one or more other Portfolio Shares decreases. Therefore, in determining the Indicative Note Value at any time, increases in the price of one Portfolio Share may be moderated, or wholly offset, by decreases in the price of one or more other Portfolio Shares.

The notes may not have an active trading market. Your notes will not be listed on any securities exchange, and there may be little or no secondary market for your notes. Even if a secondary market for your notes develops, it may not provide significant liquidity. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and ask prices for your notes in any secondary market could be substantial. If you sell your notes before maturity, you may suffer substantial losses.

The market value of your notes may be influenced by many unpredictable factors. The following factors, many of which are beyond our control, may influence the market value of your notes:

- the market prices of the Portfolio Shares;
- the dividend yields of the Portfolio Shares;
- economic, financial, political, military, regulatory, legal and other events that affect the securities markets generally and the U.S. markets in particular, and which may affect the values of the Portfolio Shares;
- interest rates in the market; and
- the amount of the Investor Fee that accrues on the notes.

These factors may influence the market value of your notes if you sell your notes before maturity. Our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market will also affect the market value of your notes. If you sell your notes prior to maturity, you may receive less than your initial investment.

Payment on the notes is subject to our credit risk, and changes in our credit ratings may adversely affect the market value of the notes. The notes are our senior unsecured debt securities. The payment amount due on the maturity date is dependent upon our ability to repay our obligations at that time. This will be the case even if the values and dividend yields of the Portfolio Shares increase after the pricing date. No assurance can be given as to what our financial condition will be at any time during the term of the notes.

We will not hold any Portfolio Shares for your benefit. The indenture and the terms governing your notes do not contain any restriction on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any

Portfolio Shares that we or they may acquire. Neither we nor our affiliates will pledge or otherwise hold any assets for your benefit, including any Portfolio Shares. Consequently, in the event of our bankruptcy, insolvency or liquidation, any of those assets that we own will be subject to the claims of our creditors generally and will not be available for your benefit specifically.

You must rely on your own evaluation of the merits of an investment linked to the Portfolio Shares. In the ordinary course of our business, we and our affiliates may have expressed views about expected movements in one or more Portfolio Shares, and may do so in the future. These views or reports may be communicated to our clients. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any Portfolio Share may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the Portfolio Shares and their respective issuers (each a "Portfolio Share Issuer") from multiple sources, and you should not rely solely on views expressed by us or our affiliates.

Our trading and other transactions relating to the Portfolio Shares, futures, options or other derivative products may adversely affect the market value of the notes. As described below under "Use of Proceeds and Hedging," we or our affiliates may hedge our obligations under the notes by purchasing or selling the Portfolio Shares, futures or options relating to the Portfolio Shares, or other derivative instruments with returns linked or related to changes in the performance of the Portfolio Shares. We may adjust these hedges by, among other things, purchasing or selling those assets at any time. Although they are not expected to do so, any of these hedging activities may adversely affect the prices of the Portfolio Shares, and therefore, the market value of the notes, and the amount payable at maturity. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities, even though the market value of the notes decreases.

We or one or more of our affiliates may also engage in trading relating to the Portfolio Shares on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers, including block trades. Any of these activities could adversely affect the prices of the Portfolio Shares and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the Strategy or changes in the performance of the Portfolio Shares. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

Our business activities and the business activities of our affiliates may create conflicts of interest. As noted above, we or one or more of our affiliates expect to engage in trading activities related to the Portfolio Shares that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders' interests in the notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the prices of the Portfolio Shares, could be adverse to the interests of the holders of the notes. We or one or more of our affiliates may, at present or in the future, engage in business with the Portfolio Share Issuers, including making loans to or providing advisory services to those companies. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates' obligations and your interests as a holder of the notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Portfolio Shares or the Strategy. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. Any of these activities by us or one or more of our affiliates may affect the prices of the Portfolio Shares and, therefore, the market value of the notes.

As calculation agent, BMOCM will have the authority to make determinations that could affect the value of your notes and your payment at maturity. As calculation agent for your notes, BMOCM will have discretion in making various determinations that affect your notes, including determining the Indicative Note Value, the Redemption Amount, and whether any market disruption event has occurred. The calculation agent also has discretion in making certain adjustments relating to mergers and certain other corporate transactions that a Portfolio Share Issuer may undertake. The exercise of this discretion by BMOCM could adversely affect the value of your notes and may present BMOCM, which is our wholly owned subsidiary, with a conflict of interest.

The historical performance of the Portfolio Shares should not be taken as an indication of their future performance. The values of the Portfolio Shares will be the main component used in determining the Redemption Amount. The historical performance of the Portfolio Shares does not necessarily give an indication of their future performance, and in any event, the Portfolio Shares are expected to change during the term of the notes. As a result, it is impossible to predict whether the prices of the Portfolio Shares will rise or fall during the term of the notes. The prices of the Portfolio Shares will be influenced by complex and interrelated political, economic, financial and other factors.

The value of the Portfolio Shares will only include those dividends that are paid by each Portfolio Share Issuer (subject to the definition of Dividend Amount below). Although dividends and distributions on one or more of the Portfolio Shares may have historically been declared by the applicable board of directors, each board is not required to do so and may reduce or eliminate those dividends in the future.

Significant aspects of the tax treatment of the notes are uncertain. The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the sections entitled “Supplemental Tax Considerations” in this pricing supplement, the section “United States Federal Income Taxation” in the accompanying prospectus and the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Insurance companies and employee benefit plans should carefully review the legal issues of an investment in the notes. Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or the Internal Revenue Code of 1986, as amended (the “Code”), including an IRA or Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the notes with the assets of the insurance company or the assets of such plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a “prohibited transaction” under ERISA, the Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the notes. These issues are discussed in more detail in the section “Employee Retirement Income Security Act” below.

Risks Relating to the Strategy and the Portfolio Shares

The Strategy does not guarantee a positive return on the notes. The Portfolio Shares will be selected from time to time during the term of the notes in the manner described in this pricing supplement. However, there can be no assurance that any Portfolio Share, or the Portfolio in its entirety, will perform as intended. The performance of the Portfolio may be worse than the performance of the equities markets generally, and worse than the performance of specific sectors of the equity markets, or other securities in which you may choose to invest. The Strategy and its criteria may not identify those securities that will increase in value in the future. The Portfolio may decrease in value over the term of the notes, resulting in a Redemption Amount that is less than your initial investment in the notes. Our offering of the notes does not constitute our recommendation or the recommendation of any of our affiliates to invest in any Portfolio Shares.

The initial Portfolio Shares are not yet known, and are expected to change over the term of the notes. The Portfolio will be reweighted on a daily basis. The composition of the Portfolio may change, possibly to a significant extent, on a daily basis. Accordingly, the identity of the initial Portfolio Shares will not be known until after the end of the pricing date, and after you make your decision to purchase the notes. While the Portfolio Shares, determined as of January 2, 2015, are described in this pricing supplement, it is impossible for you or us to know for certain before you make your investment decision the identity of the Portfolio Shares during any portion of the term of the notes.

In addition, at the end of each trading day, the Portfolio will be deemed to be liquidated, with the proceeds, net of the Investor Fee, reinvested in equal dollar amounts in the new Portfolio Shares.

As calculation agent, BMOCM will have a conflict of interest with respect to the notes. Our affiliate, BMOCM, is the calculation agent. Accordingly, it will determine the Portfolio Shares, and may make changes to the Strategy from time to time that affect the payment on the notes. If the calculation agent ceases to calculate the Strategy and the value of the Portfolio, the notes may be called. In acting as calculation agent, BMOCM will have no obligation to consider the interests of holders of the notes, and its determinations will be binding upon holders of the notes.

The Strategy is based to an extent on information provided by third party providers. Data provided by services such as the Bloomberg Application Programming Interface ("Bloomberg API") are used to select the Portfolio Shares. There can be no assurance that the information that these providers make available will be reliable or accurate. Certain significant information used to determine the Portfolio Shares, such as new financial and earnings information reported by the relevant companies, is not typically reflected immediately in the daily data provided by Bloomberg API. Several trading days or more may pass before such information is reflected in that data. The calculation agent does not expect to make any adjustment to the data provided by Bloomberg API, or the method of selecting the Portfolio Shares, to reflect any recent financial or other information that is not reflected in this data, whether or not it is aware of that information. It is possible that a Portfolio selected based on more current data would perform better or worse than the Portfolio selected as described in this pricing supplement.

The identity of the Portfolio Shares and the Indicative Note Value will not be publicly available during the term of the notes. There is no public website or other similar source of information that indicates changes to the Portfolio Shares, the composition of the current Portfolio or the Indicative Note Value. You will need to contact BMOCM to obtain this information at any time.

The Strategy has no actual historical information. Because the Strategy was first initiated in August 2014, and no actual historical performance data exists with respect to it, your investment in the notes involves a greater risk than investing in securities linked to one or more indices with an established record of performance.

You will not have any shareholder rights and will have no right to receive any Portfolio Shares at maturity. Investing in the notes does not provide you with any direct or indirect ownership interest in the Portfolio Shares. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions (except to the extent that the dividends paid on the Portfolio Shares are reflected in the amount payable on the notes, subject to the definition of Dividend Amount below) or any other rights with respect to any of these securities.

The Strategy has not been designed to identify a sector-neutral portfolio, and correlation among the Portfolio Shares may affect the value of your notes. The Portfolio Shares may not represent a diversified portfolio of securities. To the extent that the Portfolio Shares move in the same direction (i.e., are highly correlated), you will lose some or all of the benefits that would ordinarily attend a diversified portfolio of securities. The Portfolio Shares may be concentrated in a limited number of industries, because the Strategy may overweight sectors that demonstrate the Strategy's desired characteristics. As a result, an investment in the notes might increase your exposure to fluctuations in any of the sectors represented by the Portfolio.

No Portfolio Share Issuer will have any role or responsibilities with respect to the notes. None of the Portfolio Share Issuers will have authorized or approved the notes, or will be involved in this offering. No such company will have any financial or legal obligation with respect to the notes or the amount to be paid to you, including any obligation to take our needs or your needs into consideration for any reason, including taking any corporate actions that might affect the value of the Portfolio Shares or the notes. No such company will receive any of the proceeds from any offering of the notes. No Portfolio Share Issuer or any other company will be responsible for, or participate in, the determination or calculation of the amount to be paid on the notes.

We do not control any Portfolio Share Issuer and we are not responsible for any disclosure made by any other company. Neither we nor any of our affiliates have the ability to control the actions of any Portfolio Share Issuer, nor do we assume any responsibility for the adequacy or accuracy of any publicly available information about any of these companies, unless (and only to the extent that) our securities or the securities of our affiliates are represented by that Portfolio Share. We are not responsible for any other issuer's public disclosure of information on itself or any Portfolio Share, whether contained in U.S. Securities and Exchange Commission (the "SEC") filings or otherwise. We will not perform any due diligence procedures with respect to the applicable Portfolio Share Issuers. You should make your own investigation into the Portfolio Share Issuers.

Changes to the SPX may adversely affect the Portfolio. The Portfolio Shares are selected from the SPX. Accordingly, changes in the methodology used to select the components of the SPX may change the companies included in the SPX. Any replacement companies included in the SPX and included in the Portfolio may not perform as well as the companies that they replace. We have no control over the sponsor of the SPX, and no ability to determine which companies will be included in the SPX

Industry consolidation and other corporate events may alter the composition of the Portfolio. If a Portfolio Share Issuer is acquired in a stock-for-stock transaction, the stock of the acquiring company will assume that Portfolio Share's place in the Portfolio, including if the stock of the acquiring company is already in the Portfolio. Consequently, any consolidation among issuers of the Portfolio Shares will result in an increased weighting in the Portfolio of the surviving company. The effects on the Portfolio of consolidation transactions and other reorganization events with respect to the Portfolio Shares are described in "Additional Terms of the Notes—Anti-dilution Adjustments."

You will have limited anti-dilution protection with respect to the Portfolio Shares. The calculation agent will adjust the Starting Price (as defined below) of a Portfolio Share for stock splits, reverse stock splits, stock dividends and other events that affect the applicable issuer's capital structure, but only in the situations we describe in "Additional Terms of the Notes—Anti-dilution Adjustments" below. The calculation agent will not be required to make an adjustment for every corporate event that may affect a Portfolio Share. For example, the calculation agent will not make any adjustments for events such as an offering by a Portfolio Share Issuer of equity securities or a tender or exchange offer for less than all outstanding shares of that issuer by a third party. Those events or other actions by the applicable issuer or a third party may nevertheless adversely affect the price of the Portfolio Share, and adversely affect the value of your notes.

BMO Q-30 STRATEGY

The BMO Q-30 Strategy (the "Strategy") was created by our subsidiary, BMOCM.

Initially, the Portfolio will be comprised of the equity securities of the top 30 ranked companies included in the SPX (the "Portfolio Shares") based on the Strategy. The calculation agent will select the Portfolio Shares by applying the Strategy to create daily rankings of the SPX components based on scores derived from a set of financial metrics. Portfolio Shares remain in the Portfolio until a company falls outside the top 30 daily ranked companies, at which time that company's shares will be replaced by the shares of the next highest ranked company that is not already in the Portfolio.

The Strategy

The Strategy generates scores for the SPX components based on five factors that often serve as indicators of the growth potential of companies, and identifies the stocks that most exhibit these characteristics. The assessment of these characteristics is based on objective calculations that do not require any forecasts or discretionary investment judgments by a portfolio manager.

The five factors are as follows. The data for each of the factors is derived from the Bloomberg API. As noted in more detail below, a lower score for each factor (1 to 500) reflects a higher ranking within the SPX.

- Price to Earnings ("P/E") Ratio – calculated using the current trading price per share of common stock of a company divided by its latest four quarter trailing operating earnings per share. The lower the P/E Ratio, the lower a company's score will be for this factor.

- Price to Book Value Ratio – calculated using the current trading price per share of common stock of a company divided by the average of the last four quarterly book values per share for that company. The lower the Price to Book Value Ratio, the lower a company's score will be for this factor. For purposes of this factor, book value is defined as:

- Return on Equity ("ROE") – calculated using the latest quarterly operating earnings per share for a company divided by its latest available book value per share. The higher the ROE, the lower a company's score will be for this factor.

- Price Momentum – calculated as the year-over-year price change per share of common stock of a company. The higher the Price Momentum, the lower a company's score will be for this factor.

- Earnings Momentum – calculated using the difference in the current quarterly operating earnings per share and the quarterly operating earnings per share reported in the previous year for a company divided by its current trading price per share of common stock. The higher the Earnings Momentum, the lower a company's score will be for this factor.

To determine the Portfolio, the calculation agent will apply the Strategy and rank and sort each eligible company in the SPX based on its scores, which will be generated at the beginning of each trading day from the relevant prior trading day's closing values. For each individual factor described above, the company that most strongly exhibits that factor will be assigned the lowest possible score of 1, while the company that least strongly exhibits that same factor will be assigned the highest possible score of 500. Each company will receive five scores in total, one in respect of each of the factors above. Those five scores will be added together to determine the company's "composite score." Each factor will have an equal weighting, so that the Strategy does not favor any one factor over another. The calculation agent will then rank the companies based on their composite scores to create a "composite portfolio," in which the lowest scoring company will rank first and the highest scoring company will rank last. Based on the "composite portfolio" rankings, the calculation agent will select the top 30 securities for the Portfolio. In the rare instance where two or more companies have the same composite score and share the 30th spot on the ranking list, the calculation agent will incorporate those companies into the Portfolio, and each of the companies with that same score will account together for 1/30th of the Portfolio. For example, two companies with the same score will each be deemed to constitute 1/60th of the Portfolio.

In some cases, such as newly listed companies, Bloomberg API will not provide information as to one or more of the factors. In those cases, the calculation agent will ascribe the highest possible score to the relevant company as to that factor. This will reduce the likelihood that such a company will be selected for the Portfolio, even if such a company would, if it had a longer trading history, have been included in the Portfolio.

Certain types of entities, such as real estate investment trusts, that are treated as pass-thru entities for U.S. federal income tax purposes, are not eligible for inclusion in the Portfolio, and would be replaced by the company with the next lowest score. In addition, a company's shares may also not be included in the Portfolio if the calculation agent reasonably determines that the relevant company is subject to any material publicly-announced review, investigation, cease-trading or other remedial order by any government, regulatory authority or stock exchange. We may also exclude any securities from the Portfolio that are subject to any material trading restrictions or other restrictions under our internal policies or those of our affiliates.

Due to its objective nature, the composite portfolio identified by the Strategy, and hence the Portfolio, may overweight sectors that demonstrate the Strategy's desired characteristics. The Strategy has not been designed to identify a sector-neutral portfolio.

Changes to the Strategy; Discontinuance

The calculation agent reserves the right to make changes to the methodology described in this section. For example, if any of the information sources described in this section becomes unavailable, or if the calculation agent determines that the relevant criterion can be determined more appropriately by another means, the calculation agent may alter its method for determining one or more of the five factors described above.

If the calculation agent ceases to calculate the Strategy and determine the value of the Portfolio, we may call the notes at a price that will be based upon the most recent obtainable value of the Portfolio.

Determinations by the Calculation Agent

The calculation agent will make all determinations relating to the Strategy. These determinations may have an adverse effect on the performance of the notes.

Hypothetical Portfolio Shares

This section sets forth the securities that would constitute the Portfolio Shares, if the Portfolio was selected as of the close of trading on January 2, 2015. We are providing this information solely for informational purposes, as the Portfolio Shares are expected to change, possibly in their entirety, both on or prior to the pricing date, and over the term of the notes. Accordingly, you should not purchase the notes solely because you seek an investment linked to these securities. The Portfolio Shares that will be set forth in the final pricing supplement may differ to a significant extent from those listed below.

Portfolio Share Issuer Name	Ticker
The AES Corporation	AES
Aetna Inc.	AET
Aflac Incorporated	AFL
The Allstate Corporation	ALL
Caterpillar Inc.	CAT
Computer Sciences Corporation	CSC
Chevron Corporation	CVX
Discover Financial Services	DFS
Edison International	EIX
EOG Resources, Inc.	EOG
Gannet Co., Inc.	GCI
Gilead Sciences, Inc.	GILD
Haliburton Company	HAL
The Hartford Financial Services Group, Inc.	HIG
Honeywell International Inc.	HON
Hewlett-Packard Company	HPQ
LyondellBasell Industries N.V.	LYB
Macy's Inc.	M
MetLife, Inc.	MET

Marathon Petroleum Corporation	MPC
Micron Technology, Inc.	MU
Norfolk Southern Corporation	NSC
PG&E Corporation	PCG
Public Service Enterprise Group Incorporated	PEG
PPL Corporation	PPL
Ryder System, Inc.	R
Regions Financial Corporation	RF
Raytheon Company	RTN
Tesoro Corporation	TSO
Valero Energy Corporation	VLO

THE INDICATIVE NOTE VALUE

Initial Value

The "Initial Value" will represent a hypothetical initial investment in the Portfolio as of the pricing date of $1,000 multiplied by the Participation Rate of 98%, and will equal $980. Because the Participation Rate is less than 100%, less than your entire investment in the notes will be deemed to be applied to the Portfolio.

For example, if there are initially 30 stocks in the Portfolio, there would be $32.67 of the $980 available to purchase each stock. The number of shares deemed to be purchased will be dependent on the closing price of each stock, as set forth in the following table:

Stock	Closing Stock Price on Pricing Date	Deemed Value of Shares	Number of Shares Deemed to Be Purchased
1	$30.00	$32.67	1.09
2	$29.00	$32.67	1.13
3	$28.00	$32.67	1.17
4	$27.00	$32.67	1.21
5	$26.00	$32.67	1.26
6	$25.00	$32.67	1.31
7	$24.00	$32.67	1.36
8	$23.00	$32.67	1.42
9	$22.00	$32.67	1.49
10	$21.00	$32.67	1.56
11	$20.00	$32.67	1.63
12	$19.00	$32.67	1.72
13	$18.00	$32.67	1.82
14	$17.00	$32.67	1.92
15	$16.00	$32.67	2.04
16	$15.00	$32.67	2.18
17	$14.00	$32.67	2.33
18	$13.00	$32.67	2.51
19	$12.00	$32.67	2.72
20	$11.00	$32.67	2.97
21	$10.00	$32.67	3.27
22	$9.00	$32.67	3.63
23	$8.00	$32.67	4.08
24	$7.00	$32.67	4.67
25	$6.00	$32.67	5.45
26	$5.00	$32.67	6.53
27	$4.00	$32.67	8.17
28	$3.00	$32.67	10.89
29	$2.00	$32.67	16.34
30	$1.00	$32.67	32.67

Determining the Indicative Note Value, the Portfolio Factor and the Portfolio Closing Level

After the pricing date, on any trading day, including the final valuation date, the Indicative Note Value will be calculated by multiplying the Indicative Note Value as of the immediately preceding trading day (or the pricing date, as applicable) by the Portfolio Factor for that day and then subtracting the Investor Fee for that day.

On any trading day, the Portfolio Factor will equal the Portfolio closing level for that day divided by the Portfolio closing level on the immediately preceding trading day. The Portfolio closing level on any trading day will equal the sum of the Stock Performance for each Portfolio Share.

On any trading day, the Stock Performance for each Portfolio Share will be calculated as follows:

The "Current Price" for each stock will equal its closing price on that trading day plus any "Dividend Amount." The "Starting Price" for that stock will equal its closing price on the preceding trading day (or the pricing date, as applicable). The "Portfolio Weighting" will be a fraction equal to one divided by the total number of stocks in the Portfolio. The Portfolio Weighting for each Portfolio Share will typically be 1/30th.

The Dividend Amount on any trading day for a Portfolio Share will be (1) on the trading day immediately preceding an ex-dividend date for that Portfolio Share, an amount in U.S. dollars equal to 100% of the gross cash distributions (including ordinary and special dividends) declared by the issuer of that stock on the relevant declaration date, or (2) on all other trading days, zero.

Daily Rebalancing of the Portfolio

Each trading day, the calculation agent will determine the Portfolio Shares through the application of the Strategy's stock screening procedure. The calculation agent will begin by determining the Indicative Note Value as of the close of trading on the preceding trading day as described in "—Determining the Indicative Note Value, the Portfolio Factor and the Portfolio Closing Level" above. The Portfolio then will be deemed to have been liquidated as of the close of the current trading day, yielding an amount equal to that value. That value will then be deemed to be reinvested in an equal-weighted basket comprised of the new Portfolio Shares that are selected based on the prior trading day's Strategy scores, as described in "—Initial Value and the Price to Public" above. This deemed reinvestment will occur even if the securities in the Portfolio remain the same from one trading day to the next. This process will be repeated on each trading day between the pricing date and the final valuation date of the notes.

If the calculation agent determines that a market disruption event or similar event occurs on a trading day as to any Portfolio Share, the calculation agent will determine the value of that Portfolio Share on the first trading day thereafter on which no such event occurs or is continuing. However, no such determination will be postponed by more than 10 trading days. If on the 10th scheduled trading day after the applicable trading day, a market disruption event occurs or is continuing, the calculation agent will value that Portfolio Share using such means as it determines to be reasonable, and that Portfolio Share will be removed from the Portfolio. See "Additional Terms of the Notes—Consequences of Market Disruption Events." Accordingly, the reallocation of the Portfolio may not be completed until after the applicable trading day.

No Interest in Any Portfolio Shares

The Portfolio is solely a hypothetical calculation. As a holder of the notes, you will not have any direct or indirect ownership in the Portfolio Shares. We may or may not own some or all of these securities at any time. If we do hold any such securities, you will have no right to receive any of them, and the payment on the notes will be made solely in cash.

Anti-dilution Adjustments

The calculation agent will adjust the then applicable Starting Price for any Portfolio Share if any of the dilution events described below occurs with respect to that Portfolio Share.

The calculation agent will adjust the Starting Price for any Portfolio Share as described below, but only if an event described below under this "—Anti-dilution Adjustments" section occurs with respect to that Portfolio Share. The Starting Price for each Portfolio Share will be subject to the adjustments described below, independently and separately, with respect to the dilution events that affect that Portfolio Share.

If more than one anti-dilution event requiring adjustment occurs with respect to the Starting Price of any Portfolio Share, the calculation agent will adjust the Starting Price of that Portfolio Share for each event, sequentially, in the order in which the events occur, and on a cumulative basis. As a result, having adjusted the Starting Price for a Portfolio Share for the first event, the calculation agent will adjust the Starting Price for that same Portfolio Share for the second event, applying the required adjustment to the Starting Price as already adjusted for the first event, and so on for each event. If an event requiring an anti-dilution adjustment occurs, the calculation agent will make the adjustment in an attempt to offset, to the extent practical, any change in the economic position of the holder and us, relative to the notes, that results solely from that event. The calculation agent may also adjust the Starting Price, the Current Price, the number of shares of the applicable Portfolio Share included in the Portfolio, or the amount of dividends paid on the applicable Portfolio Share in order to ensure an appropriate result. The calculation agent may, in its sole discretion, modify the anti-dilution adjustments set forth in this section as necessary to ensure an equitable result.

Stock Splits and Stock Dividends

A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. When a corporation pays a stock dividend, it issues additional shares of its stock to all holders of its outstanding stock in proportion to the shares they own. Each outstanding share will be worth less as a result of a stock split or stock dividend.

If a Portfolio Share is subject to a stock split or receives a stock dividend, then the calculation agent will adjust its Starting Price by dividing the prior Starting Price — that is, the Starting Price before the stock split or stock dividend — by an amount equal to: (1) the number of shares of the applicable Portfolio Share outstanding immediately after the stock split or stock dividend becomes effective; divided by (2) the number of shares of the applicable Portfolio Share outstanding immediately before the stock split or stock dividend becomes effective. The calculation agent will also increase the number of applicable shares deemed to be included in the Portfolio. These adjustments will not be made, however, unless:

- in the case of a stock split, the first day on which that Portfolio Share trades without the right to receive the stock split occurs after the pricing date and on or before the final valuation date; or

- in the case of a stock dividend, the ex-dividend date occurs after the pricing date and on or before the final valuation date.

The ex-dividend date for any dividend or other distribution with respect to a Portfolio Share is the first day on which that Portfolio Share trades without the right to receive that dividend or other distribution.

Reverse Stock Splits

A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth more as a result of a reverse stock split.

If a Portfolio Share is subject to a reverse stock split, then the calculation agent will adjust its Starting Price by multiplying the prior Starting Price by an amount equal to: (a) the number of Portfolio Shares outstanding immediately before the reverse stock split becomes effective; divided by (b) the number of Portfolio Shares outstanding immediately after the reverse stock split becomes effective. The calculation agent will also decrease the number of applicable shares deemed to be included in the Portfolio. These adjustments will not be made, however, unless the reverse stock split becomes effective after the pricing date and on or before the final valuation date.

Transferable Rights and Warrants

If a Portfolio Share Issuer issues transferable rights or warrants for all holders of that Portfolio Share to subscribe to or purchase that Portfolio Share at an exercise price per share that is less than the closing price of the Portfolio Share on the business day before the ex-dividend date for the issuance, then the applicable Starting Price will be adjusted by multiplying the prior Starting Price by the following fraction:

- the numerator will be the number of Portfolio Shares outstanding at the close of business on the day before that ex-dividend date plus the number of additional Portfolio Shares that the aggregate offering price of the total number of shares of the applicable Portfolio Share so offered for subscription or purchase pursuant to the transferable rights or warrants could purchase at the closing price on the business day before the ex-dividend date, with that number of additional shares being determined by multiplying the total number of shares so offered by the exercise price of those transferable rights or warrants and dividing the resulting product by the closing price on the business day before that ex-dividend date.

- the denominator will be the number of Portfolio Shares outstanding at the close of business on the day before that ex-dividend date plus the number of additional shares of the applicable Portfolio Share offered for subscription or purchase under those transferable rights or warrants.

The Starting Price will not be adjusted, however, unless the ex-dividend date described above occurs after the pricing date and on or before the final valuation date.

Reorganization Events

If a Portfolio Share Issuer undergoes a reorganization event in which property other than the applicable Portfolio Share — e.g., cash and securities of another issuer — is distributed in respect of that Portfolio Share, then, for purposes of calculating its Stock Performance, the calculation agent will determine the Current Price of that Portfolio Share on the applicable determination date to equal the value of the cash, securities and other property distributed in respect of each

Portfolio Share.

If the calculation agent determines that, by valuing such cash, securities and other property, a commercially reasonable result is not achieved, then the calculation agent will, in its sole discretion, substitute another stock for that Portfolio Share.

Each of the following is a reorganization event with respect to a Portfolio Share:

- the Portfolio Share is reclassified or changed;
- the Portfolio Share Issuer has been subject to a merger, consolidation or other combination and either is not the surviving entity or is the surviving entity but all the outstanding stock is exchanged for or converted into other property;
- a statutory share exchange involving the outstanding stock and the securities of another entity occurs, other than as part of an event described in the two bullet points above;

- the Portfolio Share Issuer sells or otherwise transfers its property and assets as an entirety or substantially as an entirety to another entity;
- the Portfolio Share Issuer effects a spin-off — that is, issues to all holders of that Portfolio Share equity securities of another issuer, other than as part of an event described in the four bullet points above;
- the Portfolio Share Issuer is liquidated, dissolved or wound up or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law; or
- another entity completes a tender or exchange offer for all of the outstanding stock of the Portfolio Share Issuer.

Valuation of Distribution Property

If a reorganization event occurs with respect to a Portfolio Share, and the calculation agent does not substitute another stock for that Portfolio Share as described in "—Substitution" below, then the calculation agent will determine the applicable Current Price so as to equal the value of the property — whether it be cash, securities or other property — distributed in the reorganization event in respect of one Portfolio Share, as that Portfolio Share existed before the date of the reorganization. We refer to the property distributed in a reorganization event as distribution property, a term we describe in more detail below. The calculation agent will not make any determination for a reorganization event, however, unless the event becomes effective (or, if the event is a spin-off, unless the ex-dividend date for the spin-off occurs) after the pricing date and on or before the final valuation date.

For the purpose of making a determination required by a reorganization event, the calculation agent will determine the value of each type of distribution property, in its sole discretion. For any distribution property consisting of a security, the calculation agent will use the closing price for the security on the relevant date. The calculation agent may value other types of property in any manner it determines, in its sole discretion, to be appropriate. If a holder of a Portfolio Share may elect to receive different types or combinations of types of distribution property in the reorganization event, the distribution property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the calculation agent in its sole discretion.

If a reorganization event occurs and the calculation agent adjusts the Current Price of a Portfolio Share to equal the value of the distribution property distributed in the event, as described above, the calculation agent will make further determinations for later events that affect the distribution property considered in determining the closing price. The calculation agent will do so to the same extent that it would make determinations if that Portfolio Share were outstanding and were affected by the same kinds of events.

For example, if a Portfolio Share Issuer merges into another company and each Portfolio Share is converted into the right to receive two common shares of the surviving company and a specified amount of cash, then the closing price of that Portfolio Share will be determined to equal the value of the two common shares of the surviving company plus the specified amount of cash. The calculation agent will further determine the common share component of that closing price to reflect any later stock split or other event, including any later reorganization event, that affects the common shares of the surviving company, to the extent described in this "—Anti-dilution Adjustments" section or as described above in the "—Reorganization Events" subsection as if the common shares were that Portfolio Share. In that event, the cash component will not be redetermined but will continue to be a component of the closing price.

When we refer to "distribution property," we mean the cash, securities and other property distributed in a reorganization event in respect of a Portfolio Share. If an adjustment resulting from a prior reorganization had occurred, the "distribution property" will mean the cash, securities and other property distributed in respect of any securities whose value determines the closing price of the Portfolio Share. In the case of a spin-off, the distribution property also includes the Portfolio Share in respect of which the distribution is made.

If a reorganization event occurs, the distribution property distributed in the event will be substituted for the Portfolio Share as described above. Consequently, in this pricing supplement, when we refer to a Portfolio Share, we mean any distribution property that is distributed in a reorganization event in respect of that Portfolio Share. Similarly, when we refer to a Portfolio Share Issuer, we mean any successor entity in a reorganization event.

Substitution

If the calculation agent determines that a commercially reasonable result is not achieved by valuing distribution property with respect to the applicable Portfolio Share upon becoming subject to a reorganization event, then the calculation agent will, in its sole discretion, substitute another stock for that Portfolio Share. In such case, the adjustments described above under "—Valuation of Distribution Property" will not apply.

If the calculation agent so determines, it may choose, in its sole discretion, the stock of a different company listed on a national securities exchange as a substitute for that Portfolio Share. For all purposes, the substitute stock will be deemed to be that Portfolio Share for all purposes of the notes. The calculation agent will have the right to make such adjustments to the calculation of the payment on the notes as it determines in its sole discretion are necessary to preserve as nearly as possible our and your relative economic position prior to the reorganization event.

Other Events and Adjustments

The calculation agent may make such adjustments to the terms of the notes with respect to any of the events described above, as it deems in its discretion is necessary to ensure an equitable result, for example, if an event of the type described in this section occurs on the pricing date, or on any trading day, including the final valuation date.

ADDITIONAL TERMS OF THE NOTES

This pricing supplement, and the accompanying prospectus dated June 27, 2014 relating to the notes, should be read together. Because the notes are part of a series of our senior debt securities called Senior Medium-Term Notes, Series C, this pricing supplement and the accompanying prospectus should also be read together with the accompanying prospectus supplement, dated June 27, 2014. Terms used but not defined in this pricing supplement have the meanings given to them in the accompanying prospectus or accompanying prospectus supplement, unless the context requires otherwise.

The notes will be issued in book-entry form through The Depository Trust Company. Owners of beneficial interests in the notes should read the section entitled "Description of the Notes We May Offer—Legal Ownership" in the accompanying prospectus supplement and "Description of the Debt Securities We May Offer—Legal Ownership and Book-Entry Issuance" in the accompanying prospectus.

The notes are part of a series of senior debt securities entitled "Senior Medium-Term Notes, Series C" that we may issue from time to time under the senior indenture, dated January 25, 2010, between Bank of Montreal and Wells Fargo Bank, National Association, as trustee. Terms that apply generally to our medium term notes are described in "Description of the Notes We May Offer" in the accompanying prospectus supplement. The terms described in this pricing supplement, supplement those described in the accompanying prospectus and the accompanying prospectus supplement, and, if the terms described here are inconsistent with those described in those documents, the terms described in this pricing supplement are controlling.

We will not pay periodic interest payments on the notes.

Final Valuation Date

The final valuation date will occur on February 2, 2016. If the final valuation date is not a trading day as to any Portfolio Share, the final valuation date for that security will be postponed as to that security to the next trading day. If the calculation agent determines that a market disruption event occurs or is continuing on the final valuation date as to one or more of such securities, the price of the applicable securities will be determined as set forth in "—Consequences of Market Disruption Events" below.

Maturity Date

The maturity date will be February 5, 2016, unless that date is not a business day, in which case the maturity date will be the next following business day. If the final valuation date is postponed as provided above, the maturity date will be postponed by the same number of business days. No interest will accrue on the notes as a result of any postponement of the maturity date.

Certain Definitions

Business Day. A day of the week other than Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to close in New York City, Toronto, or Montreal.

Trading Day. As to any Portfolio Share, any day, as determined by the calculation agent, on which trading is generally conducted on the relevant primary U.S. exchange for that security.

Closing Price. The closing price for any Portfolio Share on any day will equal the closing sale price or last reported sale price, regular way, for the security, on a per-share basis:

- on the principal national securities exchange on which that Portfolio Share is listed for trading on that day, or

- if that Portfolio Share is not listed on any national securities exchange on that day, on any other market system or quotation system that is the primary market for the trading of that Portfolio Share.

If that Portfolio Share is not listed or traded as described above, then the closing price for that Portfolio Share on any day will be the average, as determined by the calculation agent, of the bid prices for the security obtained from as many dealers in that security selected by the calculation agent as will make those bid prices available to the calculation agent. The number of dealers needs to exceed three and may include the calculation agent or any of their respective affiliates.

Consequences of Market Disruption Events

If a market disruption event with respect to any of the Portfolio Shares occurs or is continuing on the final valuation date, the price of any affected Portfolio Share for that date will be based upon its price on the next scheduled trading day on which no market disruption event occurs. In no event, however, will the final valuation date be postponed by more than ten trading days. As a result, if a market disruption event occurs or is continuing on the final valuation date, the determination of its price could also be postponed, although not by more than ten trading days. If the scheduled final valuation date is postponed, the maturity date will be postponed by the same number of business days.

If the final valuation date is postponed to the tenth scheduled trading day thereafter, and a market disruption event occurs on that day, then the calculation agent shall determine the value of the applicable Portfolio Share on that day based upon its good faith estimate, made in its sole discretion, of the value that would have been applicable in the absence of the market disruption event.

Any of the following will be a "market disruption event" as to any Portfolio Share:

- a suspension, absence or limitation of trading in (i) that security in its primary market, as determined by the calculation agent, or (ii) futures or options contracts relating to that security in the primary market for those contracts, as determined by the calculation agent;

- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, the security in its primary market, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to that security in its primary market;

- the closure on any day of the primary market for that security on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;

- any scheduled trading day on which (i) the primary market for that security or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on that security are traded, fails to open for trading during its regular trading session; or

- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the notes that we or our affiliates have effected or may effect as described below under "Use of Proceeds and Hedging" in this pricing supplement.

Events of Default

In case an event of default with respect to the notes shall have occurred and be continuing, the amount declared due and payable on the notes upon any acceleration of the notes will be determined by the calculation agent and will be an amount of cash equal to the amount payable as described above, calculated as if the date of acceleration were the final valuation date. The amount of dividends for each Portfolio Share will only include dividends declared and paid through that date (subject to the definition of Dividend Amount above).

If the maturity of the notes is accelerated because of an event of default, we will, or will cause the calculation agent to, provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, and to the depositary, of the amount due with respect to the notes as promptly as possible and in no event later than two business days after the date of acceleration.

Role of the Calculation Agent

The calculation agent will make all determinations regarding the composition of the Portfolio, the prices of the Portfolio Shares, the Redemption Amount, dividends paid on the Portfolio Shares, trading days, business days, market disruption events, any required anti-dilution adjustments, the default amount, and the amount payable on your notes. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of these determinations or calculations by the calculation agent.

Our subsidiary, BMOCM, is expected to serve as the calculation agent for the notes. We may change the calculation agent for your notes at any time after the date of this pricing supplement without notice and BMOCM may resign as calculation agent at any time upon 60 days written notice to us.

Listing

The notes will not be listed on any securities exchange.

SUPPLEMENTAL TAX CONSIDERATIONS

For a summary of Canadian tax considerations relevant to an investment in the notes, please see the sections entitled "Canadian Taxation" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences—Certain Canadian Income Tax Considerations " in the accompanying prospectus supplement.

With respect to any interest payable on the notes, or any portion of the principal amount of the notes in excess of the issue price, such interest or principal, as the case may be, should not be subject to Canadian Non-Resident withholding tax.

Supplemental U.S. Federal Income Tax Considerations

The following, together with the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement, is a general description of the material U.S. tax considerations relating to the notes. It does not purport to be a complete analysis of all tax considerations relating to the notes. Prospective purchasers of the notes should consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the notes and receiving payments under the notes. This summary is based upon the law as in effect on the date of this pricing supplement and is subject to any change in law that may take effect after such date.

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement with respect to United States holders (as defined in the accompanying prospectus). It applies only to those United States holders who are not excluded from the discussion of U.S. federal income taxation in the accompanying prospectus and who will purchase the notes upon original issuance and will hold the notes as capital assets for U.S. federal income tax purposes.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the notes in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE NOTES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES. AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES ARE UNCERTAIN. BECAUSE OF THE UNCERTAINTY, YOU SHOULD CONSULT YOUR TAX ADVISOR IN DETERMINING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES OF YOUR INVESTMENT IN THE NOTES, INCLUDING THE APPLICATION OF STATE, LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

We will not attempt to ascertain whether a Portfolio Share Issuer would be treated as a "passive foreign investment company" within the meaning of Section 1297 of the Code or a "U.S. real property holding corporation" within the meaning of Section 897 of the Code. If a Portfolio Share Issuer were so treated, certain adverse U.S. federal income tax consequences could possibly apply. You should refer to any available information filed with the SEC by Portfolio Share Issuers and consult your tax advisor regarding the possible consequences to you in this regard.

In the opinion of our counsel, Morrison & Foerster LLP, it would generally be reasonable to treat a note with terms described in this pricing supplement as a pre-paid cash-settled derivative contract in respect of the Portfolio for U.S. federal income tax purposes, and the terms of the notes require a holder and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the notes for all tax purposes in accordance with such characterization. If the notes are so treated, it would be reasonable for a United States holder to take the position that it will recognize capital gain or loss upon the sale or maturity of the notes in an amount equal to the difference between the amount a United States holder receives at such time and the United States holder's tax basis in the notes. In general, a United States holder's tax basis in the notes will be equal to the price the holder paid for the notes. Capital gain recognized by an individual United States holder is generally taxed at preferential rates where the property is held for more than one year and is generally taxed at ordinary income rates where the property is held for one year or less. The deductibility of capital losses is subject to limitations.

Alternative Treatments

Alternative tax treatments of the notes are also possible and the Internal Revenue Service might assert that a treatment other than that described above is more appropriate. For example, it is possible that a holder would be required to include the Dividend Amount (including any interest earned thereon) in income over the term of the notes even though the holder will not receive any payments from us until maturity of the notes. It is also possible that amounts received by a holder upon maturity of the notes could be characterized as dividends to the extent that such amounts are attributable to the Dividend Amount. In addition, it would also be possible to treat the notes, and the Internal Revenue Service might assert that the notes should be treated, as a single debt instrument. Such a debt instrument would be subject to the special tax rules governing contingent payment debt instruments. If the notes are so treated, a United States holder would generally be required to accrue interest currently over the term of the notes even though that holder will not receive any payments from us prior to maturity. In addition, any gain a United States holder might recognize upon the sale or maturity of the notes would be ordinary income and any loss recognized by a holder at such time would be ordinary loss to the extent of interest that same holder included in income in the current or previous taxable years in respect of the notes, and thereafter, would be capital loss.

The Internal Revenue Service could also assert that a holder should be required to treat any amounts attributable to the Investor Fee as a separate investment expense. The deduction of any such deemed expenses would generally be subject to a 2% floor on miscellaneous itemized deductions applicable to a holder who is an individual, trust or estate. Such amount would correspondingly increase the amount of gain and income or decrease the amount of loss recognized by a holder with respect to an investment in the notes.

Because the Portfolio periodically rebalances, it is possible that a deemed taxable change has occurred on one or more of the rebalancing dates or that the notes could be treated as a series of derivative contracts, each of which matures on the next rebalancing date. If the notes were properly characterized in such a manner, a United States holder would be treated as disposing of the notes on each rebalancing date in return for new derivative contracts that mature on the next rebalancing date, and a holder would accordingly likely recognize capital gain on each trading day equal to the difference between the holder’s basis in the notes (which would be adjusted to take into account any prior recognition of gain or loss) and the fair market value of the notes on such date.

Because of the absence of authority regarding the appropriate tax characterization of the notes, it is also possible that the Internal Revenue Service could seek to characterize the notes in a manner that results in other tax consequences that are different from those described above. For example, the Internal Revenue Service could possibly assert that any gain or loss that a holder may recognize upon the sale or maturity of the notes should be treated as ordinary gain or loss. In addition, it is possible that the amount a holder receives upon sale or maturity that is attributable to the Dividend Amount (and any interest earned thereon) will be taxable as ordinary income. Holders should consult their tax advisors as to the tax consequences of such characterizations and any possible alternative characterizations of the notes for U.S. federal income tax purposes.

The Internal Revenue Service has released a notice that may affect the taxation of holders of the notes. According to the notice, the Internal Revenue Service and the Treasury Department are actively considering whether the holder of an instrument such as the notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special “constructive ownership rules” of Section 1260 of the Code might be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. We intend to treat the notes for U.S. federal income tax purposes in accordance with the treatment described in this pricing supplement unless and until such time as the Treasury Department and Internal Revenue Service determine that some other treatment is more appropriate.

Backup Withholding and Information Reporting

Please see the discussion under “United States Federal Income Taxation—Other Considerations—Backup Withholding and Information Reporting” in the accompanying prospectus for a description of the applicability of the backup withholding and information reporting rules to payments made on your notes.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act was enacted on March 18, 2010 and will impose a 30% U.S. withholding tax on certain U.S. source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends (“Withholdable Payments”), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the Treasury Department to collect and provide to the Treasury Department substantial information regarding U.S. account holders, including certain account holders that are foreign entities with U.S. owners, with such institution. A note may constitute an account for these purposes. The legislation also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity.

These withholding and reporting requirements generally apply to payments made after June 30, 2014. Account holders subject to information reporting requirements pursuant to the Foreign Account Tax Compliance Act may include holders of the notes. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing the Foreign Account Tax Compliance Act may be subject to different rules. Holders are urged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the notes.

EMPLOYEE RETIREMENT INCOME SECURITY ACT

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") (each, a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan, and whether the investment would involve a prohibited transaction under ERISA or the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans, as well as individual retirement accounts, Keogh plans any other plans that are subject to Section 4975 of the Code (also "Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the Plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA or the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("Non-ERISA Arrangements") are not subject to the requirements of Section 406 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, non-U.S., or other laws ("Similar Laws").

The acquisition of notes by a Plan or any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") with respect to which we or certain of our affiliates is or becomes a party in interest or disqualified person may result in a prohibited transaction under ERISA or Section 4975 of the Code, unless the notes are acquired pursuant to an applicable exemption. The U.S. Department of Labor has issued five prohibited transaction class exemptions, or "PTCEs", that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of notes. These exemptions are PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-house asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities offered hereby, provided that neither the issuer of notes offered hereby nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more and receives no less than "adequate consideration" in connection with the transaction (the "Service Provider Exemption"). Any Plan fiduciary relying on the Service Provider Exemption and purchasing the notes on behalf of a Plan must initially make a determination that (x) the Plan is paying no more than, and is receiving no less than, "adequate consideration" in connection with the transaction and (y) neither we nor any of our affiliates directly or indirectly exercises any discretionary authority or control or renders investment advice with respect to the assets of the Plan which such fiduciary is using to purchase, both of which are necessary preconditions to reliance on the Service Provider Exemption. If we or any of our affiliates provides fiduciary investment management services with respect to a Plan's acquisition of the notes, the Service Provider Exemption may not be available, and in that case, other exemptive relief would be required as precondition for purchasing the notes. Any Plan fiduciary considering reliance on the Service Provider Exemption is encouraged to consult with counsel regarding the availability of the exemption. There can be no assurance that any of the foregoing exemptions will be available with respect to any particular transaction involving the notes, or that, if an exemption is available, it will cover all aspects of any particular transaction.

Because we or our affiliates may be considered to be a party in interest with respect to many Plans, the notes may not be purchased, held or disposed of by any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 or the Service Provider Exemption, or such purchase, holding or disposition is not otherwise prohibited. Except as otherwise set forth in any applicable pricing supplement, by its purchase of any notes, each purchaser (whether in the case of the initial purchase or in the case of a subsequent transferee) will be deemed to have represented and agreed by its purchase and holding of the notes offered hereby that either (i) it is not and for so long as it holds a note, it will not be a Plan, a Plan Asset Entity, or a Non-ERISA Arrangement, or (ii) its purchase and holding of the notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of such a Non-ERISA Arrangement, under any Similar Laws.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing notes on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the Service Provider Exemption or the potential consequences of any purchase or holding under Similar Laws, as applicable. Purchasers of notes have exclusive responsibility for ensuring that their purchase and holding of notes do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions of Similar Laws. The sale of any notes to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement.

USE OF PROCEEDS AND HEDGING

We will use the net proceeds we receive from the sale of the notes for the purposes we describe in the accompanying prospectus and the accompanying prospectus supplement under "Use of Proceeds." We or our affiliates may also use those proceeds in transactions intended to hedge our respective obligations under the notes as described below.

We or our affiliates expect to enter into hedging transactions involving, among other transactions, purchases or sales of one or more of the Portfolio Shares, or listed or over-the-counter options, futures and other instruments linked to the Portfolio Shares. In addition, from time to time after we issue the notes, including around the time of each trading day and the final valuation date (including any accelerated final valuation date), we or our affiliates expect to enter into additional hedging transactions and to unwind those we have entered into in connection with the notes. Consequently, with regard to the notes, we or our affiliates from time to time expect to acquire or dispose of the Portfolio Shares or positions in listed or over-the-counter options, futures or other instruments linked to one or more of the Portfolio Shares.

We or our affiliates may acquire a long position in securities similar to the notes from time to time and may, in our or their sole discretion, hold, resell or repurchase those securities.

In the future, we or our affiliates expect to close out hedge positions relating to the notes and possibly relating to other securities or instruments with returns linked to one or more of the Portfolio Shares. We expect these steps to involve sales of instruments linked to the Portfolio Shares on or shortly before the final valuation date. These steps may also involve transactions of the type contemplated above. Notwithstanding the above, we are permitted to and may choose to hedge in any manner not stated above; similarly, we may elect not to enter into any such transactions. Investors will not have knowledge about our hedging positions.

We have no obligation to engage in any manner of hedging activity and will do so solely at our discretion and for our own account. No holder of any notes will have any rights or interest in our hedging activity or any positions we or any counterparty may take in connection with our hedging activity.

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at an agreed discount to the initial price to public.

Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be less than 100% of the principal amount, as set forth on the cover page of this document. Investors that hold their notes in these accounts may be charged fees by the investment advisor or manager of that account based on the amount of assets held in those accounts, including the notes.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

We reserve the right to withdraw, cancel or modify the offering of any of the notes and to reject orders in whole or in part. You may cancel any order for the notes prior to its acceptance.

You should not construe the offering of any of the notes as a recommendation of the merits of acquiring an investment linked to any of the Portfolio Shares or as to the suitability of an investment in the notes.

The notes are not intended for purchase by any investor that is not a United States person, as that term is defined for U.S. federal income tax purposes, and no dealer may make offers of the notes to any such investor.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

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a consolidated benefit for income taxes of $3.1 million for the three months ended September 30, 2006 as compared to a benefit of $4.7 million for the comparable period of the prior year. The current period benefit resulted primarily from Zapata Corporate s adjustment of deferred tax liabilities related to the difference in the Company s book and tax basis in its investment in Omega Protein. The impairment loss recognized during the quarter ended September 30, 2006 reduced the Company s book basis in Omega Protein. Accordingly, the deferred tax liability was also reduced to reflect the reduction in the difference between the Company s book and tax basis in its investment in Omega Protein s common stock. The prior period benefit resulted primarily from Omega s recognition of tax benefits associated with hurricane related losses which occurred during the third quarter of 2005.

For all periods in which any of the Company s subsidiaries are consolidated for book purposes and not consolidated for tax purposes, Zapata will recognize a provision or benefit to reflect the increase or decrease in the difference between the Company s book and tax basis in each subsidiary. Generally, the provision or benefit will be equal to the sum of the Company s tax effected proportionate share of each subsidiary s net income or loss. For example, during periods where a subsidiary recognizes net income, the Company s consolidated provision for income taxes will include our subsidiary s tax provision in addition to a provision for the Company s tax effected proportionate share of the subsidiary s net income. Accordingly, the Company s effective tax rate for each period can vary significantly depending on the changes in the underlying difference between the Company s book and tax basis in its subsidiaries.

Net income from discontinued operations. Pursuant to the Zapata Board of Directors approval of the plan to sell the Company s shares of Safety Components and the subsequent sale of these shares to the WLR Recovery Funds, all operating results related to Safety have been reclassified and included in discontinued operations. For the three months ended September 30, 2005, net loss from discontinued operations was $5.8 million.

Nine Months Ended September 30, 2006 and 2005

Zapata reported a consolidated net loss of $5.7 million or $0.30 per diluted share on consolidated revenues of $113.7 million for the nine months ended September 30, 2006 as compared to a consolidated net loss of $8.6 million or $0.45 per diluted share on consolidated revenues of $82.8 million for the nine months ended September 30, 2005. The following is a more detailed discussion of Zapata s consolidated operating results:

Revenues from continuing operations. Consolidated revenues increased $31.0 million from $82.8 million for the nine months ended September 30, 2005 to $113.7 million for the nine months ended September 30, 2006. This increase was attributable to increased revenues at Omega Protein, primarily resulting from a 145% increase in sales volumes of fish oil, partially offset by a 7% decline in fish meal sales volumes. Additionally, Omega experienced a 15% and 12% increase in sales prices of fish meal and fish oil, respectively. Omega experienced a $12.9 million increase in revenues due to increased sales prices and a $17.7 million increase in revenues due to sales volumes of fish meal and fish oil.

Cost of revenues from continuing operations. Zapata s consolidated cost of revenues, including depreciation and amortization, for the nine months ended September 30, 2006 was $94.1 million, a $25.6 million increase from $68.5 million for the comparable period of the prior year. This increase was attributable to increased sales volumes at

Omega Protein. Cost of revenues as a percentage of revenues held constant from the nine month period ended September 30, 2006 as compared to the comparable period of 2005.

Selling, general and administrative from continuing operations. Consolidated selling, general, and administrative expenses increased $1.1 million from $13.6 million for the nine months ended September 30, 2005 to $14.6 million for

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the nine months ended September 30, 2006. This increase was primarily attributable to increased selling, general and administrative expenses at Omega Protein of $1.2 million related to relocating the administrative offices from Louisiana to Texas, consulting costs and costs associated with the new Technical Center.

Loss resulting from natural disaster. For the nine month period ended September 30, 2005, Omega Protein incurred a loss of $13.2 million relating to damages incurred at its Moss Point, Mississippi fish processing facility and adjacent shipyard from Hurricane Katrina, and damages incurred at its Cameron and Abbeville, Louisiana fish processing facilities from Hurricane Rita. During the nine month period ended September 30, 2006, Omega Protein recorded additional losses of $1.4 million representing costs in excess of the original involuntary conversion loss recorded at December 30, 2005.

Impairment of long-lived assets. In September of 2006, Zapata Corporate recorded an impairment charge of $11.1 million to reduce the carrying value of the Company s investment in Omega Protein to fair value, through a reduction of Omega s long-lived assets, in accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This charge was based on the $5.109 per share value implied by the contemplated sale of Omega Protein under the stock purchase agreement (the sale price of $5.125 less the amount estimated for the call option value). The ultimate amount of the impairment will not be known until the close of the transaction, which management believes will occur during November of 2006.

Interest income from continuing operations. Consolidated interest income increased $2.2 million from $1.0 million for the nine months ended September 30, 2005 to $3.3 million for the current period. This increase was primarily related to an increase of $2.1 million at Zapata Corporate resulting from higher interest rates on investment and an increase in cash balance available for investment after selling its common stock holdings in Safety Components. This increase combined with an increase of $69,000 at Omega protein primarily due to improved rates of return on Omega s investments.

Interest expense from continuing operations. Interest expense increased $705,000 for the period ended September 30, 2006 as compared to the period ended September 30, 2005, primarily due to interest associated with the additional $14.0 million in debt that Omega Protein obtained in October 2005.

Other income, net. Other income decreased $69,000 in the nine months ended September 30, 2006 as compared to the nine months ended September 30, 2005. The decrease was primarily due to an insurance gain Omega recognized during the nine months ended September 30, 2005.

Minority interest from continuing operations. Minority interest from the consolidated statements of operations represents the minority stockholders interest in the net income of the Company s subsidiaries (approximately 43% of Omega Protein and approximately 2% of Zap.Com). For the nine months ended September 30, 2006, minority interest was a $2.1 million reduction to the net income contributed from Omega, as compared to a $2.3 million reduction to the net loss contributed from Omega for the nine months ended September 30, 2005.

Income taxes from continuing operations. The Company recorded a consolidated benefit for income taxes of $2.0 million for the nine months ended September 30, 2006 as compared to a benefit of $5.1 million for the comparable period of the prior year. The current period benefit resulted primarily from Zapata Corporate s adjustment of deferred tax liabilities related to the difference in the Company s book and tax basis in its investment in Omega Protein. The impairment loss recognized during the quarter ended September 30, 2006 reduced the Company s book basis in Omega Protein. Accordingly, the deferred tax liability was also reduced to reflect the reduction in the difference between the Company s book and tax basis in its investment in Omega Protein s common stock. The prior period benefit resulted primarily from Omega s recognition of tax benefits associated with hurricane related losses which occurred during the third quarter of 2005.

Net income from discontinued operations. Pursuant to the Zapata Board of Directors approval of the plan to sell the Company s shares of Safety Components and the subsequent sale of these shares to the WLR Recovery Funds, all operating results related to Safety have been reclassified and included in discontinued operations. For the nine months ended September 30, 2005, net loss from discontinued operations was $3.8 million.

Liquidity and Capital Resources

Zapata, Omega Protein and Zap.Com are separate public companies. Accordingly, the capital resources and liquidity of Omega Protein and Zap.Com are legally independent of Zapata. The working capital and other assets of Omega Protein and Zap.Com are dedicated to their respective operations and are not expected to be readily available for the general corporate purposes of Zapata, except for any dividends that may be declared and paid to their respective stockholders. Omega Protein s credit facilities currently prohibit any dividends from being declared or paid with respect to its outstanding capital stock, including the shares held by Zapata. For all periods presented in this Report, Zapata has not received any dividends from any of its consolidated subsidiaries.

As of September 30, 2006, the Company s consolidated contractual obligations and other commercial commitments have not changed materially from those set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

Zapata Corporate

Because Zapata does not guarantee or otherwise assume the liabilities of Omega Protein or Zap.Com or have any investment commitments with these majority and formerly-owned subsidiaries, it is useful to separately review the cash obligations of Zapata exclusive of its majority-owned subsidiaries.

Zapata Corporate s liquidity needs are primarily for operating expenses, litigation and insurance costs. Zapata Corporate may also invest a significant portion of its cash and cash equivalents in the acquisition of other operating businesses, funding of start-up proposals and possible stock repurchases.

As of September 30, 2006, Zapata Corporate s contractual obligations and other commercial commitments have not changed materially from those set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

Zapata Corporate s current source of liquidity is its cash and cash equivalents and the interest income it earns on these funds. Zapata expects these assets to continue to be a source of liquidity except to the extent that they may be used to fund any acquisitions of companies or repurchases of Zapata stock. Zapata Corporate s investments consist of U.S. Government agency securities and cash equivalents. As of September 30, 2006, Zapata Corporate s cash and cash equivalents were $74.8 million as compared to $75.3 million as of December 31, 2005. This decline resulted primarily from cash used by Zapata Corporate s operations which exceeded interest income earned during the period.

In addition, the Company expects to receive approximately $47.5 million for the sale of 9,268,292 Omega shares, as discussed above. Following this sale, Zapata will hold 5,232,708 Omega shares, or approximately 33% of Omega s outstanding common stock, 98% of Zap.Com s outstanding common stock and approximately $123.0 million in cash and cash equivalents. Zapata has no plans to dissolve or liquidate. The Company s Board of Directors has authorized management to seek one or more buyers for the Company s remaining Omega shares and to pursue acquisitions or other strategic opportunities in an effort to position us to enhance stockholder value. Though the Company has no immediate plans for the use of the proceeds from the Omega transaction, the Company is likely to use some or all of the Company s cash and cash equivalents to fund, in whole or part, one or more acquisitions or related transactions. There are no limits on the types of businesses or fields in which the Company may invest. No businesses to acquire or develop have been identified at this time. The Company cannot predict what changes to its present business or operations would result from the sale of the Omega shares.

In addition to its cash, cash equivalents, and interest income, Zapata Corporate has a potential secondary source of liquidity from dividends declared by Zap.com or Omega Protein, provided a consent is obtained from its lenders, although this will be of limited availability as the Company is in the process of selling its holdings in that company. Also, the sale of the Company s holdings of common stock in these subsidiaries could provide another secondary source of liquidity as with the pending sale of its Omega holdings. These holdings constitute restricted stock under SEC Rule 144 and may only be sold in the public market pursuant to an effective registration statement under the Securities Act of 1933 and under any required state securities laws or pursuant to an available exemption. These and other securities law restrictions could prevent or delay any sale by Zapata of these securities or reduce the amount of proceeds that might otherwise be realized therefrom. Currently, all of Zapata s equity securities holdings are eligible for sale under Rule 144. Zapata also has demand and piggyback registration rights for its Omega Protein and Zap.Com shares. The low trading volumes for Omega Protein and Zap.Com common stock may make it difficult for Zapata to sell any significant number of shares in the public market other than pursuant to an underwritten offering.

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Although the Stock Purchase Agreement between Zapata and Omega required that Omega, as promptly as practicable after the date of the Agreement, but no less than 20 business days thereafter, file a Registration Statement on Form S-3 for the resale of Zapata s remaining shares, both parties have agreed that Omega delay the filing of the Registration Statement until such time as the Company notifies Omega of a new deadline for the filing of the Registration Statement. Such notification shall precede the new deadline by at least 15 business days.

Zapata management believes that, based on current levels of operations and anticipated growth, cash flow from operations, together with other available sources of funds, will be adequate to fund its operational and capital requirements for at least the next twelve months. Depending on the size and terms of future acquisitions of operating companies, Zapata may raise additional capital through the issuance of equity or debt. There is no assurance, however, that such capital will be available at the time, in the amounts necessary or with terms satisfactory to Zapata.

Off-Balance Sheet Arrangements

As of September 30, 2006, the Company s off-balance sheet arrangements have not changed materially from those set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

Summary of Cash Flows

The following table summarizes Zapata s consolidating cash flow information (in thousands):

	Zapata Corporate	Omega Protein	Zap.Com	Safety Components	Consolidated
Nine Months Ended September 30, 2006					
Cash (used in) provided by					
Operating activities	$ (627)	$ 3,366	$ (44)	$	$ 2,695
Investing activities		(15,237)			(15,237)
Financing activities	190	(944)			(754)
Effect of exchange rate changes on cash and cash equivalents		(5)			(5)
Net (decrease) increase in cash and cash equivalents	$ (437)	$ (12,820)	$ (44)	$	$ (13,301)

	Zapata Corporate	Omega Protein	Zap.Com	Safety Components	Consolidated
Nine Months Ended September 30, 2005					
Cash (used in) provided by					
Operating activities	$ (2,874)	$ (8,891)	$ (35)	$ 12,824	$ 1,024
Investing activities		(12,813)		(5,485)	(18,298)
Financing activities	23	(478)		(2,062)	(2,517)
Effect of exchange rate changes on cash and cash equivalents		10		(3,203)	(3,193)
Net decrease in cash and cash equivalents	$ (2,851)	$ (22,172)	$ (35)	$ 2,074	$ (22,984)

Net cash provided by operating activities. Consolidated cash used in operating activities was \$2.7 million and \$1.0 million for the nine months ended September 30, 2006 and 2005, respectively. The increase in consolidated cash provided by operating activities resulted primarily from increased income at Omega, largely offset by the effects of ceasing to consolidate Safety s cash flow information since the completion of the sale in December of 2005.

Net cash used in investing activities. Consolidated cash used in investing activities was $15.2 million and $18.3 million for the nine months ended September 30, 2006 and 2005, respectively. The decrease resulted from ceasing to consolidate Safety s cash flow information since the completion of the sale in December of 2005, partially offset by an increase in cash used in investing activities at Omega Protein. Omega s investing activities for the nine months ended September 30, 2006 included an increase in capital expenditures, partially offset by the receipt of $2.0 million in insurance proceeds related to Hurricanes Katrina and Rita. In addition to any future capital expenditures related to the replacement or repair of property and equipment due to Hurricanes Katrina and Rita, Omega Protein anticipates making approximately $8.0 million in capital expenditures in 2006, which will be used to refurbish vessels, plant assets and to repair certain equipment.

Net cash used in financing activities. Consolidated cash used in financing activities was $754,000 for the nine months ended September 30, 2006 as compared to $2.5 million for the nine months ended September 30, 2005. This change resulted primarily from Zapata s sale of Safety Components and ceasing to consolidate Safety s cash flow information, partially offset by increased proceeds from stock option exercises at Omega Protein and Zapata Corporate.

Effect of exchange rate changes. For the nine months ended September 30, 2006, cash and cash equivalents included a $5,000 effect of exchange rate changes as compared to $3.2 million for the nine months ended September 30, 2005. This decrease is a result of ceasing to consolidate Safety s cash flow information since the sale in December of 2005.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of SFAS 157 is not expected to have a material impact on the Company s financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R). This standard requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur as a component of comprehensive income. The standard also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. The requirement to recognize the funded status of a defined benefit postretirement plan is effective as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer s fiscal year-end statement of financial position is effective for the fiscal years ending after December 15, 2008. The Company has determined that the adoption of SFAS No. 158 will have a material impact on its financial statements. For example, our actuarial valuation as of December 31, 2005 stated that approximately $15.3 million of our $15.8 million prepaid pension asset was comprised of unrecognized losses. Upon adoption of SFAS No. 158, we expect that a similar amount of previously unrecognized losses will be recognized as a reduction of our prepaid pension asset and recognized as a component of accumulated other comprehensive income.

In September 2006, the SEC staff issued Staff Accounting Bulletin (SAB) No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. SAB No. 108 was issued in order to eliminate the diversity of practice surrounding how public companies quantify financial statement misstatements. This SAB establishes a dual approach methodology that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the company s financial statements (both the statement of operations and statement of financial position). The SEC has stated that SAB No. 108 should be applied no later than the annual financial statements for the first fiscal year ending after November 15, 2006, with earlier application encouraged. SAB No. 108 permits a company to elect either retrospective or prospective application. Prospective application requires recording a cumulative effect adjustment in the period of adoption, as well as detailed disclosure of the nature and amount of each individual error being corrected through the cumulative adjustment and how and when it arose. The Company s application of SAB No. 108 in the fourth quarter of 2006 is not expected to have any impact on its consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. The interpretation clarifies the accounting for uncertainty in income taxes recognized in a company s financial statements in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. The interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact, if any, of this new pronouncement on its consolidated financial statements.

Critical Accounting Policies and Estimates

As of September 30, 2006, the Company s consolidated critical accounting policies and estimates have not changed materially from those set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Equity Price Risk. As the Company considers its holdings of Omega Protein and Zap.Com common stock to be a potential source of secondary liquidity, the Company is subject to equity price risk to the extent of fluctuations in the market prices and trading volumes of these securities. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Interest Rate Risk. Zapata Corporate and Zap.Com hold investment grade securities which may include a mix of U.S. Government or Government agency obligations, certificates of deposit, money market deposits and commercial paper rated A-1 or P-1. In addition, Omega Protein holds certificates of deposit and commercial quality grade investments rated A-2 P-2 or better with companies and financial institutions. As the majority of the Company s consolidated investment grade securities constitute short-term U.S. Government agency securities, the Company does not believe that the value of these instruments have a material exposure to interest rate risk. However, changes in interest rates do affect the investment income the Company earns on its cash equivalents and marketable securities and, therefore, impacts its cash flows and results of operations. Accordingly, there is inherent roll-over risk for the Company s investment grade securities as they mature and are renewed at current market rates. Using the Company s consolidated investment grade security balance of $90.1 million at September 30, 2006 as a hypothetical constant cash balance, an adverse change of 1% in interest rates would decrease interest income by approximately $225,000 and $676,000 during a three-month and nine-month period, respectively.

Market Risk. Omega Protein is exposed to minimal market risk associated with interest rate movements on its borrowings. A one percent increase or decrease in the levels of interest rates on such borrowings would not result in a material change to the Company s results of operations.

Currency Exchange Rates and Forward Contracts. Although Omega Protein sells products in foreign countries, all of Omega s revenues are billed and paid for in US dollars. As a result, Omega s management does not believe that it is exposed to any significant foreign country currency exchange risk, and Omega does not utilize market risk sensitive instruments to manage its exposure to this risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company s Chief Executive Officer and its Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company s disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and (ii) is accumulated and communicated to the Company s management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company s previously filed Form 10-Q for the period ended June 30, 2006 stated that the Company had not yet demonstrated an adequate period of operating effectiveness with respect to enhancements made to controls over the completeness and accuracy of its income tax accounting. Such enhancements were made in order to address a material weakness in our internal control over financial reporting which was initially disclosed in the Company s Form 10-K for the year ended December 31, 2005. This material weakness resulted in the restatement of the Company s consolidated financial statements for quarter ended September 30, 2005. As of the end of the period covered by this report, The Company s Chief Executive Officer and its Chief Financial Officer have concluded that the Company s ongoing remediation efforts (as described below) resulted in control enhancements which have operated for an adequate period of time to demonstrate operating effectiveness.

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This section of Item 4, Evaluation of Disclosure Controls and Procedures, should be read in conjunction with both Item 4 s contained in the Company s Form 10-Q s for the periods ended March 31 and June 30, 2006 in addition to Item 9A, Controls and Procedures, included in the Company s Form 10-K for the year ended December 31, 2005.

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Changes in Internal Control Over Financial Reporting

Management determined that, as of December 31, 2005, the Company did not maintain effective controls over the application and monitoring of its accounting for income taxes. Specifically, management did not have controls designed and in place to ensure the accuracy and completeness of financial information provided to the Company by third party tax advisors used in accounting for income taxes and the determination of current income taxes payable, deferred income tax assets and liabilities and the related income tax provision (benefit) and the review and evaluation of the application of generally accepted accounting principles relating to the accounting for income taxes. This control deficiency could have resulted in a material misstatement of the aforementioned accounts that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management previously determined that this control deficiency constituted a material weakness in our internal control over financial reporting.

Management believes that, as of September 30, 2006, it has effectively executed its remediation plans that were established to address the material weakness in its internal controls surrounding the accounting for income taxes. As of the date of this filing, the following remedial actions have been undertaken:

For the first, second, and third quarters of 2006, the Company engaged its outside tax advisors in discussions regarding the implementation and operation of control procedures designed to ensure the completeness and accuracy of the Company s quarterly tax provision. These discussions included a detailed review of the impact of the quarterly provision on the Company s deferred income tax accounts. This process has and should continue to improve the review and oversight process relating to the internal controls over the Company s accounting for income taxes.

During the second quarter of 2006, the Company held training sessions on accounting for income taxes for its entire professional accounting staff. Ongoing training is expected to improve management s knowledge of accounting for income taxes which should enhance our ability to review and evaluate the tax financial information prepared by our outside tax advisors which supports the Company s quarterly tax provision.

The aforementioned changes in the Company s internal control over financial reporting during the quarter ended September 30, 2006 materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

As of September 30, 2006, the Company s risk factors have not changed materially from the risk factors previously disclosed in the Company s Annual Report on Form 10-K for the year ended December 31, 2005, except for the following.

We may not be successful in completing the sale of our Omega shares back to Omega or finding a buyer for our remaining shares in Omega

We entered into a stock purchase agreement with Omega, whereby Omega would repurchase 9,268,292 Omega shares from Zapata and would have an option to acquire all, but not less than all, of the remaining 5,232,708 Omega shares that we do not dispose of prior to the exercise of the option. The option is exercisable from the 270th day until the 390th day after the initial closing. We expect that the initial closing will occur in November 2006. However, the completion of the transaction is subject to several conditions, including but not limited to, that we receive confirmation of the solvency opinion from TM Capital as of the closing date and that there be no injunction or order restraining the closing of the transaction. Either party may terminate the sale transaction if these and other conditions have not been satisfied by December 7, 2006, or if before the closing there is an injunction or order restraining the closing of the transaction. As a result, there can be no assurance that the closing will occur or that it will not be delayed. There is also no assurance that, whether or not the Omega sale transaction closes, we will be able to sell the remaining Omega shares held by us to third parties or to Omega pursuant to its call option.

In addition, there can be no assurance that we will be able to sell our interest in Omega for an amount in excess of our carrying value. We reduced our carrying value in our shares after signing the stock purchase agreement with Omega. Should we sell our remaining interest in Omega for an amount less than our carrying value at that time, we would incur additional transaction losses, net of tax consequences.

Lastly, although we may distribute to our stockholders a dividend consisting of all of or a portion of the remaining Omega shares, there can be no assurance that we will do so.

Our portfolio of investments may cause us to be classified as an investment company.

Since a significant portion of our assets consist of securities, including equity and other interests in operating companies, we could become subject to the registration requirements of the Investment Company Act of 1940, or Investment Company Act. The Investment Company Act requires registration of, and imposes substantial restrictions on, certain companies that engage, or propose to engage, primarily in the business of investing, reinvesting, owning, holding or trading in securities, or that fail certain statistical tests concerning a company s asset composition and sources of income. We intend to actively participate in the management of our operating companies, consistent with applicable laws, contractual arrangements and other requirements. Accordingly, we believe that we are primarily engaged in a business other than investing, reinvesting, owning, holding or trading in securities. Further, we endeavor to ensure that our holdings of investment securities constitute less than 40% of our total assets (excluding Government securities and cash) on an unconsolidated basis.

Following our planned sale of our Omega Protein shares, however, the composition of our assets may cause us to fall within the definition of an investment company. In such an event we intend to rely on a one-year temporary exclusion for companies that are in transition and that have a bona fide intent to be engaged primarily in a business other than investing in securities as soon as is reasonably possible, but in any event within one year. We will monitor and attempt to adjust the nature of assets and our interests in and involvement with operating companies in order to avoid being subject to the registration requirements of the Investment Company Act. There can be no assurance, however, that our business activities will not ultimately subject us to the Investment Company Act, or that we will qualify for any exemptions from such regulation. If we are required to register as an investment company under the Investment Company Act, we would become subject to regulations that would have a material adverse impact on our financial position, results of operations and cash flows.

Item 2. Unregistered Sales of Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

As discussed above, on September 8, 2006, the Company entered into a stock purchase agreement with Omega, its majority-owned subsidiary. The stock purchase agreement, among other things, provides for Omega s repurchase from the Company of 9,268,292 Omega shares at a purchase price of $5.125 per share, or $47.5 million in the aggregate, payable in cash, and the grant by the Company to Omega of a call option to purchase all, but not less than all of the remaining Omega shares held by the Company on the date of exercise at a price of $4.50 per share, payable in cash. The call option is exercisable by Omega beginning on the 270th day and ending on the 390th day after the sale of our 9,268,292 Omega shares has been completed, subject to certain conditions.

The Company s majority stockholder, The Malcolm I. Glazer Family Limited Partnership, which holds 9,813,112 shares of the Company s common stock, or approximately 51.2% of the Company s outstanding shares of

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common stock, provided a written consent to the Company dated September 8, 2006 that approved the proposed sale of the Company s Omega shares pursuant to the stock purchase agreement, the sale of the Company s 5,232,708 remaining shares in an alternative transaction approved by the Company s Board of Directors, and the sale of all of the Company s Omega shares in a superior proposal (as defined in the stock purchase agreement) as determined by the Company s Board of Directors.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

10.1*	Stock Purchase Agreement dated September 8, 2006 between Zapata Corporation and Omega Protein Corporation (Appendix A to Zapata s Definitive Information Statement on Schedule 14C (File No. 1-4219) filed with the Securities and Exchange Commission on October 31, 2006).
10.2	Escrow Agreement dated September 8, 2006 among Zapata Corporation, Omega Protein Corporation an Manufacturers and Traders Trust Company.
10.3*	Letter Agreement dated October 18, 2006 between Zapata Corporation and Omega Protein Corporation, amending the Stock Purchase Agreement between the parties dated as of September 8, 2006 (Exhibit 10.1 to Zapata s Current Report on Form 8-K (File No. 1-4219) filed September 24, 2006).
31.1	Certification of CEO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of CEO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The exhibits indicated by an asterisk (*) are incorporated by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZAPATA CORPORATION
(Registrant)

Dated: November 9, 2006

By: /s/ Leonard DiSalvo

(Vice President Finance and Chief Financial Officer)

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