BANK OF MONTREAL /CAN/
Form 424B2
July 16, 2013

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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Subject to Completion, dated July 15, 2013
Pricing Supplement to the Prospectus dated June 22, 2011, the Prospectus Supplement dated June 22, 2011 and the Product Supplement dated June 23, 2011
Senior Medium-Term Notes, Series B
Contingent Risk Absolute Return Notes due July 30, 2015
Each Linked to a Single Exchange Traded Fund

- This pricing supplement relates to two separate note offerings. Each issue of the notes is linked to one, and only one, Underlying Asset named below. You may participate in either offering or, at your election, in both of the offerings. This pricing supplement does not, however, allow you to purchase a single note linked to a basket of the Underlying Assets.

- The notes are designed for investors who seek a one-to-one return based on the appreciation in the share price of the applicable Underlying Asset. In addition, if a Barrier Event (as defined below) does not occur, and if the applicable Final Level of the applicable Underlying Asset is less than its applicable Initial Level, you will receive a positive return on your notes equal to the percentage by which that price declines.

- If a Barrier Event occurs, and the applicable Final Level is less than the applicable Initial Level, investors will lose 1% of their principal amount for each 1% decrease in the price of the applicable Underlying Asset from the Pricing Date to the valuation date.

- A "Barrier Event" will occur if the closing price of the applicable Underlying Asset on any trading day from the Pricing Date to the valuation date is less than the applicable Barrier Level (to be determined on the Pricing Date).

- An investor in the notes may lose all or a portion of their principal amount at maturity.

- The notes will not bear interest.

- Any payment at maturity is subject to the credit risk of Bank of Montreal.

- The offerings are expected to price on or about July 25, 2013, and the notes are expected to settle through the facilities of The Depository Trust Company on or about July 30, 2013.

- The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.

- Our subsidiary, BMO Capital Markets Corp. ("BMOCM"), is the agent for this offering. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

Common Terms for Each of the Notes:

Pricing Date: Valuation Date:

| | |
|---|---|
| On or about July 25, 2013 | On or about July 27, 2015 |
| Settlement Date:<br>On or about July 30, 2013 | Maturity Date:<br>On or about July 30, 2015 |

Specific Terms for Each of the Notes:

| Applicable Underlying Asset | Ticker Symbol | Barrier Level (% of the Initial Level) | Maximum Downside Redemption Amount | Initial Level | CUSIP | Principal Amount | Term (in Years) | Price to Public | Agent's Commission | Proceeds to Bank of Montreal |
|---|---|---|---|---|---|---|---|---|---|---|
| iShares® MSCI EAFE Index Fund | EFA | [67 – 71]% | $[1,290 – 1,330] | | 06366RQB4 | US$ | 2 | 100% US$ | US$0 | % US$ |
| Technology Select Sector SPDR® Fund | XLK | [69 - 73]% | $[1,270 – 1,310] | | 06366RQC2 | US$ | 2 | 100% US$ | US$0 | % US$ |

Investing in the notes involves risks, including those described in the "Selected Risk Considerations" section beginning on page P-4 of this pricing supplement, the "Additional Risk Factors Relating to the Notes" section beginning on page PS-5 of the product supplement, and the "Risk Factors" section beginning on page S-3 of the prospectus supplement and on 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 product 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 and assuming that the applicable notes are priced at the low end of the applicable range specified for the applicable Barrier Level as set forth above, the estimated initial value of the notes is $991.90 per $1,000 in principal amount as to the notes linked to EFA, and $986.20 per $1,000 in principal amount as to the notes linked to XLK. The estimated initial value of the notes on the pricing date may differ from this value but will not be less than $960.00 per $1,000 in principal amount in the case of the notes linked to EFA, and $960.00 per $1,000 in principal amount in the case of the notes linked to XLK. However, as discussed in more detail in this pricing supplement, the actual value of each of the notes at any time will reflect many factors and cannot be predicted with accuracy.

BMO CAPITAL MARKETS

Key Terms for Each of the Notes:

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|---|---|
| General: | This pricing supplement relates to two separate offerings of notes. Each offering is a separate offering of notes linked to one, and only one, Underlying Asset. If you wish to participate in both offerings, you must purchase each of the notes separately. The notes offered by this pricing supplement do not represent notes linked to a basket of the Underlying Assets. |
| Payment at Maturity: | If the Percentage Change is positive, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:<br><br>Principal Amount + (Principal Amount × Percentage Change)<br><br>If the Percentage Change is less than or equal to zero, and a Barrier Event has not occurred, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:<br><br>Principal Amount + (-1 × Principal Amount × Percentage Change)<br><br>In this case, subject to our credit risk, investors will receive a positive return on the notes, even though the price of the applicable Underlying Asset has declined since the Pricing Date.<br><br>If the Percentage Change is less than or equal to zero, and a Barrier Event has occurred, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:<br><br>Principal Amount + (Principal Amount × Percentage Change)<br><br>In this case, investors will lose all or a portion of the principal amount of the notes. |
| Initial Level: | The closing price of one share of the applicable Underlying Asset on the Pricing Date. The Initial Level will be set forth in the final pricing supplement for the notes. |
| Final Level: | The closing price of one share of the applicable Underlying Asset on the Valuation Date. |
| Percentage Change: | $\frac{\text{Final Level – Initial Level}}{\text{Initial Level}}$, expressed as a percentage |
| Barrier Event: | A Barrier Event will be deemed to occur if the closing price of the applicable Underlying Asset on any trading day during the Monitoring Period is less than the applicable Barrier Level. |

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|---|---|
| Pricing Date: | On or about July 25, 2013. |
| Settlement Date: | On or about July 30, 2013, as determined on the Pricing Date. |
| Valuation Date: | On or about July 27, 2015, as determined on the Pricing Date. |
| Maturity Date: | On or about July 30, 2015, as determined on the Pricing Date, resulting in a term to maturity of approximately two years. |
| Monitoring Period: | Each trading day from the Pricing Date to, and including, the Valuation Date, excluding any trading day on which a market disruption event has occurred or is continuing. |
| Monitoring Method: | Close of trading day |
| Calculation Agent: | BMO Capital Markets Corp. |
| Selling Agent: | BMO Capital Markets Corp. |

Key Terms of the Notes Linked to the iShares® MSCI EAFE Index Fund:

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|---|---|
| Underlying Asset: | iShares® MSCI EAFE Index Fund (NYSE Arca symbol: EFA). See the section below entitled "The Underlying Assets— iShares® MSCI EAFE Index Fund" for additional information about the Underlying Asset. |
| Barrier Level: | [67 – 71]% of the Initial Level (to be determined on the Pricing Date) |
| Maximum Downside Redemption Amount: | $[1,290 – 1,330] (to be determined on the Pricing Date) |
| CUSIP: | 06366RQB4 |

Key Terms of the Notes Linked to the Technology Select Sector SPDR® Fund:

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|---|---|
| Underlying Asset: | Technology Select Sector SPDR® Fund (NYSE Arca symbol: XLK). See the section below entitled "The Underlying Assets—Technology Select Sector SPDR® Fund" for additional information about the Underlying Asset. |
| Barrier Level: | [69 - 73]% of the Initial Level (to be determined on the Pricing Date) |
| Maximum Downside Redemption Amount: | $[1,270 – 1,310] (to be determined on the Pricing Date) |
| CUSIP: | 06366RQC2 |

The Pricing Date, Settlement Date, Valuation Date and Maturity Date for each of the notes are subject to change. The actual Initial Level, Barrier Level, Pricing Date, Settlement Date, Valuation Date and Maturity Date for each of the notes will be set forth in the final pricing supplement.

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.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated June 23, 2011, the prospectus supplement dated June 22, 2011 and the prospectus dated June 22, 2011. This pricing supplement, together with the documents listed below, contains the terms of each 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 Relating to the Notes" in the product 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):

- Product supplement dated June 23, 2011: http://www.sec.gov/Archives/edgar/data/927971/000121465911002118/f622112424b5.htm

- Prospectus supplement dated June 22, 2011: http://www.sec.gov/Archives/edgar/data/927971/000095012311060741/o71090b5e424b5.htm

- Prospectus dated June 22, 2011: http://www.sec.gov/Archives/edgar/data/927971/000095012311060730/o71090b2e424b2.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.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the applicable Underlying Asset. These risks are explained in more detail in the "Additional Risk Factors Relating to the Notes" section of the product supplement.

- Your investment in the notes may result in a loss. — You may lose some or all of your investment in the notes. The payment at maturity will be based on the applicable Final Level, and whether a Barrier Event occurs. If the closing price of the applicable Underlying Asset is less than the applicable Barrier Level during the Monitoring Period, a Barrier Event will have occurred, and the protection provided by the applicable Barrier Level will terminate. Under these circumstances, you could lose some or all of the principal amount of your notes.

- The protection provided by the applicable Barrier Level may terminate on any day during the Monitoring Period.— If the closing price of the applicable Underlying Asset on any trading day during the Monitoring Period is less than the applicable Barrier Level, you will be fully exposed at maturity to any decrease in the price of the applicable Underlying Asset. Under these circumstances, if the Percentage Change on the valuation date is less than zero, you will lose 1% (or a fraction thereof) of the principal amount of your investment for every 1% (or a fraction thereof) that the Percentage Change is less than the applicable Initial Level. You will be subject to this potential loss of principal even if, after the Barrier Event, the price of the applicable Underlying Asset increases above the applicable Barrier Level.

- Your investment is subject to the credit risk of Bank of Montreal. — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

- Potential conflicts. — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading of shares of the Underlying Assets or securities included in the Underlying Assets 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. Any of these activities could adversely affect the prices of the Underlying Assets 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 changes in the performance of the Underlying Assets. 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 initial estimated value of the notes will be lower than the price to public. — Our initial estimated value of each of the notes is only an estimate, and is based on a number of factors. The price to public of each of the notes will exceed our initial estimated value, because 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 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. The initial estimated value of each of the notes may be as low as the applicable amount indicated on the cover page of this pricing supplement.

- 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 volatility of the applicable Underlying Asset, dividend rates 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. After the pricing date, the value of each of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. The value of each of the notes after the pricing date is not expected to correlate with one another. 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.

- The terms of the notes are not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we will use an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

- Certain costs are likely to 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 will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of 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 to 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.

- Owning the notes is not the same as owning the shares of the applicable Underlying Asset or a security directly linked to the applicable Underlying Asset. — The return on your notes will not reflect the return you would realize if you actually owned the applicable Underlying Asset or a security directly linked to the performance of the applicable Underlying Asset and held that investment for a similar period. Your notes may trade quite differently from the applicable Underlying Asset. Changes in the price of the applicable Underlying Asset may not result in comparable changes in the market value of your notes. Even if the price of the applicable Underlying Asset increases 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 price of the applicable Underlying Asset increases. In addition, any dividends or other distributions paid on the applicable Underlying Asset will not be reflected in the amount payable on the notes.

- You will not have any shareholder rights and will have no right to receive any shares of the applicable Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of the applicable Underlying Asset, or any securities held by the applicable Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to the applicable Underlying Asset or such other securities.

- Changes that affect the applicable index underlying the applicable Underlying Asset will affect the market value of the notes and the amount you will receive at maturity. — The policies of the sponsors (each, an “Index Sponsor”) of the MSCI EAFE Index and the Technology Select Sector Index (each, an “Underlying Index”), concerning the calculation of the applicable Underlying Index, additions, deletions or substitutions of the components of the applicable Underlying Index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the applicable Underlying Index and, therefore, could affect the share price of the applicable Underlying Asset, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if the applicable Index Sponsor changes these policies, for example, by changing the manner in which it calculates the applicable Underlying Index, or if the applicable Index Sponsor discontinues or suspends the calculation or publication of the applicable Underlying Index.

- Adjustments to the applicable Underlying Asset could adversely affect the notes. — BlackRock, Inc. (collectively with its affiliates “BlackRock”), as the sponsor and advisor of the iShares® MSCI Emerging Markets Index Fund, and SSgA Funds Management, Inc. (“SSGA”), as sponsor and advisor of the Technology Select Sector SPDR® Fund, are each responsible for calculating and maintaining the each of the Underlying Assets. BlackRock or SSGA, as applicable, can add, delete or substitute the stocks comprising the applicable Underlying Asset or may make other methodological changes that could change the share price of the applicable Underlying Asset at any time. If one or more of these events occurs, the calculation of the amount payable at maturity may be adjusted to reflect such event or events. Consequently, any of these actions could adversely affect the amount payable at maturity and/or the market value of the applicable notes.

- We have no affiliation with any Index Sponsor and will not be responsible for any actions taken by any Index Sponsor. —None of the Index Sponsors is an affiliate of ours or will be involved in any offerings of the notes in any way. Consequently, we have no control over the actions of any Index Sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. The Index Sponsors have no obligation of any sort with respect to the notes. Thus, the Index Sponsors have no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from any issuance of the notes will be delivered to any Index Sponsor.

- We and our affiliates do not have any affiliation with the investment advisors of the Underlying Assets and are not responsible for their public disclosure of information. —The investment advisor of the applicable Underlying Asset advises the applicable Underlying Asset on various matters including matters relating to the policies, maintenance and calculation of the applicable Underlying Asset. We and our affiliates are not affiliated with the investment advisors in any way and have no ability to control or predict their actions, including any errors in or discontinuance of disclosure regarding their methods or policies relating to any of the Underlying Assets. The investment advisors are not involved in the offerings of the notes in any way and have no obligation to consider your interests as an owner of the applicable notes in taking any actions relating to the applicable Underlying Asset that might affect the value of those notes. Neither we nor any of our affiliates has independently verified the adequacy or accuracy of the information about the investment advisors or any of the Underlying Assets contained in any public disclosure of information. You, as an investor in the applicable notes, should make your own investigation into the applicable Underlying Asset.

- The correlation between the performance of the applicable Underlying Asset and the performance of the applicable Underlying Index may be imperfect. — The performance of the applicable Underlying Asset is linked principally to the performance of the applicable Underlying Index. However, because of the potential discrepancies identified in more detail in the product supplement, the return on the applicable Underlying Asset may correlate imperfectly with the return on the applicable Underlying Index.

- The applicable Underlying Asset is subject to management risks. — The applicable Underlying Asset is subject to management risk, which is the risk that the investment advisor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the investment advisor may invest a portion of the applicable Underlying Asset's assets in securities not included in the relevant industry or sector but which the investment advisor believes will help the applicable Underlying Asset track the relevant industry or sector.

- Lack of liquidity. — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.

- Hedging and trading activities. — We or any of our affiliates may carry out hedging activities related to the notes, including purchasing or selling securities included in the applicable Underlying Asset, or futures or options relating to the applicable Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the applicable Underlying Asset. We or our affiliates may also engage in trading of shares of the applicable Underlying Asset or securities included in the applicable Underlying Index from time to time. Any of these hedging or trading activities on or prior to the Pricing Date and during the term of the notes could adversely affect our payment to you at maturity.

- Many economic and market factors will influence the value of the notes. — In addition to the price of the applicable Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.

- You must rely on your own evaluation of the merits of an investment linked to the applicable Underlying Asset. — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the price of the applicable Underlying Asset or the securities held by the applicable Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on the applicable Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the applicable Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the applicable Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- Significant aspects of the tax treatment of the notes are uncertain. The tax treatment of each 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 each 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 section entitled "U.S. Federal Tax Information" in this pricing supplement, the section entitled "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations" in the accompanying product 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.

Additional Risks Relating to the iShares® MSCI EAFE Index Fund

- An investment in the notes linked to the iShares® MSCI EAFE Index Fund is subject to risks associated with foreign securities markets. — The MSCI EAFE Index tracks the value of certain foreign equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The foreign securities markets comprising the MSCI EAFE Index may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in foreign countries are subject to political, economic, financial and social factors that apply in those geographical regions. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in a foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

- An investment in the notes linked to the iShares® MSCI EAFE Index Fund is subject to foreign currency exchange rate risk. — The share price of the iShares® MSCI EAFE Index Fund will fluctuate based upon its net asset value, which will in turn depend in part upon changes in the value of the currencies in which the stocks held by the iShares® MSCI EAFE Index Fund are traded. Accordingly, investors in the notes will be exposed to currency exchange rate risk with respect to each of the currencies in which the stocks held by iShares® MSCI EAFE Index Fund are traded. An investor's net exposure will depend on the extent to which these currencies strengthen or weaken against the U.S. dollar. If, the dollar strengthens against these currencies, the net asset value of the iShares® MSCI EAFE Index Fund will be adversely affected and the price of the iShares® MSCI EAFE Index Fund may decrease.

Additional Risks Relating to the Technology Select Sector SPDR® Fund

- An investment in the notes linked to the Technology Select Sector SPDR® Fund is subject to technology sector risk. — The Technology Select Sector SPDR® Fund's assets will be concentrated in the technology sector, which means the Technology Select Sector SPDR® Fund will be more affected by the performance of the technology sector than a fund that was more diversified. Market or economic factors impacting technology companies and companies that rely heavily on technology advances could have a major effect on the value of the Technology Select Sector SPDR® Fund's investments. The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally. Technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. Additionally, companies in the technology sector may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel.

Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a $1,000 investment in the notes. The "return," as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per $1,000 in principal amount of the notes to $1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of $100, and a hypothetical Barrier Level of $72.00 (72% of the hypothetical Initial Level). The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

| | | If a Barrier Event has Not Occurred | | If a Barrier Event has Occurred | |
|---|---|---|---|---|---|
| Hypothetical Final Level | Percentage Change | Return on the Notes | Payment at Maturity | Return on the Notes | Payment at Maturity |
| $10.00 | -90.00% | N/A | N/A | -90.00% | $100.00 |
| $20.00 | -80.00% | N/A | N/A | -80.00% | $200.00 |
| $30.00 | -70.00% | N/A | N/A | -70.00% | $300.00 |
| $40.00 | -60.00% | N/A | N/A | -60.00% | $400.00 |
| $50.00 | -50.00% | N/A | N/A | -50.00% | $500.00 |
| $60.00 | -40.00% | N/A | N/A | -40.00% | $600.00 |
| $70.00 | -30.00% | N/A | N/A | -30.00% | $700.00 |
| $72.00 | -28.00% | 28.00% | $1,280.00 | -28.00% | $720.00 |
| $75.00 | -25.00% | 25.00% | $1,250.00 | -25.00% | $750.00 |
| $80.00 | -20.00% | 20.00% | $1,200.00 | -20.00% | $800.00 |
| $85.00 | -15.00% | 15.00% | $1,150.00 | -15.00% | $850.00 |
| $90.00 | -10.00% | 10.00% | $1,100.00 | -10.00% | $900.00 |
| $95.00 | -5.00% | 5.00% | $1,050.00 | -5.00% | $950.00 |
| $100.00 | 0.00% | 0.00% | $1,000.00 | 0.00% | $1,000.00 |
| $110.00 | 10.00% | 10.00% | $1,100.00 | 10.00% | $1,100.00 |
| $115.00 | 15.00% | 15.00% | $1,150.00 | 15.00% | $1,150.00 |
| $120.00 | 20.00% | 20.00% | $1,200.00 | 20.00% | $1,200.00 |
| $130.00 | 30.00% | 30.00% | $1,300.00 | 30.00% | $1,300.00 |
| $140.00 | 40.00% | 40.00% | $1,400.00 | 40.00% | $1,400.00 |
| $150.00 | 50.00% | 50.00% | $1,500.00 | 50.00% | $1,500.00 |

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $60.00, representing a Percentage Change of -40%. Because the Percentage Change is negative and the hypothetical Final Level of $60.00 is less than the hypothetical Barrier Level, the investor receives a payment at maturity of $600.00 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + (Principal Amount x Percentage Change) = Payment at Maturity

$1,000 + ($1,000 x -40%) = $600

Example 2: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $90.00, representing a Percentage Change of -10%, and a Barrier Event has occurred during the Monitoring Period. Because the hypothetical Final Level of $90.00 is less than the hypothetical Initial Level and a Barrier Event has occurred, the investor receives a payment at maturity of $900 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Percentage Change] = Payment at Maturity

$1,000 + [$1,000 × -10%] = $900

Example 3: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $90.00 representing a Percentage Change of -10%, but a Barrier Event has not occurred during the Monitoring Period. Because the hypothetical Final Level of $90.00 is less than the hypothetical Initial Level and a Barrier Event has not occurred, the investor receives a payment at maturity of $1,100 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [-1 x Principal Amount x Percentage Change] = Payment at Maturity

$1,000 + [-1 x $1,000 x -10%] = $1,100

In this case, you will receive a positive return on the notes, even though the price of the Underlying Asset has declined.

Example 4: The price of the Underlying Asset increases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $110.00, representing a Percentage Change of 10%. Because the hypothetical Final Level of $110.00 is greater than the hypothetical Initial Level, the investor receives a payment at maturity of $1,100 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Percentage Change] = Payment at Maturity

$1,000 + [$1,000 x 10.00%] = $1,100

U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes.  However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence.  Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations," which applies to the notes.

A "dividend equivalent" payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-United States holder (as defined in the product supplement).  Under recently proposed U.S. Treasury Department regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends, with respect to equity-linked instruments, including the notes, may be treated as dividend equivalents.  If enacted in their current form, the regulations will impose a withholding tax on payments made on the notes on or after January 1, 2014 that are treated as dividend equivalents.  In that case, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.  Further, non-United States holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the notes in order to minimize or avoid U.S. withholding taxes.

The Treasury Department has issued final regulations and a notice affecting the legislation enacted on March 18, 2010 and discussed in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations—Legislation Affecting Taxation of Notes Held By or Through Foreign Entities."  Pursuant to the notice, withholding requirements with respect to the notes will generally begin no earlier than July 1, 2014. Additionally, the withholding tax will not be imposed on payments pursuant to obligations outstanding on July 1, 2014.  Account holders subject to information reporting requirements pursuant to the legislation 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 legislation may be subject to different rules. Holders are urged to consult their own tax advisors regarding the implications of this legislation and subsequent guidance on their investment in the notes.

Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at the purchase price set forth on the cover page of this pricing supplement, and will not receive a commission in connection with such sales.  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 further engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at a price equal to 100% of the principal amount.

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 the applicable Underlying Asset or as to the suitability of an investment in the notes.

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 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 BMOCM, or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our applicable estimated value of the notes that would otherwise be determined and applicable at that time. This temporary upward adjustment represents a portion of (a) the hedging profit that we or our affiliates expect to realize over the term of the notes and (b) the selling concessions paid in connection with this offering. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of each of the notes on the date of this preliminary pricing supplement, and that will be set forth on the cover page of the final pricing supplement relating to the notes, equals the sum of the values of the following hypothetical components:

- a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and
- one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of each of the notes on the pricing date will be determined based on market conditions at that time.

The Underlying Assets

We have derived the following information regarding each of the applicable Underlying Assets from publicly available documents. We have not independently verified the accuracy or completeness of the following information. We are not affiliated with any of the Underlying Assets and the Underlying Assets will have no obligations with respect to the applicable notes. This pricing supplement relates only to the applicable notes and does not relate to the shares of any of the Underlying Asset or any securities included in any of the Underlying Indices. Neither we nor our affiliates participates in the preparation of the publicly available documents described below. Neither we nor our affiliates has made any due diligence inquiry with respect to any of the Underlying Assets in connection with the offering of any of the notes. There can be no assurance that all events occurring prior to the date of this pricing supplement, including events that would affect the accuracy or completeness of the publicly available documents described below, that would affect the trading prices of the shares of any of the Underlying Assets have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning any of the Underlying Assets could affect the value of the shares of the applicable Underlying Asset after the pricing date, and therefore could affect the payment at maturity.

The selection of the applicable Underlying Asset relating to any of the notes is not a recommendation to buy or sell the shares of the applicable Underlying Assets. Neither we nor any of our affiliates make any representation to you as to the performance of the shares of any of the Underlying Assets. Information provided to or filed with the SEC under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 relating to each Underlying Asset may be obtained through the SEC’s website at http://www.sec.gov.

iShares® MSCI EAFE Index Fund

iShares® consists of numerous separate investment portfolios (the “iShares Funds”), including the iShares® MSCI EAFE Index Fund. The iShares® MSCI EAFE Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI EAFE Index. The iShares® MSCI EAFE Index Fund typically earns income from dividends from securities held by the MSCI EAFE Index. These amounts, net of expenses and taxes (if applicable), are passed along to the iShares® MSCI EAFE Index Fund’s shareholders as “ordinary income.” In addition, the iShares® MSCI EAFE Index Fund realizes capital gains or losses whenever it sells securities. Net long-term capital gains are distributed to shareholders as “capital gain distributions.” However, because the applicable notes are linked only to the share price of the iShares® MSCI EAFE Index Fund, you will not be entitled to receive income, dividend, or capital gain distributions from iShares® MSCI EAFE Index Fund or any equivalent payments.

“iShares®” and “BlackRock®” are registered trademarks of BlackRock. The notes are not sponsored, endorsed, sold, or promoted by BlackRock, or by any of the iShares Funds. Neither BlackRock nor the iShares Funds make any representations or warranties to the owners of any of the notes or any member of the public regarding the advisability of investing in the notes. Neither BlackRock nor the iShares® Funds shall have any obligation or liability in connection with the registration, operation, marketing, trading, or sale of the notes or in connection with our use of information about the iShares® MSCI EAFE Index Fund or any of the iShares Funds.

The shares of the iShares® MSCI EAFE Index Fund trade on the NYSE Arca under the symbol “EFA.”

The MSCI EAFE Index

We have derived all information contained in this pricing supplement regarding the MSCI EAFE Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information.  The information reflects the policies of, and is subject to change by MSCI. MSCI has no obligation to continue to publish, and may discontinue publication of, the MSCI EAFE Index.

The MSCI EAFE Index is intended to measure equity market performance in developed market countries, excluding the U.S. and Canada. The MSCI EAFE Index is a free float-adjusted market capitalization equity index with a base date of December 31, 1969 and an initial value of 100. The MSCI EAFE Index is calculated daily in U.S. dollars and published in real time every 60 seconds during market trading hours. The MSCI EAFE Index currently consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The MSCI EAFE Index is part of the MSCI Regional Equity Indices series and is an MSCI Global Investable Market Index, which is a family within the MSCI International Equity Indices.

General - MSCI Global Investable Market Indices

MSCI provides global equity indices intended to measure equity performance in international markets and the MSCI International Equity Indices are designed to serve as global equity performance benchmarks. In constructing these indices, MSCI applies its index construction and maintenance methodology across developed, emerging, and frontier markets.

MSCI enhanced the methodology used in its MSCI International Equity Indices. The MSCI Standard and MSCI Small Cap Indices, along with the other MSCI equity indices based on them, transitioned to the global investable market indices methodology described below. The transition was completed at the end of May 2008. The Enhanced MSCI Standard Indices are composed of the MSCI Large Cap and Mid Cap Indices. The MSCI Global Small Cap Index transitioned to the MSCI Small Cap Index resulting from the Global Investable Market Indices methodology and contains no overlap with constituents of the transitioned MSCI Standard Indices. Together, the relevant MSCI Large Cap, Mid Cap, and Small Cap Indices will make up the MSCI investable market index for each country, composite, sector, and style index that MSCI offers.

Constructing the MSCI Global Investable Market Indices. MSCI undertakes an index construction process, which involves:

- defining the equity universe;
- determining the market investable equity universe for each market;
- determining market capitalization size segments for each market;
- applying index continuity rules for the MSCI Standard Index;
- creating style segments within each size segment within each market; and
- classifying securities under the Global Industry Classification Standard (the “GICS”).

Defining the Equity Universe. The equity universe is defined by:

- Identifying Eligible Equity Securities: the equity universe initially looks at securities listed in any of the countries in the MSCI Global Index Series, which will be classified as either Developed Markets (“DM”) or Emerging Markets (“EM”). All listed equity securities, or listed securities that exhibit characteristics of equity securities, except mutual funds, exchange traded funds, equity derivatives, limited partnerships, and most investment trusts, are eligible for inclusion in the equity universe. Real Estate Investment Trusts (“REITs”) in some countries and certain income trusts in Canada are also eligible for inclusion.

- Classifying Eligible Securities into the Appropriate Country: each company and its securities (i.e., share classes) are classified in only one country.

Determining the Market Investable Equity Universes. A market investable equity universe for a market is derived by applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is equivalent to a single country, except in DM Europe, where all DM countries in Europe are aggregated into a single market for index construction purposes. Subsequently, individual DM Europe country indices within the MSCI Europe Index are derived from the constituents of the MSCI Europe Index under the global investable market indices methodology.

The investability screens used to determine the investable equity universe in each market are as follows:

- Equity Universe Minimum Size Requirement: this investability screen is applied at the company level. In order to be included in a market investable equity universe, a company must have the required minimum full market capitalization.

- Equity Universe Minimum Free Float–Adjusted Market Capitalization Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float–adjusted market capitalization equal to or higher than 50% of the equity universe minimum size requirement.

- DM Minimum Liquidity Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have adequate liquidity. The twelve-month and three-month Annual Traded Value Ratio ("ATVR"), a measure that screens out extreme daily trading volumes and takes into account the free float–adjusted market capitalization size of securities, together with the three-month frequency of trading are used to measure liquidity. In the calculation of the ATVR, the trading volumes in depository receipts associated with that security, such as ADRs or GDRs, are also considered. A minimum liquidity level of 20% of three- and twelve-month ATVR and 90% of three-month frequency of trading over the last four consecutive quarters are required for inclusion of a security in a market investable equity universe of a DM.

- Global Minimum Foreign Inclusion Factor Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe.

- Minimum Length of Trading Requirement: this investability screen is applied at the individual security level. For an initial public offering ("IPO") to be eligible for inclusion in a market investable equity universe, the new issue must have started trading at least four months before the implementation of the initial construction of the index or at least three months before the implementation of a semi−annual index review (as described below). This requirement is applicable to small new issues in all markets. Large IPOs are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and the Standard Index outside of a Quarterly or Semi−Annual Index Review.

Defining Market Capitalization Size Segments for Each Market. Once a market investable equity universe is defined, it is segmented into the following size−based indices:

- Investable Market Index (Large + Mid + Small);
- Standard Index (Large + Mid);
- Large Cap Index;
- Mid Cap Index; or
- Small Cap Index.

Creating the size segment indices in each market involves the following steps:

- defining the market coverage target range for each size segment;
- determining the global minimum size range for each size segment;
- determining the market size−segment cutoffs and associated segment number of companies;
- assigning companies to the size segments; and
- applying final size−segment investability requirements.

Index Continuity Rules for the Standard Indices. In order to achieve index continuity, as well as to provide some basic level of diversification within a market index, and notwithstanding the effect of other index construction rules described in this section, a minimum number of five constituents will be maintained for a DM Standard Index.

Creating Style Indices within Each Size Segment. All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology.

Classifying Securities under the Global Industry Classification Standard. All securities in the global investable equity universe are assigned to the industry that best describes their business activities. To this end, MSCI has designed, in conjunction with Standard & Poor's, the GICS. Under the GICS, each company is assigned to one sub−industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS.

Index Maintenance

The MSCI Global Investable Market Indices are maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of the indices, and index stability and low index turnover. In particular, index maintenance involves:

(i) Semi−Annual Index Reviews ("SAIRs") in May and November of the Size Segment and Global Value and Growth Indices which include:

- updating the indices on the basis of a fully refreshed equity universe;
- taking buffer rules into consideration for migration of securities across size and style segments; and
- updating FIFs and Number of Shares ("NOS").

(ii) Quarterly Index Reviews in February and August of the Size Segment Indices aimed at:

- including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index;
- allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR; and
- reflecting the impact of significant market events on FIFs and updating NOS.

(iii) Ongoing Event−Related Changes: changes of this type are generally implemented in the indices as they occur. Significantly large IPOs are included in the indices after the close of the company's tenth day of trading.

Through this maintenance process, MSCI may make structural changes to the indices by adding or deleting component country indices. Consequently, the composition of the MSCI EAFE Index may change over the term of the notes.

Neither we nor any of our affiliates, including BMOCM, accepts any responsibility for the calculation, maintenance, or publication of, or for any error, omission, or disruption in the MSCI EAFE Index, or any successor to the index. MSCI does not guarantee the accuracy or the completeness of the MSCI EAFE Index, or any data included in the index. MSCI assumes no liability for any errors, omissions, or disruption in the calculation and dissemination of the MSCI EAFE Index. MSCI disclaims all responsibility for any errors or omissions in the calculation and dissemination of the MSCI EAFE Index, or the manner in which the index is applied in determining the amount payable on the notes at maturity.

Historical Information of the iShares® MSCI EAFE Index Fund

The following table sets forth the high and low closing prices of the iShares® MSCI EAFE Index Fund from the first quarter of 2010 through July 12, 2013.

| | | High | Low |
|---|---|---|---|
| 2010 | First Quarter | 57.96 | 50.45 |
| | Second Quarter | 58.03 | 46.29 |
| | Third Quarter | 55.42 | 47.09 |
| | Fourth Quarter | 59.46 | 54.25 |
| | | | |
| 2011 | First Quarter | 61.91 | 55.31 |
| | Second Quarter | 63.87 | 57.10 |
| | Third Quarter | 60.80 | 46.66 |
| | Fourth Quarter | 55.57 | 46.45 |
| | | | |
| 2012 | First Quarter | 55.80 | 49.15 |
| | Second Quarter | 55.51 | 46.55 |
| | Third Quarter | 55.15 | 47.62 |
| | Fourth Quarter | 56.88 | 51.96 |
| | | | |
| 2013 | First Quarter | 59.89 | 56.90 |
| | Second Quarter | 63.53 | 57.03 |

| | | |
|---|---|---|
| Third Quarter (through July 12, 2013) | 60.22 | 57.55 |

Technology Select Sector SPDR® Fund

The Technology Select Sector SPDR® Fund is composed of equity securities included in the Technology Select Sector Index. The Technology Select Sector Index measures the performance of the technology sector of the U.S. equity market. The Technology Select Sector Index is intended to track the movement of companies that are components of the S&P 500® Index and, as of March 28, 2013, includes the shares of common stock of 80 companies from the following industries: internet software and services, IT services, software, communications equipment, computer and peripherals, electronic equipment and instruments, office electronics, semiconductors and semiconductor equipment, diversified telecommunication services and wireless telecommunication services.

The shares of the Technology Select Sector SPDR® Fund trade on the NYSE Arca under the symbol "XLK."

In seeking to track the performance of its Technology Select Sector Index, the Technology Select Sector SPDR® Fund employs a replication strategy, which means that the Technology Select Sector SPDR® Fund typically invests in substantially all of the securities represented in the Technology Select Sector Index in approximately the same proportions as that the Technology Select Sector Index. Under normal market conditions, the Technology Select Sector SPDR® Fund generally invests substantially all, but at least 95%, of its total assets in the securities comprising he Technology Select Sector Index and will provide shareholders with notice prior to any material change in the 95% investment policy. Under various market circumstances where, for example, it may not be possible or practical for the Technology Select Sector SPDR® Fund to purchase all of the securities in its respective index, SSGA may utilize a sampling strategy, in which SSGA may select securities that have a similar investment profile to the Technology Select Sector Index. In addition, the Technology Select Sector SPDR® Fund may lend and borrow money, within limits, and invest in securities that are not included in Technology Select Sector Index including other equity securities, convertible securities, variable rate demand notes, commercial paper, structured notes, swaps and in options and futures contracts.

The Technology Select Sector Index

The Technology Select Sector Index is a sub-index of the S&P 500® Index (a "select sector index"). Each stock in the S&P 500® Index is allocated to only one select sector index, and the combined companies of the nine select sector indices represent all of the companies in the S&P 500® Index. The industry indices are sub-categories within each select sector index and represent a specific industry segment of the overall select sector index. The nine select sector indices seek to represent the S&P 500® Index sectors: consumer discretionary, consumer staples, energy, financials, health care, industrial, materials, technology, and utilities. The Technology Select Sector Index as one of the nine select sector indexes was developed and is maintained in accordance with the following criteria:

- each of the component stocks in a select sector index (the "component stocks") is a constituent company of the S&P 500® Index.

- the nine select sector indices together will include all of the companies represented in the S&P 500® Index and each of the stocks in the S&P 500® Index will be allocated to one and only one of the select sector indices.

- the index compilation agent assigns each constituent stock of the S&P 500® Index to a select sector index. The index compilation agent, after consultation with S&P, assigns a company's stock to a particular select sector index on the basis of that company's sales and earnings composition and the sensitivity of the company's stock price and business results to the common factors that affect other companies in each select sector index.

- each select sector index is calculated by S&P using a modified "market capitalization" methodology. This design ensures that each of the component stocks within a select sector index is represented in a proportion consistent with its percentage with respect to the total market capitalization of that select sector index. S&P has stated that it expects to take steps to ensure that no component stock exceeds the weight of 25% by redistributing all excess weight equally to all uncapped stocks within the relevant select sector index. However, under certain conditions, the number of shares of a component stock within the select sector index may be adjusted to conform to Internal Revenue Code requirements.

Each select sector index is calculated using the same methodology utilized by S&P in calculating the S&P 500® Index, using a base−weighted aggregate methodology. The daily calculation of each select sector index is computed by dividing the total market value of the companies in the select sector index by a number called the index divisor.

S&P 500® Index

The S&P 500® Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the S&P 500® Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of July 10, 2013, 390 companies included in the S&P 500® Index traded on the New York Stock Exchange, and 110 companies included in the S&P 500® Index traded on The NASDAQ Stock Market. On July 10, 2013, the average market capitalization of the companies included in the S&P 500® Index was $30.35 billion. As of that date, the largest component of the S&P 500® Index had a market capitalization of $401.73 billion, and the smallest component of the S&P 500® Index had a market capitalization of $1.99 billion.

S&P chooses companies for inclusion in the S&P 500® Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its Stock Guide Database of over 10,000 companies, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock generally is responsive to changes in the affairs of the respective industry, and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the S&P 500® Index, with the approximate percentage of the market capitalization of the S&P 500® Index included in each group as of July 10, 2013 indicated in parentheses: Consumer Discretionary (12.3%); Consumer Staples (10.5%); Energy (10.6%); Financials (16.7%); Health Care (12.7%); Industrials (10.2%); Information Technology (17.8%); Materials (3.3%); Telecommunication Services (2.6%); and Utilities (3.3%). S&P from time to time, in its sole discretion, may add companies to, or delete companies from, the S&P 500® Index to achieve the objectives stated above.

S&P calculates the S&P 500® Index by reference to the prices of the constituent stocks of the S&P 500® Index without taking account of the value of dividends paid on those stocks. As a result, the return on the notes will not reflect the return you would realize if you actually owned the S&P 500® Index constituent stocks and received the dividends paid on those stocks.

Computation of the S&P 500® Index

While S&P currently employs the following methodology to calculate the S&P 500® Index, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the Payment at Maturity.

Historically, the market value of any component stock of the S&P 500® Index was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, S&P began shifting the S&P 500® Index halfway from a market capitalization weighted formula to a float-adjusted formula, before moving the S&P 500® Index to full float adjustment on September 16, 2005. S&P's criteria for selecting stocks for the S&P 500® Index did not change with the shift to float adjustment. However, the adjustment affects each company's weight in the S&P 500® Index.

Under float adjustment, the share counts used in calculating the S&P 500® Index reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," were removed from the float for purposes of calculating the S&P 500® Index. Generally, these "control holders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares held in a trust to allow investors in countries outside the country of domicile, such as depositary shares and Canadian exchangeable shares are normally part of the float unless those shares form a control block. If a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class are treated as a control block.

For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares by the total shares outstanding. As of September 21, 2012, available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company's officers and directors hold 3% of the company's shares, and no other control group holds 5% of the company's shares, S&P would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company's officers and directors hold 3% of the company's shares and another control group holds 20% of the company's shares, S&P would assign an IWF of 0.77, reflecting the fact that 23% of the company's outstanding shares are considered to be held for control. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The S&P 500® Index is calculated using a base-weighted aggregate methodology. The level of the S&P 500® Index reflects the total market value of all 500 component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the level easier to use and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941-43 = 10. In practice, the daily calculation of the S&P 500® Index is computed by dividing the total market value of the component stocks by the "index divisor." By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the S&P 500® Index, it serves as a link to the original base period level of the S&P 500® Index. The index divisor keeps the S&P 500® Index comparable over time and is the manipulation point for all adjustments to the S&P 500® Index, which is index maintenance.

Index Maintenance

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the S&P 500® Index, and do not require index divisor adjustments.

To prevent the level of the S&P 500® Index from changing due to corporate actions, corporate actions which affect the total market value of the S&P 500® Index require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the S&P 500® Index remains constant and does not reflect the corporate actions of individual companies in the S&P 500® Index. Index divisor adjustments are made after the close of trading and after the calculation of the S&P 500® Index closing level.

Changes in a company's shares outstanding of 5.00% or more due to mergers, acquisitions, public offerings, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. All other changes of 5.00% or more (due to, for example, company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participation units, at the market offerings, or other recapitalizations) are made weekly and are announced on Wednesdays for implementation after the close of trading on the following Wednesday. Changes of less than 5.00% due to a company's acquisition of another company in the S&P 500® Index are made as soon as reasonably possible. All other changes of less than 5.00% are accumulated and made quarterly on the third Friday of March, June, September, and December, and are usually announced two to five days prior.

Changes in IWFs of more than five percentage points caused by corporate actions (such as merger and acquisition activity, restructurings, or spinoffs) will be made as soon as reasonably possible. Other changes in IWFs will be made annually when IWFs are reviewed.

Historical Information of the Technology Select Sector SPDR® Fund

The following table sets forth the high and low closing prices of the Technology Select Sector SPDR® Fund from the first quarter of 2010 through July 12, 2013.

| | | High | Low |
|---|---|---|---|
| 2010 | First Quarter | 23.26 | 20.84 |
| | Second Quarter | 24.06 | 20.40 |
| | Third Quarter | 23.15 | 20.29 |
| | Fourth Quarter | 25.28 | 22.84 |
| | | | |
| 2011 | First Quarter | 27.01 | 24.69 |
| | Second Quarter | 26.84 | 24.49 |
| | Third Quarter | 26.74 | 22.52 |
| | Fourth Quarter | 26.51 | 23.04 |
| | | | |
| 2012 | First Quarter | 30.44 | 25.81 |
| | Second Quarter | 30.48 | 27.20 |
| | Third Quarter | 31.66 | 27.90 |
| | Fourth Quarter | 31.05 | 27.62 |
| | | | |
| 2013 | First Quarter | 30.43 | 29.21 |
| | Second Quarter | 32.20 | 29.31 |
| | Third Quarter (through July 12, 2013) | 31.93 | 30.75 |