SUMMARY

TRAFFIC HANDLED IN 2012

The Port of Montreal handled 28.4 million tonnes of cargo in 2012. Total traffic decreased by only 0.4 percent compared to the record-setting year of 2011, making 2012 another very good year for the Port.

The Port handled 12 million tonnes of containerized general cargo in 2012, or 1.4 million TEUs (20-foot equivalent unit containers), down 3.5 per cent from the previous year. The decrease is attributable to the difficult economic situation in Europe and North America, the Port’s two main markets for containerized cargo traffic.

Total liquid bulk traffic amounted to 9.7 million tonnes, down 9.7 percent compared to 2011, which was an exceptional year for petroleum products traffic. Nonetheless, 2012 was still the Port of Montreal’s second-best year in this sector of activity.

Overall dry bulk traffic was up 26.4 percent over 2011, increasing to 6.5 million tonnes from 5.2 million tonnes. This excellent result is attributable to the grain sector, where traffic increased by 76.3 percent to reach 3.1 million tonnes.

In the cruise sector, the Port welcomed a record 54,652 passengers in 2012 thanks in great part to the work of the Montreal Cruise Committee, an initiative led by the MPA and Tourism Montreal, and supported by Tourism Quebec, to develop the cruise business in Montreal.

<table>
<thead>
<tr>
<th>PORT OF MONTREAL TRAFFIC RESULTS (in tonnes)</th>
<th>2012</th>
<th>2011</th>
<th>VARIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL CARGO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Containerized</td>
<td>12,032,966</td>
<td>12,471,002</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Non-containerized</td>
<td>130,167</td>
<td>129,767</td>
<td>0.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>12,163,133</td>
<td>12,600,769</td>
<td>-3.5%</td>
</tr>
<tr>
<td>LIQUID BULK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum products</td>
<td>9,075,189</td>
<td>10,056,615</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Other</td>
<td>646,233</td>
<td>704,034</td>
<td>-8.2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,721,422</td>
<td>10,760,649</td>
<td>-9.7%</td>
</tr>
<tr>
<td>DRY BULK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grain</td>
<td>3,070,054</td>
<td>1,741,035</td>
<td>76.3%</td>
</tr>
<tr>
<td>Other</td>
<td>3,467,394</td>
<td>3,431,811</td>
<td>1.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,537,448</td>
<td>5,172,846</td>
<td>26.4%</td>
</tr>
<tr>
<td>TOTAL TONNAGE</td>
<td>28,422,003</td>
<td>28,534,264</td>
<td>-0.4%</td>
</tr>
<tr>
<td>CRUISE TRAFFIC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PASSENGERS AND CREW</td>
<td>69,992</td>
<td>47,514</td>
<td>47.3%</td>
</tr>
</tbody>
</table>

The names of the employees whose photo is shown on the cover can be found on Page 21.
THE PORT OF MONTREAL’S BUSINESS VISION IS TO:

› Increase trade through Montreal and also contribute significantly to the prosperity of the city, the region and Canada.
› Provide custom-made, competitive, safe and world-class facilities for maritime transportation.
› Completely meet the needs and expectations of its various customers.

SUMMARY OF FINANCIAL RESULTS (in thousands of $)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE FROM OPERATIONS</strong></td>
<td>85,585</td>
<td>88,068</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>77,789</td>
<td>83,387</td>
</tr>
<tr>
<td>Operating earnings before investment income, settlement of a legal proceeding and restructuring expense</td>
<td>7,796</td>
<td>4,681</td>
</tr>
<tr>
<td>Investment income</td>
<td>3,771</td>
<td>3,219</td>
</tr>
<tr>
<td>Settlement of a legal proceeding</td>
<td>1,250</td>
<td>–</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>(3,686)</td>
<td>(832)</td>
</tr>
<tr>
<td><strong>NET EARNINGS</strong></td>
<td>9,131</td>
<td>7,068</td>
</tr>
</tbody>
</table>
The Montreal Port Authority (MPA) enjoyed a good year in 2012 with 28.4 million tonnes of cargo moving through its facilities, down only 0.4 percent from the record-setting year of 2011.

Cargo diversity, which allows a traffic increase in one sector of activity to offset a decrease in another, was the main reason for the Port’s success last year. Dry bulk traffic, and in particular grain, played an important role for the Port in this regard in 2012. The grain terminal handled 3.07 million tonnes of grain in 2012, an increase of 76.3 percent over the previous year.

With little room to manoeuvre, the MPA had to maintain a rigorous control of its expenditures. Expenses decreased by 6.7 percent. We reduced our operating expenses without compromising the quality of services provided to port users. In fact, we invested $22.5 million in 2012 to improve port facilities. We are pleased to announce that we ended 2012 with earnings of $9.1 million, an increase of 29.2 percent over the previous year.

The MPA clearly understood that it needed to reinvent itself in order to offer the best possible services to its clients and partners and to remain an industry leader. We rethought the way in which we work so that we can fulfil our three major roles: to act as a catalyst for economic development for the city and the entire country; to drive business growth for our clients by connecting them to their markets; and to facilitate supply chain performance for our partners. This has allowed us to better position the Port and, at the same time, identify markets and opportunities for growth.

We reviewed our marketing focus in 2012. Based on the principle of partnership, we invited our partners to take part in the process and provide us with their comments and expertise. This exercise has allowed the Port to better position itself for Trading with the World, the signature that proudly accompanies our new logo and that will guide our growth and development strategies into the future.
As you will see in the pages that follow, the MPA has created the conditions that are necessary to solidify its position and ensure a dynamic presence on an international scale.

In the Greater Montreal region, the MPA played a key role in the creation of the Logistics and Transportation Metropolitan Cluster of Montreal, which now stands on its own under the name Cargo Montreal. This initiative will promote Greater Montreal’s logistics and goods transportation industry and plan for its development and competitiveness over the long term. We also continued to forge close ties with the City of Montreal. The MPA and the City are working collaboratively and developing synergies for the benefit of the entire port community, the city and the surrounding region.

On port territory, we began major work in 2012 in the Viau and Maisonneuve sectors to increase our container-handling capacity in order to accommodate growth in this sector of activity. These projects will cost more than $40 million, and the Government of Canada is contributing up to $15.1 million toward the work.

As part of our measures to integrate sustainable development into all of our decision-making and activities, we are continuing to replace our locomotives and vehicles in our service fleet with more energy-efficient equipment. We maintained our role as a leader in the Green Marine environmental program for a fourth consecutive year by achieving above-average results in all categories. We also developed a communications strategy with neighbouring communities that allows the MPA to share and exchange with citizens information on its activities and projects.

Furthermore, we continued to invest in the development of our employees by enhancing our training programs and placing an emphasis on skills development. Helping our employees adapt to new market requirements maximizes their strengths and benefits the Port of Montreal. We thank our employees and the unions representing our employees for their dedication to the Port and their commitment to excellence.

As part of its social involvement, the MPA continued to support projects related to the maritime sector and initiatives that promote education.

In conclusion, we are extremely pleased that our diversified clientele had confidence in us once again in 2012. They have continued to make our port facilities a key element of their supply chain solution. We sincerely thank our tenants, our stakeholders, our service providers, and our business, trading and community partners for their collaboration and support.

**2013 OUTLOOK**

The MPA and its partners are cautiously optimistic about 2013 considering the state of the global economy and, in particular, the economic situation in Europe, the Port’s main trading partner. As such, we expect total traffic in 2013 on be on par with that of last year.

The MPA plans to invest about $44 million in its facilities in 2013. The lion’s share will go toward our terminals and for work in the Viau and Maisonneuve sectors.

The MPA will proceed with technical, environmental and feasibility studies to develop container-handling facilities on its land at Contrecœur, located about 60 kilometres downstream from Montreal.

We will proceed with work on the second phase of an electronic navigation project in the St. Lawrence River channel between Quebec City and Montreal. The Government of Canada announced in March 2012 a subsidy of $500,000 for this phase of the project.

We will closely monitor the progress of a proposal we have made to the City of Montreal and Transport Quebec that would provide trucks with greater direct access to the Port and improve its direct links with the highway network.

Moving forward, the MPA will continue to adapt, seek out new markets and focus on new opportunities for growth. We will build on our new branding strategy, and work closely with our valued clients and partners in order to help them trade with the world.

**MICHEL M. LESSARD**  
Chairman of the Board of Directors  

**SYLVIE VACHON**  
President and Chief Executive Officer
BOARD OF DIRECTORS

GOVERNANCE
The City of Montreal appointed M. Claude J. Melançon as a Director the Montreal Port Authority in March 2012. He replaced Mme Diane Provost, who had served on the Board since March 1, 2003. M. Melançon’s term took effect on March 24, 2012, and will end on March 23, 2015.
The Governor in Council appointed Mr. Germain Thibault to the MPA’s Board of Directors on November 29, 2012. His mandate, which took effect that same day, is for a term of three years. Mr. Thibault replaces Mr. Jean Depelteau, who had been a member of the Board since April 13, 2009, and whose term ended on November 29, 2012.
The Board of Directors met seven times during 2012.

COMMITTEES OF THE BOARD OF DIRECTORS
The Board of Directors relies on four committees to guide its decisions. Each committee is composed of four Board members. The four committees held a total of 13 meetings in 2012.

COMMITTEE ACHIEVEMENTS
AUDIT COMMITTEE
The Audit Committee recommended the approval of the MPA’s audited financial statements and examined the recommendations of the external auditor. It monitored the MPA’s financial results on a quarterly basis.
The committee analyzed the annual and interim reports on risk management and ensured that proper measures were in place to manage any potential risks. It closely monitored the performance of the MPA’s investment portfolio as well as legal requirements, regulations and contracts that could impact the MPA.

GOVERNANCE AND HUMAN RESOURCES COMMITTEE
The Governance and Human Resources Committee fulfilled its mandate with respect to the remuneration of senior management and non-unionized employees.
The committee closely monitored the performance of MPA employee pension fund portfolio investments. It ensured that declarations of conflict of interest or perceived conflict of interest were filed in conformity with the MPA’s code of ethics.
The committee coordinated self-evaluations for the Board of Directors and the Committees of the Board of Directors.

ENVIRONMENT, SAFETY, HEALTH AND SECURITY COMMITTEE
The Environment, Safety, Health and Security Committee conducted its annual review of the activities of the Environment and Security departments. It also examined measures related to health and safety.
The committee monitored priorities related to the MPA’s Sustainable Development Policy and its implementation.

INFRASTRUCTURE COMMITTEE
The Infrastructure Committee kept track of the capital budget and in particular closely monitored the progress of three infrastructure projects related to Transport Canada’s contribution program to optimize container-handling space in the Maisonneuve and Viau sectors.

MEMBERS

MICHEL M. LESSARD
Chairman of the Board
Corporate Director
(since 27-06-2007)

NORMAND MORIN
ENG. PH.D.
Vice-Chairman of the Board
Corporate Director
(since 30-10-2006)

YVES FILION
Certified Corporate Director
(since 11-05-2007)

M. ANIK TRUDEL
General Manager, Edelman
(since 19-06-2008)

MARC Y. BRUNEAU
L.-SC.COMM, F.C.A.
Corporate Director
(since 12-04-2010)

CLAUDE MELANÇON
Corporate Director
(since 24-03-2012)

GERMAIN THIBAULT
General Manager
Grand défi Pierre Lavoie
(since 29-11-2012)
HIGHLIGHTS

2012

A YEAR OF PROJECTS

With an increase in container cargo-handling capacity, energized communications, increased presence abroad, new electronic tools and environmental actions, the Port of Montreal team truly delivered in 2012.

“As the receptionist, I’m the first point of contact with our clients. I like to welcome them by name when they visit.”

Diane Desjardins
Information Technology / Information Resources

“I enjoy organizing work with my team. Industrial mechanics, carpenters, tinsmiths, painters and welders all have key roles to play to ensure proper maintenance of our facilities.”

Claude Jobin
Infrastructure Management / Civil Works

“I’ve been working here for 28 years and learned my trade at the Port of Montreal. In order to modernize the rail network, my team and I join forces with Port engineers.”

Stevens Bélanger
Infrastructure Management / Road and Railways

IN 2012

$2.7 MILLION TO UPGRADE RAILWAY TRACKS
I’m happy when we measure the results of a given project and see that our forecasts are materializing.”
Patrice Corsilli
Financial Planning and Analysis

Creating the new website was a great project. I loved developing the new design and taking up the challenge of making navigation more user-friendly.”
Hélène Mailhot
Communications

CUSTOMER SERVICE AT THE FOREFRONT

VIAU-MAISONNEUVE
Land in the Viau and Maisonneuve sectors is being completely redeveloped in order to provide more space for container storage. Development plans were finalized and work began in 2012. The projects will conclude in March 2014.

Viau Sector
The Viau sector site is 18.8 hectares. Its annual capacity will reach 150,000 TEUs (20-foot equivalent unit containers) by the end of the project. The first phase of soil compaction will be carried out in spring 2013. Redevelopment of the site will follow. Railway tracks will be relocated and sewer and water systems, lighting and the underground electrical network will be redeveloped in order to fully optimize operations at the container-handling site.

Maisonneuve Sector
In addition to space for another 50,000 containers, we will build a new longshoremen’s hall, a new parking area and a new maintenance garage for equipment and vehicles used by longshoremen.

Once the projects are complete, the Port’s container-handling capacity will total 1.8 million TEUs, an increase of 12.5 percent over current capacity.

RAILWAY NETWORK
As part of its railway network maintenance and modernization plan, the MPA invested $2.7 million to upgrade railway tracks in 2012. Among the projects, the Infrastructure Management team completed work to replace wooden railway ties with steel railway ties in the strategic area of the interchange zone. These steel ties are more durable, ecological and economical than wooden ties. They are also stronger and do not shift, thereby reducing the risk of derailments.

CONTRECOEUR
The Port of Montreal owns land along four kilometres of waterfront at Contrecoeur, about 60 kilometres downstream from Montreal, on the south shore. This land will be used to increase the Port’s container-handling capacity once land on the island of Montreal reaches full capacity.

The MPA conducted geotechnical or soil bearing capacity studies in 2012. We also continued environmental studies on wildlife and soil utilization. These studies will be submitted to Fisheries and Oceans Canada in 2013 for the purpose of obtaining a permit to construct a berth.

ALEXANDRA PIER
The Port of Montreal conducted studies in 2012 to define guidelines for the eventual refurbishment of Alexandra Pier, on which the Iberville Passenger Terminal is located. The Port welcomed a record number of passengers in 2012, up almost 60 per cent over the previous year, proving that the city is making a name for itself with international cruise lines.

REVAMPED COMMUNICATIONS
The MPA revamped its communications in 2012 to accompany its new branding strategy Trading with the World. As part of this rebranding, the Port modernized its logo: the typeface makes the logo more current, and the new version is bilingual. The Port symbol — a ship sailing through the water, which is represented by the “M” in Montreal — has been slightly modernized, but maintained in its entirety, as it is so closely associated with the Port and Montreal as a port city.

THE INTERNET
The Port launched in March 2012 a new easy-to-navigate website that users truly appreciate. Among the many improvements are a new corporate video and an interactive map of the Port with vessels in real time. A mobile version of the site was also launched.
In an effort to improve its visibility internationally, the Port of Montreal developed and launched in December 2012 an Internet microsite in German at www.verschiffungusa.de. This microsite provides information to shipping lines, agents, freight forwarders and importers and exporters that ship goods to and from Canada and the U.S. Midwest via the Port of Montreal through the German ports of Hamburg and Bremerhaven. Two other microsites are scheduled to be launched in 2013.

MAGAZINES
In autumn 2012, the Port of Montreal unveiled electronic versions of its business and community magazines — PortInfo and Logbook, respectively — as part of the modernization of its communications tools. Written for its partners in the transportation industry, PortInfo’s content has undergone a major rejuvenation and now examines the maritime industry in greater detail while still continuing to provide news on the Port of Montreal. Logbook is written for the community at large and also has been redesigned with its readers in mind.

TRADING WITH THE WORLD
The Port of Montreal developed a new branding strategy in 2012. Trading with the World is an integral part of the MPA’s strategic plan to increase the Port’s visibility on an international scale. It positions the Port as a global maritime merchant and a strategic tool for economic development.

“It’s very exciting to discover things when looking through our archives and share these pieces of history with those who read our magazines.”
Sylvie Charron
Information Technology / Information Resources

“The best part of my job is meeting people, listening to their needs, earning their trust and offering solutions.”
Réal Bélanger
Growth and Development, Grain and Bulk
PORT REPRESENTATION

As part of its business development strategy, the MPA strengthened its Growth and Development team in 2012.

The Port of Montreal named Jeremy Masters as its representative in Asian markets. Mr. Masters was president of Canada Maritime and worked for CP Ships prior to founding Shipping Masters, based in Hong Kong, seven years ago. He lived in Montreal for 14 years and is extremely well acquainted with the Port. He will be working to develop new markets in Southeast Asia and India.

In Europe, the Port of Montreal renewed its contract with Genoa, Italy-based Medov shipping agency in 2012. Its mandate is to develop the European market not only for cargo but also within the cruise industry.

Detroit-based Donald Finnerty, of Knight Global Solutions, is the Port’s new representative in the United States. Mr. Finnerty has 25 years of experience in international transportation. He has held senior positions with CP Ships and Canada Maritime, and was president of Aseco Container Services.

This representation allows the Port to have a constant presence in the markets it serves and provides opportunities to attract new clients in both current and emerging markets.

TRADE MISSIONS

The MPA participated in a 10-day trade mission organized by one of its partners, Canadian National, to India, Vietnam and Hong Kong in October 2012. Tony Boemi, the MPA’s Vice-President of Growth and Development, met with representatives of major shipping lines and transportation companies, as well as freight forwarders and importers and exporters.

On October 4, 2012, the Port of Antwerp and the Port of Montreal held a joint reception in Montreal for terminal operators, shipping lines, freight forwarders and Canadian importers and exporters. The previous evening, the Port of Antwerp was the Port of Montreal’s guest of honour at an annual reception that the MPA holds in Chicago. The Port of Antwerp is the Port of Montreal’s main trading partner in Europe. One out of every five containers that the Port of Montreal handles comes from or goes to the Port of Antwerp.

In addition to its client reception in Chicago, the Port of Montreal held its annual reception in Toronto for clients in Central Canada, and in Montreal for clients in Quebec.

VALUE-ADDED PROJECTS

In 2012, the Port of Montreal received the Quest for Quality Award 2012, Great Lakes Region Category, from Logistics Management magazine.

The Port continued to work on projects in 2012 to attract clients in all cargo sectors and add value to its activities.

Discussions were held with potential clients in the dry bulk, liquid bulk and containerized cargo sectors. Some of these projects are in a feasibility study phase, while others should be formalized in 2013.

BUSINESS INTELLIGENCE AND INNOVATION

The MPA appointed Daniel Olivier to the newly created position of Manager of Business Intelligence and Innovation in September 2012.

Mr. Olivier has a PhD in economic geography (maritime transport). His core experience is in supply chain research. While working for Transport Canada, he led a project to implement key performance indicators (KPIs) at Canada’s ports and to measure the competiveness and reliability of Canadian supply chains. One of his mandates at the MPA will be to survey best and innovative practices. He will also develop tools that can support management and marketing teams in their duties.
CONTINUOUS IMPROVEMENT

AGREEMENTS
Following agreements that the MPA signed with Canadian Pacific and Canadian National railways to improve supply chain efficiency for container traffic, the average container dwell time at the Port has been reduced from 4.4 days in 2009 to 2.4 days in 2012.

This extremely encouraging result is leading us to extend our efforts to other components of the supply chain in 2013.

The MPA worked with the Canadian Coast Guard (CCG), the Laurentian Pilotage Authority and the Corporation of Central St. Lawrence Pilots in 2012 on Phase 2 of an electronic navigation project in the St. Lawrence River channel between Quebec City and Montreal. The MPA and the CCG have concluded a Memorandum of Understanding for the project. This second phase will allow for the implementation of technology that will increase the loading capacity of vessels by maximizing the use of the water column in the channel. The Government of Canada announced in March 2012 a subsidy of $500,000 for this phase of the project.

PARTNERSHIPS

CARGO MONTREAL
The Port of Montreal was a driving force behind the creation in 2012 of Cargo Montreal, a new logistics and transportation metropolitan cluster. Its objective is to position Montreal as Eastern Canada’s centre for goods transportation.

Cargo Montreal’s mission is to bring together companies and concerned stakeholders in the region’s logistics and freight transportation sector in order to further improve collaboration among all players, maximize the sector’s development, and consider solutions that can benefit other sectors in the region. All of the transport modes – marine, rail, road and air – are represented in the cluster, which has the support of the three levels of government. MPA President and CEO Sylvie Vachon is the Chair of Cargo Montreal.

PORT ACCESS
The MPA has made a proposal to the City of Montreal and Transport Quebec for new accesses to Port facilities. The plan calls for a trucks-only ramp from Highway 25 that would provide trucks with direct access to the Port’s common truck entry portal located at the corner of De Boucherville and Notre-Dame streets. It also calls for the lengthening of Souligny Avenue to the Port. Trucks would be able to exit this section of Port territory and return quickly to the highway network. Reaction to the proposal has been very favourable.

CRUISE COMMITTEE
The Montreal Cruise Committee’s first full year of activity brought outstanding results: the passenger terminal welcomed a record 54,752 passengers in 2012, an increase of 60 percent over the previous year.

Supported by Tourism Quebec, the Montreal Cruise Committee is an initiative in which the MPA and Tourism Montreal have teamed up with five local associations and organizations: Aéroports de Montréal (Montreal airports), the Hotel Association of Greater Montreal, Montreal Casino, the Old Montreal Business Development Corporation and the Old Port of Montreal.

The Montreal Cruise Committee allows players to pool their resources and share their respective expertise. The committee meets once a month to discuss subjects such as how to further improve facilities and services, provide information, support and recommendations to cruise lines, and put together tourism packages.

“When clients are able to benefit from our projects, it’s the best seal of approval we can get!”
Daniel Dagenais
Operations

“We are at the heart of Port operations. My work varies a great deal. When the phone rings, I never know what’s in store, even after 20 years on the job.”
Anne-Marie Fortin
Operations / Control Centre
“We have strong relationships with all levels of government; this is how we are able to evolve and develop new environmental projects.”

Nathalee Loubier
Environment

“Being at the heart of the procurement process for goods and services that MPA personnel require is what makes my job exciting.”

Jean-François Daoust
Procurement

ENVIROMENTALLY CONSCIOUS

LEADERSHIP IN GREEN MARINE

The Port of Montreal, a founding member and proud proponent of Green Marine, distinguished itself once again in 2012 in the organization’s most recent report. On a scale of 1 to 5, where Level 5 corresponds to the highest performance rating possible, the Port of Montreal achieved Level 4 for its efforts to reduce greenhouse gas emissions, and Level 5 for its efforts to reduce conflicts of use and for its environmental leadership.

Green Marine is a voluntary environmental program for the maritime industry in Canada and the United States. It addresses environmental issues such as greenhouse gases, cargo residues, conflicts of use (noise, dust, odours, luminous pollution), water and soil pollution prevention and environmental leadership.

The following are some of the initiatives taken by the MPA in 2012 to improve its environmental footprint:

THREE MULTIPLE-GENERATOR LOCOMOTIVES

After purchasing its first multiple-generator – or GenSet – locomotive in 2010, the Port of Montreal completed its locomotive replacement program by acquiring two more GenSets in 2012 and a third at the beginning of 2013. This technology reduces fuel consumption by about 50 percent and greenhouse gas (GHG) emissions by 90 percent compared to traditional locomotives. More specifically, its results show reductions of 90 percent in hydrocarbons, 88 percent in carbon monoxide, 82 percent in oxides of nitrogen, 88 percent in particulate matter and 47 percent in sulphur dioxide.

To help carry out this project, the Port received from Transport Quebec a maximum subsidy of $1,000 per tonne of GHG emissions reduced or prevented, up to a maximum of $872,000.

ECO-FRIENDLY FLEET OF SERVICE VEHICLES

The Port of Montreal acquired six hybrid vehicles for its fire prevention officers during the summer of 2012. These vehicles are powered by battery when travelling at less than 40 km/h. The gasoline engine engages at higher speeds. At the same time, the energy from the gasoline engine is used to recharge the battery. This hybrid technology reduces fuel consumption by about 50 percent.

BOUCHERVILLE ISLANDS WILDLIFE HABITAT

The MPA manages the Boucherville Islands archipelago. In 2012, it completed the second-to-last restoration phase for the five islands located in the northwest area. This phase consisted of dredging two sections of channels to provide a continuous and permanent connection to open water. The work took into account water level fluctuations in order to ensure a larger area for fish and a sufficient duration of flooding, particularly during the spring spawning season.

The Port will complete the project in 2013 by seeding the disposal area site and planting shrubs and aquatic plants.

This Port of Montreal initiative is part of an agreement with the Fisheries and Oceans Canada Fish Habitat Management Branch.
PROMENADE BELLERIVE CLEAN-UP
On September 15, 2012, numerous employees participated in an annual activity to clean up the shoreline along Promenade Bellerive, a park located between the Port’s container facilities and its petroleum terminals. More than 500 kilograms of recyclable materials and waste was collected during the day. The Fednav shipping line, one of the Port of Montreal’s major partners, organizes the event.

ACTIVE IN THE COMMUNITY

COMMUNITY RELATIONS
The Port of Montreal developed a communications strategy with neighbouring communities in 2012. Three meetings were organized and involved 35 people from the main organizations and associations representing citizens who live in the eastern sectors of the city — Ville-Marie, Mercier-Hochelaga-Maisonneuve, Montreal East and Pointe-aux-Trembles — located near the Port. The discussions helped identify the main issues related to living next to a port and provided a better understanding of the communities and their residential areas, and of citizens’ perceptions of the Port, their opinions and their expectations.

Among the observations from the meetings: Neighbours understand the importance of the Port to Montreal’s economy and why it must continue to develop. They want to preserve the Port’s historical value and its heritage. They want to be told about activity that could have an impact on their communities. The Port of Montreal fully understands all of these issues, too.

DONATIONS AND SPONSORSHIPS
The Port of Montreal focuses its support on non-profit organizations located for the most part in neighbouring communities.

For a second year, the Port of Montreal was a “Major Partner – Mercier-Hochelaga-Maisonneuve District” in the Samajam Student Retention Project – At My School, We Keep the Beat! The educational perseverance project helps young students foster a sense of belonging and pride in their school.

Among other projects, the Port sponsored CIBL’s ‘Perspective Radio’ in 2012. Some 100 students from Eulalie-Durocher high school, located in Montreal’s Hochelaga-Maisonneuve district, had access to a full-fledged radio station where they could share their school work as part of a real radio show. The project, developed by CIBL Radio-Montréal and the Commission scolaire de Montréal, is part of the ‘Succeed’ project, which aims to reduce drop-out rates by 20 percent, improve students’ French and support students with special needs.

MPA EMPLOYEES INVOLVED IN VARIOUS ORGANIZATIONS
In addition to the Port of Montreal’s financial assistance program, numerous MPA employees volunteer their time with various business, trade and development, transport, maritime industry, teaching, environmental and administrative organizations that have a connection to port activity.

PORT IN THE CITY
As part of its efforts to reach out to the community, the Port of Montreal held Port in the City Day on September 8, 2012. The general public was able to discover the Port from the river aboard the Cavalier Maxim. This free event was such a success that all of the tickets were spoken for in just two days. Following last year’s enthusiastic response, the Port of Montreal will repeat the event on September 7, 2013.

The Port of Montreal also greets visitors from around the world. Its Cité du Havre head office welcomed more than 1,130 visitors in 2012.

MARINERS’ HOUSE
As part of its objective to actively participate in the community, the Port of Montreal helped celebrate in 2012 the 150th anniversary of Mariners’ House of Montreal, which welcomes seafarers whose vessels are in port.
To highlight the anniversary, the Port of Montreal distributed 1,300 specially made tuques to all mariners who visited the Port in December. Port partners also purchased 812 tuques. Profits from those sales, totalling $3,248, went directly to Mariners’ House.

The Port of Montreal also installed a wireless network that covers the entire port territory. Thanks to this WiFi system, seafarers who must remain aboard ship can now communicate with their families via the Internet from the vessel. This initiative has been featured on the website of the ITF Seafarers’ Trust Blog of the International Transport Workers’ Federation.

TEACHING INSTITUTIONS

Pursuing a partnership that began in 2011, the Port of Montreal and Champlain College organized a two-day training module for students in the field of transportation and logistics in 2012. As it has done in previous years, the Port also welcomed for a guided tour students from Detroit’s Wayne State University’s transportation and logistics program, as well as students from CEGEPs in Drummondville, Jonquière and Trois-Rivières.

EMPLOYEE TRAINING

In 2012, 237 employees took a total of 1,645 courses, representing 6,671.5 hours of training. The Human Resources Department organized meetings with each of the MPA’s managers in order to jointly evaluate career objectives. This allowed the Port to identify potential candidates for higher-ranking positions within the organization and better plan the succession process.

The Port of Montreal also reorganized its Maintenance and Engineering departments under the name “Infrastructure Management.” This department is divided into five groups, and each is responsible and accountable for an aspect of port infrastructure: electricity, railway network, roads-sewers-water, berths and buildings. In order to facilitate expertise sharing among these different working groups, to increase versatility and to ensure continuity of knowledge, the Port of Montreal set up training courses for the members of the Infrastructure Management teams.
SECTORS OF ACTIVITY

CONTAINERIZED CARGO

The Port of Montreal handled 12 million tonnes of containerized general cargo in 2012, down 3.5% from the previous year. The decrease is attributable to the difficult economic situation in Europe and in North America, the Port’s two main markets for containerized cargo traffic. The number of containers handled reached 1.4 million TEUs (20-foot equivalent unit containers).

In 2012, Northern Europe was the point of origin or final destination for 46.8% of the containers moving through the Port, followed by the Mediterranean (19%), Asia (13.7%), the Middle East (7.4%), Latin America (5.9%) and Africa/Oceania (4.0%). Domestic cargo accounted for 3.2% of the Port’s containerized cargo traffic. The Port continues to benefit from traffic moving through the Suez Canal and the Panama Canal thanks to the direct services that shipping lines provide between Montreal and transshipment ports in the Mediterranean and the Caribbean.

The Port serves many diversified markets within North America. In 2012, 74.1% of the Port’s containerized cargo traffic was destined for or came from the Canadian market, mainly Quebec (34.7%), Ontario (26.9%) and Western Canada (9.1%). The other 25.9% of containerized cargo traffic was destined for or came from the United States, mainly the Midwest (18.4%), a market that is best served by the Port of Montreal.

DRY BULK

Viterra Inc. completed its first full year as the operator of the Port’s grain terminal in 2012. The Port of Montreal transferred the operation of the terminal to Viterra on July 1, 2011. This move helped substantially increase the amount of grain traffic moving through the Port and improved the grain terminal’s competitive position. Grain traffic increased by 76.3% to reach 3.1 million tonnes in 2012. On the whole, dry bulk traffic increased by 26.4% in 2012. Other than grain, iron and zinc ores and salt were among the commodities that contributed to the traffic increase.

LIQUID BULK

Total liquid bulk traffic amounted to 9.7 million tonnes in 2012, down 9.7% compared with the previous year. The decline was mainly attributable to a decrease in imports of petroleum products, a sector of activity that had enjoyed an exceptional year in 2011. The decrease resulting from the return to normal volumes of petroleum products traffic was offset to a degree by increased volumes of ethanol, asphalt, naphtha and molasses. The result is that 2012 was the Port’s second-best year in the liquid bulk sector.

CRUISES

The Port set a record by welcoming 54,652 passengers over the course of 51 registered calls in 2012. This exceptional increase is due in great part to the efforts of the Montreal Cruise Committee, an initiative led by the MPA and Tourism Montreal, and supported by Tourism Quebec, to develop the cruise business in Montreal.

The Port of Montreal’s cruise operations were recognized by the prestigious Cruise Insight magazine (formerly Dream World Cruise Destinations) for a fourth consecutive year in 2012. The Port received for the first time the Most Responsive Port award, which recognizes ports that respond the fastest and most efficiently to requests from cruise shipping lines. The Port of Montreal also received for a third year awards for the Best Turnaround Destination and Best Turnaround Port Operations, and for a second year the Most Efficient Terminal Operator award.

A DIVERSIFIED PORT

“The diversification of our cargo and our markets, and the reliability of our services are the key to our future growth. Furthermore, with the globalization of value chains, where one container represents inventory in transit, the Port becomes a vital link in the supply chain.”

SYLVIE VACHON
President and CEO

14  Annual Report 2012 - Port of Montreal
**Container Market**
- 47% Northern Europe
- 19% Mediterranean
- 14% Asia
- 7% Middle East
- 6% Latin America
- 4% Africa/Oceania
- 3% Canada

**Dry Bulk Products**
- 47% Grain
- 22% Iron Ore
- 11% Salt
- 7% Raw Sugar
- 6% Other
- 5% Fertilizer
- 2% Gypsum

**Liquid Bulk Products**
- 67% Fuel
- 24% Fuel Oil
- 5% Other
- 3% Various Hydrocarbons
- 1% Asphalt

**Cruise Traffic**
- 69% International Passengers
- 22% Crew Members
- 9% Domestic
## STATEMENT OF EARNINGS

**year ended December 31, 2012**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>$85,585</td>
<td>$88,068</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$32,192</td>
<td>$33,079</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>$8,131</td>
<td>$8,558</td>
</tr>
<tr>
<td>Public services</td>
<td>$428</td>
<td>$968</td>
</tr>
<tr>
<td>Professional services</td>
<td>$3,062</td>
<td>$3,905</td>
</tr>
<tr>
<td>Payments in lieu of property taxes</td>
<td>$2,200</td>
<td>$3,644</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$6,739</td>
<td>$7,842</td>
</tr>
<tr>
<td>Gross revenue expenses</td>
<td>$3,787</td>
<td>$3,825</td>
</tr>
<tr>
<td>Amortization of fixed assets</td>
<td>$21,250</td>
<td>$21,566</td>
</tr>
<tr>
<td><strong>Gross revenue expenses</strong></td>
<td>77,789</td>
<td>83,387</td>
</tr>
<tr>
<td>Operating earnings before investment income, settlement of a legal proceeding and restructuring expense</td>
<td>$7,796</td>
<td>$4,681</td>
</tr>
<tr>
<td>Investment income</td>
<td>$3,771</td>
<td>$3,219</td>
</tr>
<tr>
<td>Settlement of legal proceeding</td>
<td>$1,250</td>
<td>$-</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>$(3,686)</td>
<td>$(832)</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$9,131</td>
<td>$7,068</td>
</tr>
</tbody>
</table>

## STATEMENT OF COMPREHENSIVE LOSS

**year ended December 31, 2012**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net earnings</strong></td>
<td>$9,131</td>
<td>$7,068</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>$(1,016)</td>
<td>$2,566</td>
</tr>
<tr>
<td>(Loss) gains for the year</td>
<td>(743)</td>
<td>(29)</td>
</tr>
<tr>
<td>Reclassification in net earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>$(26,100)</td>
<td>$(41,778)</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>$(27,859)</td>
<td>$(39,241)</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>$(18,728)</td>
<td>$(32,173)</td>
</tr>
</tbody>
</table>
## STATEMENT OF CHANGES IN THE EQUITY OF THE GOVERNMENT OF CANADA

year ended December 31, 2012

<table>
<thead>
<tr>
<th>(in thousands of Canadian dollars)</th>
<th>Contributed capital</th>
<th>(Deficit) retained earnings</th>
<th>Accumulated other comprehensive income</th>
<th>Total equity</th>
<th>2011 Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>235,199</td>
<td>631</td>
<td>5,147</td>
<td>240,977</td>
<td>273,150</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td></td>
<td>9,131</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss) gains for the year</td>
<td></td>
<td></td>
<td>(1,016)</td>
<td>(1,016)</td>
<td></td>
</tr>
<tr>
<td>Reclassification in net earnings</td>
<td></td>
<td></td>
<td>(743)</td>
<td>(743)</td>
<td>(29)</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td></td>
<td>(26,100)</td>
<td></td>
<td>(26,100)</td>
<td>(41,778)</td>
</tr>
<tr>
<td><strong>Total comprehensive income (loss) of the year</strong></td>
<td></td>
<td>(16,969)</td>
<td>(1,759)</td>
<td>(18,728)</td>
<td>(32,173)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>235,199</td>
<td>(16,338)</td>
<td>3,388</td>
<td>222,249</td>
<td>240,977</td>
</tr>
</tbody>
</table>
### CONDENSED FINANCIAL RESULTS (CONTINUED)

#### SUMMARIZED STATEMENT OF CASH FLOWS

*Year ended December 31, 2012 (in thousands of Canadian dollars)*

<table>
<thead>
<tr>
<th>Activity</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>9,131</td>
<td>7,068</td>
</tr>
<tr>
<td>Non-cash items</td>
<td>7,495</td>
<td>17,911</td>
</tr>
<tr>
<td><strong>Net change in working capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4,703)</td>
<td>1,507</td>
</tr>
<tr>
<td>Provisions and long-term liabilities</td>
<td></td>
<td>(7,547)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>11,923</td>
<td>18,939</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>(17,364)</td>
<td>(14,618)</td>
</tr>
<tr>
<td>Disposal of fixed assets</td>
<td>50</td>
<td>95</td>
</tr>
<tr>
<td>Acquisition of investments</td>
<td>(26,933)</td>
<td>(32,538)</td>
</tr>
<tr>
<td>Disposal of investments</td>
<td>30,394</td>
<td>22,763</td>
</tr>
<tr>
<td>Interest received</td>
<td>3,388</td>
<td>3,490</td>
</tr>
<tr>
<td><strong>Net cash used in investment activities</strong></td>
<td>(10,465)</td>
<td>(20,808)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments under finance lease contracts</td>
<td>276</td>
<td>(97)</td>
</tr>
<tr>
<td><strong>Net change in cash</strong></td>
<td>1,734</td>
<td>(1,966)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>2,245</td>
<td>4,211</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>3,979</td>
<td>2,245</td>
</tr>
</tbody>
</table>
SUMMARIZED STATEMENT OF FINANCIAL POSITION
year ended December 31, 2012
(in thousands of Canadian dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>28,549</td>
<td>30,128</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>72,782</td>
<td>75,457</td>
</tr>
<tr>
<td>Other assets</td>
<td>323</td>
<td>430</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>241,287</td>
<td>243,143</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>342,941</td>
<td>349,158</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>25,770</td>
<td>29,215</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>1,361</td>
<td>1,332</td>
</tr>
<tr>
<td>Payments under finance lease contracts</td>
<td>413</td>
<td>221</td>
</tr>
<tr>
<td>Defined benefit liability</td>
<td>93,148</td>
<td>77,413</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>120,692</td>
<td>108,381</td>
</tr>
<tr>
<td><strong>Equity of the Government of Canada</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td>235,199</td>
<td>235,199</td>
</tr>
<tr>
<td>(Deficit) retained earnings</td>
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<td>240,977</td>
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<tr>
<td><strong>Total</strong></td>
<td>342,941</td>
<td>349,158</td>
</tr>
</tbody>
</table>

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS). The complete version of the audited financial statements is available upon request.

MICHEL M. LESSARD
Chairman of the Board

SYLVIE VACHON
President and Chief Executive Officer

April 24, 2013
Montreal, Quebec, Canada
THE PORT OF MONTREAL TEAM

thanks its shipping lines, terminal operators, agents, rail transport companies, trucking companies and the myriad other stakeholders in the cargo transportation logistics chain for their support and trust.

The Port of Montreal congratulates several of its partners that celebrated milestone anniversaries in 2012.

ANNIVERSARIES IN 2012

- 190th of the Board of Trade of Metropolitan Montreal
- 165th of Hapag-Lloyd
- 150th of Mariners’ House
- 60th of Logistec
- 50th of the Canadian Coast Guard
- 40th of Ocean Group
- 40th of Croisières AML
- 40th of the Laurentian Pilotage Authority
- 30th of the St. Lawrence Coordinated Service
- 25th of Termont

PORT MONTRÉAL

INFORMATION

Montreal Port Authority
Communications Department
communications@port-montreal.com

Ce document est disponible en français sur demande : 514 283-7050

Employees on cover page
Alain Théberge: Railway Operations
Chantal Ritchot: Accounting
Claude Beaubien: Infrastructure Management / Engineering
Michel Dufour: Operations / Fleet
Quoc Phong Ton That: Information Technology
Chantale Bruneau: Real Estate

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