SUMMARY OF RESULTS IN 2010

The increase of all types of traffic at the Port of Montreal in 2010 stems from market diversification as well as the recovery of various economic sectors in Canada and in the Midwest.

Traffic with the Mediterranean grew 33.3% in volume and 23.1% in the number of TEU (twenty-foot equivalent unit) containers. All sea routes combined, the volume of containerized cargo handled by the Port of Montreal rose by 6.8% to reach 12.03 million metric tonnes.

Dry bulk also enjoyed a very good recovery. Its volume reached close to 5.6 million metric tonnes, an increase of 5.1% compared to 2009. This growth was driven by the excellent results of the iron ore, zinc and fertilizer sectors, along with receipts of grain by rail and truck, which rose by 32.1%.

As for liquid bulk, the volumes handled at the Port of Montreal benefited from a strong surge in petroleum product deliveries, such as jet fuel (+ 72.9%), fuel oil (+ 9.2%) and gasoline (+ 6.2%). The total volume of liquid bulk reached 8.15 million tonnes, an overall increase of 4.9%.

All traffic combined, the volumes handled in 2010 totalled 25.9 million tonnes, up 5.7% versus 2009.

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SUMMARY OF FINANCIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>88.5</td>
<td>84.2</td>
</tr>
<tr>
<td>Expenses</td>
<td>83.0</td>
<td>83.7</td>
</tr>
<tr>
<td>Earnings before investment income</td>
<td>5.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Investment income</td>
<td>3.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Earnings before following items</td>
<td>9.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Increase in payments in lieu of property taxes for the years 2004 to 2008</td>
<td>-</td>
<td>(12.0)</td>
</tr>
<tr>
<td>Impairment of fixed assets</td>
<td>-</td>
<td>(15.9)</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>(17.9)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>(8.6)</td>
<td>(21.7)</td>
</tr>
</tbody>
</table>

The Montreal Port Authority (MPA) is an autonomous federal agency created under the *Canada Marine Act* that builds and maintains infrastructures which it leases to private stevedoring companies. The Montreal port and marine system supports over 18,200 jobs in Canada, including more than 11,900 in Quebec.
The rail network currently covers 12 kilometres and has close to 100 kilometres of railway tracks along the piers and directly on the terminals. It is connected to the entrances of the Canadian National (CN) and Canadian Pacific (CP) railways, whose networks span Canada, west to east, and the United States, north to south.

The container trains are assembled directly on the terminals in close proximity to the ships, and then brought by the MPA’s locomotives into the interchange zone located under Jacques Cartier Bridge, where they are taken over by locomotives from either CN or CP. Conversely, trains delivered to the Port by CN and CP from the Midwest and central Canada are brought to the same zone, where they are taken over by MPA locomotives, and taken to the container terminals or the grain terminal.

Known in the North American industry as the "Montreal Model," this system allows for significant time savings in the moving of goods. Every year, between 550,000 and 600,000 containers arrive at the Port or leave the Port by train, which represents between 45% and 50% of all containers handled at the Port of Montreal.

In the interest of continuous process improvement, the MPA signed agreements with CP and CN in February 2011 aimed at further improving supply chain efficiencies for container traffic. These agreements define key performance indicators, such as dwell times at the container terminals, rail-car availability, rail on-time performance and vessel performance.

The other component of the intermodal platform is road transportation. Montreal provides a privileged highway access to Eastern Canada and Ontario markets, as well as the U.S. Northeast and Midwest. To optimize the traffic flow of the 2,500 trucks that enter or leave the Port every day, the Port opened a common entry portal for trucks in March 2011. It features optical and video character recognition units to identify containers, and 27 checkpoints equipped with an automated registration system where a computer recognizes the truck driver’s fingerprint biometric and validates the transaction.

Half the financing for this $11 million project was provided by the federal government under the Infrastructure Stimulus Fund.
Message from the Chairman of the Board of Directors and the President and Chief Executive Officer

Containerized cargo market

A detailed analysis of the traffic at the Port of Montreal shows the diversification of its markets. In 2010, the point of origin or final destination of 21.4% of the containers handled at the Port of Montreal was in the Mediterranean, 15.5% in Asia and the Middle East, 7% in Latin America, 2.7% in Africa and 2.9% in Canada. As for Continental Europe and the United Kingdom, which remain our two main markets, they represent 50.5% of our traffic.

This diversification underscores the significant role the Port of Montreal now plays in the global logistics chain, and not only on the North Atlantic market. It results from the use of hub ports in the Mediterranean that transship goods from the entire Mediterranean basin, from Southeast Asia and from the Middle East via the Suez Canal, along with hub ports in the Caribbean that transship goods from Latin America and Asia via the Panama Canal.

With a 23.1% surge in the number of full TEUs (twenty-foot equivalent units), traffic with the Mediterranean was the driver of growth for the containerized cargo market at the Port of Montreal in 2010. On one hand, this traffic was fueled by the shipping companies Hapag-Lloyd and Hanjin, which offer a joint weekly service— the Joint Canada-Mediterranean Service (JCMS – between the ports of Algeciras, Valencia, Cagliari, Salerno, Genoa, Fos and Lisbon, and on the other hand by Mediterranean Shipping Company (MSC), which offers two weekly services with the Mediterranean: the Canada Express service between Montreal and Valencia and the CanCas service connecting Montreal to the ports of La Spezi, Barcelona, Valencia and Casablanca.
The three services with the Mediterranean accounted for one third of all containerized cargo tonnage handled at the Port of Montreal in 2010: 3,949,533 metric tonnes, of which 1,604,000 metric tonnes can be attributed to the new markets.

In five years, the tonnage on services with the Mediterranean rose by 89%!

For its part, domestic container traffic grew by a slight 0.5% to reach 345,583 metric tonnes. This traffic is provided by Oceanex Inc., which offers a bi-weekly service between Montreal and the Province of Newfoundland and Labrador from Bickerdike Terminal.

All markets combined, the volume of containerized cargo grew by 6.8% in 2010 to total over 12 million metric tonnes.

Dry and liquid bulk markets

Good results were also achieved in 2010 in our dry and liquid bulk markets with the recovery of the Canadian economy. The iron, ore, zinc and fertilizer sectors, along with receipts of grain by rail and truck, largely contributed to the 5.1% increase in the dry bulk market. As for liquid bulk, deliveries of petroleum products, including jet fuel, fuel oil and gasoline, were the key factors in the overall 4.9% rise for this market. Dry bulk and liquid bulk respectively reached 5.58 and 8.15 million metric tonnes in 2010.

All traffic combined, the volumes handled at the Port of Montreal in 2010 totalled 25.9 million metric tonnes, a 5.7% increase compared to 2009.

Cruises

The 2010 cruise season, which got underway May 29, offered Montrealers a brand new experience: the Aida Luna, the largest cruise ship ever greeted at the Port of Montreal, called into port twice. 252 metres long and a capacity of 3,600 passengers and crew members, the Aida Luna docked at Alexandra Pier from September 23 to 25, and from October 13 to 15. This huge ship from German cruise line Aida Cruise was one of 24 international cruises during the 2010 season, which saw more than 41,139 international passengers and crew members disembark or embark in Montreal. Among them were the 782 passengers aboard the cruise ship Amadea from Phoenix Resien Cruises, which also called into the Montreal Port for the first time.

Turning to domestic cruises, CTMA Group carried 6,802 passengers and crew members on the 14 cruises between Montreal and the Magdalen Islands that it organizes from Bickerdike Pier. St. Lawrence Cruise Lines, which specializes in cruises between Montreal and the Great Lakes, welcomed 517 passengers and crew members on the 8 voyages it made.

In total, the Port welcomed 48,458 passengers and crew members in 2010, an increase of almost 50% in the net operating profit before restructuring costs, which rose to $9.3 million in 2010 compared to $6.3 million in 2009.

Other important measures were taken in 2010 and will have a recurring positive impact on our results as of 2011. Accordingly, following numerous studies carried out by the MPA over several years, we decided to transfer management of the grain terminal to an integrated operator. The business model is very similar to the one in place at all our other terminals, which currently enables the Port of Montreal to be a major link in the supply chain for cargo transportation on a global scale. This management approach will allow us to maximize the performance of this major asset and to consolidate and grow grain traffic at the Port of Montreal.
while providing a high-calibre service offering to producers in Quebec, neighbouring provinces and Northeastern United States.

A Call for an Expression of Interest was posted on September 1, 2010. The transfer of operations to the selected candidate will take effect July 1, 2011.

The new financial reality and the change in the grain terminal’s operating mode will have a ripple effect on MPA personnel as early as 2011. We worked constructively with the unions to provide various solutions to employees of the grain terminal and our internal departments. These included early retirement and reassignments. We also renegotiated three collective agreements and extended their terms to between 2016 and 2020.

We would like to thank the unions for their openness, their cooperation and their awareness of the new economic realities.

These latter measures resulted in non-recurring restructuring costs of approximately $18 million, bringing the net loss for 2010 to $8.6 million.

**Infrastructure investments**

Our approach aimed at controlling expenses did not, however, prevent us from investing close to $36 million in 2010 to improve port infrastructures. The Maintenance and Engineering Departments carried out large-scale projects on our rail network, our piers and our terminals to improve the efficiency of our facilities and meet the needs of our tenants.

A further $5.2 million should be added to this amount as a first instalment of the federal government’s financial participation under the *Infrastructure Stimulus Fund* in three major projects: a pier extension at CAST Terminal operated by Montreal Gateway Terminals Partnership; the increase in capacity of the Port’s electrical network and the phasing in of a common entry portal for trucks. These projects will allow us to give our three international container terminals the same accommodation capacity, i.e., two 270-metre long ships at the same time; provide the requisite electrical capacity for the proposed addition of new gantry cranes to meet the terminals’ future needs; and improve the flow and monitoring of trucks entering the Port of Montreal.

Through its support of these three projects, the Government of Canada recognizes the major role that Montreal plays as an intermodal platform in the service of Canadian trade development, and we are very grateful for this support.

These three projects will be operational in 2011.

Above and beyond these major projects, our tenants have agreed to considerable investments to modernize their equipment and improve their handling processes. For example, the dockside travel routes for cranes were extended to simultaneously serve more vessels and adapt our facilities to the size of the new vessels.

Dedicated to supporting all initiatives aimed at improving operational performance on Port territory, the MPA signed a Memorandum of Understanding (MOU) with Canadian National Railway (CN) in September, committing both parties to develop a best-practices framework promoting greater supply chain efficiency for containerized traffic.

**Strategic plan**

The current container handling capacity at the Port of Montreal is 1.6 million TEUs.

Given the return of growth, the traffic forecast carried out in 2010 led us to the conclusion that we must quickly maximize the potential of our Montreal facilities by greeninglight the conversion of bulk cargo handling and storage facilities in the Viau sector. This project would likely boost the Port’s total capacity by 10% in the short term. Consequently, we began discussions with our partners to identify the best use of this sector, which should be converted into an additional container handling area; a project that will be among our top priorities in 2011.

This project comes on top of the infrastructure optimization phase which got underway in 2007. In the medium turn, around 2016, it will result in 400,000 TEUs of additional capacity.

At the same time, we completed in 2010 preliminary studies on the Contrecoeur site to assess the site’s potential as well as the feasibility and development costs of a container handling terminal. By comparing the study’s findings with those previously conducted on other potential expansion sites, we concluded that Contrecoeur represents the best development opportunity for the future. However, to ensure that such a project can be successful, we will need to carry out technical and environmental studies along with financial analyses, and we will also have to identify partners for its development.
A very active year

2010 was a very busy year at the Port of Montreal. Our investment projects were widely reported in the local, national and international media. Radio-Canada, CBC’s French language counterpart, took an in-depth look at life at the port and prepared two reports broadcasted last September. These reports are available on the Radio-Canada’s website.

Still in September, we were proud to welcome the entire Canadian marine community as part of the 5th Annual Canada Maritime Conference. It was the first time this prestigious event organized by The Journal of Commerce was held on the Canadian East Coast.

On November 1, we finalized the transfer of the management of the Port of Montreal’s Grain Elevator No. 5 and several adjacent properties to Canada Lands Company (CLC). A testament to the era when the Port of Montreal was considered the world’s largest grain port, Grain Elevator No. 5 ceased operations in 1995. This sale is part of the Montreal’s New Harbourfront initiative announced by the federal government in April 2007.

We wish to highlight the contribution of all the departments that worked all year on improving our skills, our infrastructures and our work environment: Human Resources, Information Technology, Safety and Security, Environment, Engineering, Maintenance, the grain terminal, Operations, Financial Services, Procurement and Risk, Property Service, Continuous Improvement, Economic Studies, Communications, Legal Affairs and Secretariat, Strategy, and Growth and Development. We would also like to thank all the members of the staff, who, day after day, put their expertise and dedication at the service of the MPA and the marine industry.

Our initiatives are well received by political circles, the business world and the communities. But we still have challenges to face and projects to defend.

2011 outlook

Both our market diversification and our competitive advantages put the Port of Montreal in an excellent position to fully benefit from economic growth and to strengthen our position as the leading container port on the Ontario-Quebec Trade Corridor, through which two thirds of Canada’s international trade transits.

Nevertheless, we are aware that the competition is fierce and that we must continue to improve our infrastructures and services if we are to remain the preferred marine gateway in North America.

This calls for continuous improvement in managing the flow of goods entering and leaving the Port and for increased security.

The opening of our new portal for trucks entering Port territory, construction of which was completed in early 2011, deals with this concern. Other projects are needed to improve access to the Port, and in 2011, we will follow through on these matters and work with the City of Montreal and the Quebec Ministry of Transportation.

The Memorandum of Understanding signed in September 2010 with CN turned into a signed agreement in early February 2011. This agreement also reached between CN and the Port’s two international terminal operators – Montreal Gateway Terminals (MGT) and Termont Montreal – defines the key performance indicators to improve fluidity in container handling. These include metrics for container dwell times at terminals, rail-car availability, rail on-time performance and vessel performance. In the short term, this type of agreement will allow to better control costs through optimum efficiency and fluidity in the transportation supply chain, not only on the marine leg, but on land.

At the end of February 2011, the MPA also signed an agreement with CP on performance and productivity that formalizes the current supply chain collaboration between the railway and the Port of Montreal.

These various agreements reflect our determination to do whatever it takes for our intermodal platform to remain an example of efficiency in the industry. We also look forward to concluding this type of cooperative agreement with road carriers.

As for the Port’s expansion projects, we will complete in 2011 the environmental studies on our Contrecoeur site which, if all the technical and financial conditions are met, could be developed to meet the additional capacity needs for container handling.

The privatization of operations management at the grain terminal, effective July 1, 2011, will mark a big step forward in our commitment to get the Port of Montreal back to a position of strength in grain traffic at the provincial, national and international levels. The MPA and the new operator, Viterra, signed the final agreement for the lease and operation of the grain terminal on April 20, 2011.

The year 2011 will be the first full year that will integrate our new Sustainable Development Policy throughout our decision-making processes and our activities, thereby creating the environment for the Port of Montreal’s responsible development.

The MPA heads into 2011 with the firm conviction that all measures taken to control costs and all investments made in infrastructures in 2010 will have a positive impact on Port operations as of 2011.

We will also pursue our efforts to ensure that the Port of Montreal remains a gateway of choice for international trade in North America.
The Board of Directors, composed of seven members, met 13 times during the past fiscal year.

The Board of Directors approved the update of the MPA’s Environmental Policy, as well as the General Conditions for Occupancy of port infrastructures pursuant to the Canada Marine Act. It also approved two new policies:

The **Legal Affairs Policy**, which covers all activities of the MPA’s Board of Directors, senior management, divisions, departments and personnel that pertain to contracts, receipts/releases, litigation and settling grievances or disputed claims, legal notices, and access to information except for matters related to human resources.

The **Sustainable Development Policy**, which formalizes the MPA’s commitment to sustainable development and governs the organization’s actions in this regard.
New Vice-President at the MPA

On June 21, 2010, Réal Couture, ASC, FCA, joined the MPA as Vice-President, Finance and Administration. Mr. Couture is responsible for ensuring the quality of financial reporting, proposing financial strategies and exercising spending control. He is also in charge of the following departments: Procurement and Risk, Information Technology, Continuous Improvement and Property Service.

Mr. Couture brings more than 29 years of executive-level experience acquired in companies from various business sectors and of different sizes. Before joining the Montreal Port Authority, Mr. Couture was employed by the Société des établissements de plein air du Québec (SEPAQ).

Mr. Couture sits on the Board of Directors of the East Montreal Chamber of Commerce and chairs the Audit Committee of the Public Curator of Quebec.

New member on the MPA Board

On April 12, Michel M. Lessard, Chairman of the Board of the MPA, announced the appointment by the Government of Quebec of Marc Y. Bruneau to the Board of Directors of the MPA. Mr. Bruneau replaces Me Michèle Gouin, who served on the Board from March 1, 2004 to April 14, 2010.

Mr. Bruneau had previously served on the MPA Board, and was Chairman of the Board from April 15, 2005 to April 12, 2009.

Members of the Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANIK TRUDEL</td>
<td>Deputy General Manager, Edelman</td>
<td>19-06-2008</td>
</tr>
<tr>
<td>JEAN DEPELTEAU</td>
<td>Engineer and Corporate Director</td>
<td>13-04-2009</td>
</tr>
<tr>
<td>YVES FILION</td>
<td>Certified Corporate Director, Vice-Chairman of the Board</td>
<td>11-05-2007</td>
</tr>
<tr>
<td>MICHEL M. LESSARD</td>
<td>Corporate Director, Chairman of the Board</td>
<td>27-06-2007</td>
</tr>
<tr>
<td>NORMAND MORIN, ING.</td>
<td>Corporate Director</td>
<td>30-10-2006</td>
</tr>
<tr>
<td>MARC Y. BRUNEAU, L.S.C.COMM, F.C.A.</td>
<td>Corporate Director</td>
<td>12-04-2010</td>
</tr>
<tr>
<td>DIANE PROVOST</td>
<td>Notary</td>
<td>01-03-2003</td>
</tr>
</tbody>
</table>
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. During 2010, the four committees met 24 times.

Here is an overview of each committee’s mandate and composition:

**Governance and Human Resources Committee**

**MANDATE**
The Governance and Human Resources Committee ensures the implementation and application of human resources policies, programs and management practices as well as governance policies and programs.

**COMPOSITION**
- Chairman: Michel M. Lessard
- Members:
  - Yves Filion
  - Me Diane Provost
  - Normand Morin

**Audit Committee**

**MANDATE**
The Audit Committee oversees the quality and integrity of financial information produced by the MPA, the integrity of internal control systems and risk management.

**COMPOSITION**
- Chairman: Normand Morin
- Members:
  - Me Diane Provost
  - Marc Y. Bruneau
  - Me Anik Trudel

**Environment, Safety, Health and Security Committee**

**MANDATE**
The Environment, Safety, Health and Security Committee assists the Board of Directors in fulfilling its mandate with respect to the MPA’s policies, plans, programs and management practices in these various areas. It is also responsible for ensuring that the MPA follows the action plan and implementation of the new Sustainable Development Policy.

**COMPOSITION**
- Chairwoman: Me Anik Trudel
- Members:
  - Yves Filion
  - Normand Morin
  - Jean Depelteau

**Infrastructure Committee**

**MANDATE**
The Infrastructure Committee examines and makes recommendations to the Board of Directors, in particular on the five-year program and the annual budget for investments in infrastructure and equipment.

**COMPOSITION**
- Chairman: M. Yves Filion
- Members:
  - Me Diane Provost
  - Normand Morin
  - Jean Depelteau
Summary of traffic in 2010

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LIQUID BULK</th>
<th>DRY BULK</th>
<th>GENERAL CONTAINERIZED CARGO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PETROLEUM</td>
<td>OTHER</td>
<td>TOTAL</td>
</tr>
<tr>
<td>2006</td>
<td>6,857,405</td>
<td>869,687</td>
<td>7,727,092</td>
</tr>
<tr>
<td>2007</td>
<td>6,727,115</td>
<td>1,134,270</td>
<td>7,861,385</td>
</tr>
<tr>
<td>2008</td>
<td>7,105,508</td>
<td>899,908</td>
<td>8,005,416</td>
</tr>
<tr>
<td>2009</td>
<td>7,130,948</td>
<td>642,201</td>
<td>7,773,149</td>
</tr>
<tr>
<td>2010</td>
<td>7,505,560</td>
<td>645,576</td>
<td>8,151,136</td>
</tr>
</tbody>
</table>

TRAFFIC ALLOTMENT 2006 - 2010 BY TYPE OF FREIGHT (IN METRIC TONNES)

Close to 48,500 passengers and crew members stopped over in Montreal in 2010, an increase of 1.9% compared to 2009.
## Financial statements

### Statement of loss

Year ended December 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010 ($)</th>
<th>2009 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>88,483</td>
<td>84,168</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>33,064</td>
<td>31,601</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>9,517</td>
<td>8,112</td>
</tr>
<tr>
<td>Public services</td>
<td>1,365</td>
<td>1,125</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,726</td>
<td>5,569</td>
</tr>
<tr>
<td>Amortization of fixed assets</td>
<td>20,175</td>
<td>21,219</td>
</tr>
<tr>
<td>Payments in lieu of property taxes</td>
<td>3,393</td>
<td>3,739</td>
</tr>
<tr>
<td>Other expenses</td>
<td>7,918</td>
<td>8,500</td>
</tr>
<tr>
<td>Gross revenue charges</td>
<td>3,848</td>
<td>3,795</td>
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<tr>
<td></td>
<td>83,006</td>
<td>83,660</td>
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<tr>
<td>Earnings before investment income</td>
<td>5,477</td>
<td>508</td>
</tr>
<tr>
<td>Investment income</td>
<td>3,815</td>
<td>5,743</td>
</tr>
<tr>
<td>Earnings before the following items</td>
<td>9,292</td>
<td>6,251</td>
</tr>
<tr>
<td>Increase of payments in lieu of property taxes for years 2004 to 2008</td>
<td>–</td>
<td>(12,061)</td>
</tr>
<tr>
<td>Impairment of fixed assets</td>
<td>–</td>
<td>(15,913)</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>(17,901)</td>
<td>–</td>
</tr>
<tr>
<td>Net loss</td>
<td>(8,609)</td>
<td>(21,723)</td>
</tr>
</tbody>
</table>

### Statement of comprehensive loss

Year ended December 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010 ($)</th>
<th>2009 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(8,609)</td>
<td>(21,723)</td>
</tr>
<tr>
<td>Unrealized gains (losses) on available-for-sale financial assets arising during the year</td>
<td>56</td>
<td>(2,839)</td>
</tr>
<tr>
<td>Reclassification adjustment for gains included in net earnings</td>
<td>(254)</td>
<td>(1,283)</td>
</tr>
<tr>
<td>Change in unrealized losses on available-for-sale financial assets</td>
<td>(198)</td>
<td>(4,122)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>(8,807)</td>
<td>(25,845)</td>
</tr>
</tbody>
</table>

### Statement of accumulated other comprehensive income

Year ended December 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010 ($)</th>
<th>2009 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>2,808</td>
<td>6,930</td>
</tr>
<tr>
<td>Change in unrealized losses on available-for-sale financial assets</td>
<td>(198)</td>
<td>(4,122)</td>
</tr>
<tr>
<td>Balance, end of the year</td>
<td>2,610</td>
<td>2,808</td>
</tr>
</tbody>
</table>

### Statement of retained earnings

Year ended December 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010 ($)</th>
<th>2009 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>54,513</td>
<td>76,236</td>
</tr>
<tr>
<td>Net loss</td>
<td>(8,609)</td>
<td>(21,723)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>45,904</td>
<td>54,513</td>
</tr>
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</table>
### Summarized statement of cash flows

**year ended December 31, 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(8,609)</td>
<td>(21,723)</td>
</tr>
<tr>
<td>Items not affecting cash</td>
<td>29,058</td>
<td>34,053</td>
</tr>
<tr>
<td><strong>Change in non-cash operating working capital items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in non-cash operating working capital items</td>
<td>(5,614)</td>
<td>13,324</td>
</tr>
<tr>
<td>Long-term accrued liabilities</td>
<td>1,997</td>
<td>(117)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>(36,016)</td>
<td>(39,839)</td>
</tr>
<tr>
<td>Disposal of fixed assets</td>
<td>348</td>
<td>191</td>
</tr>
<tr>
<td>Acquisition of investments</td>
<td>(13,310)</td>
<td>(19,931)</td>
</tr>
<tr>
<td>Disposal of investments</td>
<td>28,921</td>
<td>37,538</td>
</tr>
<tr>
<td><strong>(Decrease) increase in cash</strong></td>
<td>(20,057)</td>
<td>(22,041)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>7,436</td>
<td>3,940</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>4,211</td>
<td>7,436</td>
</tr>
</tbody>
</table>

### Summarized balance sheet

**as at December 31, 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>30,545</td>
<td>31,296</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>67,513</td>
<td>82,671</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>248,413</td>
<td>241,187</td>
</tr>
<tr>
<td>Other assets</td>
<td>538</td>
<td>649</td>
</tr>
<tr>
<td>Accrued benefit asset</td>
<td>16,940</td>
<td>16,764</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>34,458</td>
<td>43,482</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>2,318</td>
<td>–</td>
</tr>
<tr>
<td>Assets retirement obligations</td>
<td>1,084</td>
<td>1,038</td>
</tr>
<tr>
<td>Accrued benefit liability</td>
<td>42,376</td>
<td>33,463</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>237,263</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>45,904</td>
<td>54,513</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>2,610</td>
<td>2,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>283,713</td>
<td>294,584</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>363,949</td>
<td>372,567</td>
</tr>
</tbody>
</table>

May 4, 2011
Montreal, Quebec, Canada

The complete version of the audited financial statements is available upon request.
The Gold-Headed Cane is awarded to Captain Steven Lloyd of the United Kingdom, Master of the OOCL Belgium, the first ocean-going vessel to enter the Port of Montreal without a stopover in 2010.

The Honourable Denis Lebel, Minister of State (Economic Development Agency of Canada for the Regions of Quebec), announces investments by the Government of Canada of $4.6 million from the Infrastructure Stimulus Fund in a project to extend a pier at Cast Terminal.

Mr. Réal Couture, ASC, FCA, is appointed Vice-President, Finance and Administration at the MPA.

The MPA begins construction on the new common entry portal for trucks. This project benefits from federal assistance awarded in September 2009 from the Infrastructure Stimulus Fund.

Mr. Marc Y. Bruneau is appointed Director of the MPA.

The Honourable Denis Lebel, Minister of State (Economic Development Agency of Canada for the Regions of Quebec), announces the investment by the Government of Canada of $5.1 million from the Infrastructure Stimulus Fund in a project to extend a pier at Cast Terminal.

The MPA files a submission with the Rail Freight Service Review Panel of Transport Canada in which it puts forward the model adopted at the Port of Montreal that provides the shipping lines access to two competitive rail service providers, CN and CP.
01
The Montreal Port Authority starts the search process for a private operator to manage operations at the grain terminal. A Call for an Expression of Interest is posted.

14
Sylvie Vachon, President and CEO of the Montreal Port Authority delivers the opening remarks at the 5th Annual Canada Maritime Conference, which was held for the first time in Eastern Canada, in Montreal, and with the MPA as host of honour.

23
For the first time, the Iberville Passenger Terminal welcomes the *Aida Luna* (Aida Cruises), the largest cruise ship ever accommodated in Montreal.

24
Canadian National Railway (CN) and the Montreal Port Authority announce the signing of a memorandum of understanding to develop a best-practices framework promoting greater supply and transportation chain efficiency to Ontario and US Midwest markets.

03
For the first time, the Port of Montreal welcomes the cruise ship *Amadea* (Phoenix Reisen).

12
At the invitation of the Board of Trade of Metropolitan Montreal and its Government of Quebec partners, Sylvie Vachon, President and Chief Executive Officer of the MPA, agrees to chair a committee set up to evaluate the creation of a logistics and transportation industrial cluster in Greater Montreal.

23
Four cruise ships are simultaneously docked at the Port of Montreal: the *Aida Luna*, the *Silver Whisper* (Silversea Cruises), the *World* (Residents) and the *Maasdam* (Holland America Line).

17
Ocean Group christens its brand new tugboat, the *Serge Genois*, at Iberville Passenger Terminal. This tug will be based at the Port of Montreal.

20 – 22
More than 400 people visit the MPA’s information booth at the second Classic Boat Festival held on the piers of the Old Port of Montreal.

14
Sylvie Vachon, President and CEO of the Montreal Port Authority delivers the opening remarks at the 5th Annual Canada Maritime Conference, which was held for the first time in Eastern Canada, in Montreal, and with the MPA as host of honour.

27
The Government of Canada’s Minister of Finance, James Flaherty, holds a press conference on Port of Montreal territory to announce the 6th Report on Canada’s Economic Action Plan. Through this Action Plan, both the pier extension project at Cast Terminal and the project to increase capacity of the Port’s electrical network received financial support from the federal government in 2010.

12
At the invitation of the Board of Trade of Metropolitan Montreal and its Government of Quebec partners, Sylvie Vachon, President and Chief Executive Officer of the MPA, agrees to chair a committee set up to evaluate the creation of a logistics and transportation industrial cluster in Greater Montreal.

01
The MPA takes delivery of its first multiple-generator locomotive.

The Port of Montreal’s Grain Elevator No. 5 and several adjacent properties are sold to Canada Lands Company (CLC) which is responsible for finding a new vocation for the silo under the Government of Canada’s Montreal’s New Harbourfront initiative.

16
Sylvie Vachon, President and CEO of the Montreal Port Authority, delivers a speech to the Alumni Association of Montreal’s École Polytechnique on the theme “Major shifts in global marine shipping and their impact on the future of Montreal’s port facilities.”

03
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Sylvie Vachon, President and CEO of the MPA, gives a speech to the Association québécoise du transport et des routes (AQTR) on the theme “Challenges and business opportunities at the Port of Montreal”.

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AUGUST

SEPTMBER

OCTOBER

NOVEMBER
In 2010 the MPA continued to bolster its efforts to integrate sustainable development into its decision making and its activities. To strike the best possible balance between the economic, environmental and social aspects, in 2009 it created a Sustainable Development Committee and on June 10, 2010 received Board approval for a new Sustainable Development Policy.

Under this policy, eight principles now guide all MPA activities, whether administrative, commercial or operational in nature. They also guide our relationships with our partners (the stakeholders). They range from the MPA’s clients, suppliers and employees to the neighbouring communities and different municipal and governmental authorities with whom the MPA interacts, to the Port’s partners, the marine industry and associations representing the various constituents of civil society.

The implementation of the new Sustainable Development Policy is in the hands of the Sustainable Development Committee composed of representatives from the MPA’s departments. It determines the strategies, objectives, targets and priorities within a five-year plan. To ensure its implementation, the committee has set up working groups that bring together employees from every sector of the organization.

As a result, numerous initiatives were carried out at the MPA in 2010:

› The Group on Reducing Air Emissions produced a GHG reduction plan and identified a series of measures to be put in place to improve the MPA’s environmental record.

› The Sustainable Transportation Group conducted a survey on the travel habits of MPA personnel and in 2011 it will offer employees incentives to use alternatives to driving alone.

› The Stakeholders Group met several times with representatives of the Port’s neighbouring communities to discuss a redevelopment project for certain areas on Port territory.

› The Sustainable Development Sensitization Group developed a communication plan to inform MPA employees and raise awareness on the Sustainable Development Policy. It also promoted various eco-friendly actions, notably In Town Without My Car and the Défi-climat and encouraged MPA personnel to get involved in this climate challenge.

› The Responsible Communication Group produced a list of recommendations to make events organized by the MPA eco-friendly.

› The Energy Efficiency Group issued a report on energy consumption at the MPA and developed an action plan to improve the energy efficiency of our buildings.

In recent years, the MPA, in cooperation with its partners, has implemented procedures to improve the quality of life of people residing close to Port facilities. They include: reducing the noise level of alarms and handling equipment on the terminals; limiting noisy work after 7 p.m.; turning the lights out in certain areas of the Port after 7 p.m.; sending notices to adjacent communities before major works commence; and instituting a complaints management program. Thanks to these initiatives, the number of complaints dropped from 17 in 2009 to only 4 in 2010.
Investments

In 2010, the MPA continued to invest in progressively replacing the vehicles in its fleet with hybrid vehicles. Six vehicles were replaced in the Maintenance and Safety departments. Hybrid technology can cut fuel consumption by close to 50%.

In October 2010, the MPA took possession of its first GenSet locomotive. This multiple-generator locomotive makes it possible to reduce fuel consumption by 30% and greenhouse gas emissions by 50% through a power-regulating device that controls the number of generators needed based on the size of the task at hand. The purchase of this locomotive was made with financial assistance from the federal government under Transport Canada’s ecoFREIGHT program.

The construction of a common entry portal for trucks, begun in 2010 and completed in 2011, will also have a beneficial impact on the environment given that it ensures considerably shorter wait times and as a result, a reduction in GHG emissions and better management of truck traffic on Port territory.

Reaching out to citizens

Port activity development can only be done in harmony with the neighbouring communities and business circles. The MPA has made it a duty to inform citizens and discuss matters with them, participate in events that will enable them to better understand the Port’s strategic interest, and get socially involved.

In 2010, more than 100 groups were welcomed at the MPA, including elected officials, students, business people, guests from other countries, clients of the Port, citizen groups and industry members. The MPA also organized field trips and participated in public events. For example, in August we were present on the piers of the Old Port as part of the Classic Boat Festival. More than 400 people visited our information booth.

In keeping with a longstanding tradition, the MPA followed through on its commitment to communities by supporting organizations in the neighbourhoods around the Port that help youth, families and populations at risk. This commitment is carried out not only through our donation and sponsorship program, but through the voluntary involvement of many members of the MPA who serve on the board and participate in the activities of social, economic and environmental organizations.

Many individual initiatives also allowed to turn the MPA’s gestures into socially responsible deeds. For example, through our recycling, reuse and recovery programs, the recycling of printer cartridges used by MPA staff now benefits the Mira Foundation, which helps anyone with one or more visual and/or motor disorders and children with pervasive developmental disorders, including autism. The MPA also participates in the Quebec Computers for Schools (OPEQ) program that fosters social integration, rehiring and ecological recycling. In 2010, 94 monitors, printers and fax machines were donated to OPEQ.

Green leadership

Ever since Green Marine was founded in 2008, the MPA has spared no efforts to promote this partnership for a sustainable future within the St. Lawrence and Great Lakes marine community.

In May 2010, Green Marine published the individual results attained by its 44 member companies, all participants in its environmental program. The Port of Montreal distinguished itself by achieving the best results of the 15 member ports and port authorities on the St. Lawrence and Great Lakes. On a five level scale, the Port reached level 5 (excellence) for its environmental policy on conflicts of use, level 4 for its reduction of greenhouse gases and environmental leadership, and level 2 for its management of cargo residues. It should be noted that every level reached above level 1 indicates better performance than required under current environmental regulations.

The eight guiding principles of the MPA’s Sustainable Development Policy

1. Ensure responsible management of the organization
2. Increase the positive contribution for society
3. Promote responsible communication and commitment of our stakeholders
4. Provide a mobilizing, safe work environment
5. Reduce the environmental footprint
6. Maintain safety and security as core values of our operations
7. Foster exemplary conduct in sustainable development
8. Ensure the Port of Montreal’s economic mission
Partnerships

The Port of Montreal is a gateway of choice to North America for world trade. Our success is made possible by the vitality and concerted efforts of Montreal’s marine and business communities. We want to thank the shipping lines, terminal operators, agents, railway companies, trucking companies and the many other actors involved in the freight transportation logistics chain for their support and their confidence.