

Annual meeting of the Montreal Port Authority:

Market and cargo diversification limited the effects of the 2009 crisis and is contributing to growth in 2010

Montreal, July 14, 2010 – In 2009, in the midst of the economic crisis, total traffic at the Port of Montreal declined to 24.5 million tonnes of cargo, bringing it back to the 2005 level, it was announced at the Annual General Meeting of the Montreal Port Authority (MPA) on Wednesday. However, the results of the first six months of 2010 show a vigorous recovery in most types of bulk cargo handled in the Port, which have already regained the 2007 level.

In 2009, the volume of containerized cargo handled at the Port of Montreal decreased to 11.3 million tonnes, compared to 13.3 million tonnes in 2008. Concerning the number of 20-foot equivalent unit containers, the Port handled slightly fewer than 1.3 million containers in 2009, compared to nearly 1.5 million in 2008.

In addition, the Port handled 13 million tonnes of bulk cargo compared to 14.3 million in 2008. The volume of petroleum products remained essentially the same, increasing to 7.13 million tonnes compared to 7.10 million tonnes in 2008.

Ms. Sylvie Vachon, President and Chief Executive Officer of the Montreal Port Authority, pointed out that, in 2009, the Port was able to limit the effects of the crisis due to three factors. The first factor is the advantage of offering the shortest transit times from Europe and the Mediterranean to the Central Canada and Midwest market, a gigantic pool of 135 million consumers in the most industrialized region of North America.

The second factor is the diversity of the cargo handled, whether containers, solid bulk, liquid bulk or grain.

The third factor is the geographic diversification of the markets served by the Port of Montreal. This last factor is a crucial development that should play a determining role in the Port of Montreal in the years ahead. While traditionally the Port of Montreal specialized in marine traffic between Northern Europe and North America, in 2009, nearly one in four containers handled at the Port of Montreal had its origin or final destination in Latin America, Southeast Asia, the Indian subcontinent or the Middle East.

These containers pass through the Panama Canal or the Suez Canal, and then through transshipment ports in the West Indies or the Mediterranean.

“The traffic globalization we are observing is allowing the Port of Montreal to change from a transatlantic port to a diversified international port. The City of Montreal’s image as an international city is being strengthened due to marine transportation and the development of the Port of Montreal,” stated the CEO of the Montreal Port Authority.

The economic crisis prevailing in 2009 did not prevent the Montreal Port Authority from investing \$41 million in its infrastructures and in its communications and security systems. Among these investments, the Montreal Port Authority carried out major work on its piers, terminals and rail network. The Port’s rail network plays a role of the utmost importance in the quality and effectiveness of its intermodal platform.

Concerning the financial statements, the revenue generated by the Montreal Port Authority stands at \$89.9 million: \$84.2 million in operating revenue and \$5.7 million in financial revenue. Despite the global economic crisis, the Montreal Port Authority was able to generate net earnings of \$6.3 million before unusual items, after paying a \$3.8 million gross revenue charge to the Government of Canada.

However, a decision by the Supreme Court of Canada, rendered on April 15, 2010 concerning the interpretation of the Payments in Lieu of Taxes Act, led the Montreal Port Authority to record additional real property tax expenditures of \$12.1 million for fiscal 2004 to 2008 and \$2.6 million for fiscal 2009. This resulted in total additional expenses of more than \$14.7 million for the year ended December 31, 2009.

When the major investments to be made for the grain terminal upgrades are added to the increase in the annual payments in lieu of the real property tax, the grain terminal’s book value now exceeds the net cash inflows resulting from its use over the next few years. Consequently, accounting standards obliged the Montreal Port Authority to reduce the grain terminal’s value. It therefore had to write off \$15.9 million to reduce the book value of grain terminal fixed assets to zero as at December 31, 2009. Accordingly, the financial results for fiscal 2009 reported a loss of \$21.7 million.

Ms. Vachon closed by reminding those present that the annual Canadian Maritime Conference will be held for the first time on the East Coast of Canada, and the Port of Montreal will be the honorary host for this 5th edition on September 14 and 15. “This will

be yet another opportunity to show the Port of Montreal's leadership in North America's East Coast shipping trade," Ms. Vachon concluded.

Michel M. Lessard, Chairman of the Board of Directors of the Montreal Port Authority, summarized the Board's activities during fiscal 2009 and noted that it made a special effort to implement governance best practices by reviewing its working methods and revising the charters of its four committees. "As a result, the Board has more time to discuss major issues by delegating technical matters and follow-up to the committees and more time to dialogue with management," Mr. Lessard said. "More than ever before, the Board of Directors is well structured to meet the Montreal Port Authority's challenges," Mr. Lessard concluded.

About the Port of Montreal

Operated by the Montreal Port Authority (MPA), the Port of Montreal is a major diversified transshipment centre that handles all types of goods - non-containerized cargo, liquid bulk and dry bulk. It is a leading container port served by seven of the ten largest container shipping lines in the world.

The Port of Montreal owns its own rail network, operated directly on the piers. It is connected to the two nationwide railways and a highway system. The Port operates its own grain terminal and a marine passenger terminal that welcomed 47,534 passengers and crew members in 2009. All the other terminals are operated by private stevedoring firms. Port activity supports 18,200 jobs and generates \$1.5 billion in economic spin-offs per year.

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