2010 ANNUAL REPORT

CONNECTING MONTRÉAL TO THE WORLD

PEOPLE | BUSINESSES | COMMUNITIES

AÉROPORTS DE MONTRÉAL

HIGHLIGHTS

FINANCIAL RETROSPECTIVE

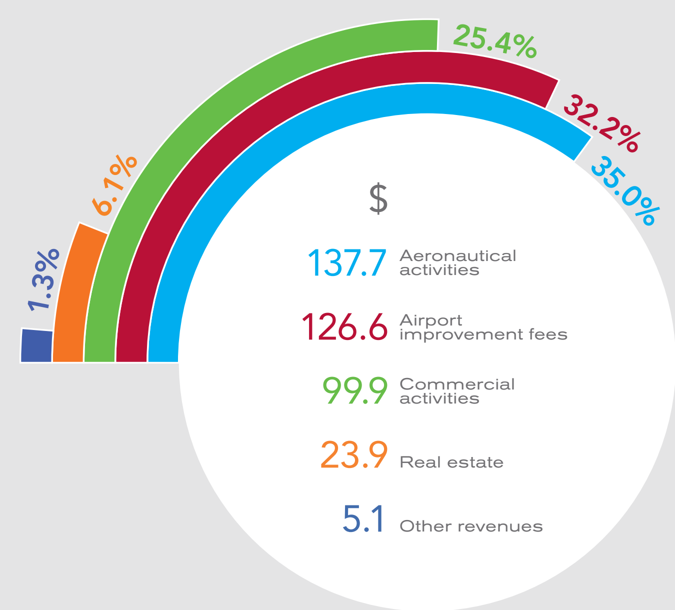
(in thousands of dollars)

	2010	2009	2008	2007	2006
	$	$	$	$	$
Revenues	**393,179**	350,968	362,244	320,717	285,160
Excess (deficiency) of revenues over expenses (before share in the results and write-off of investments at equity value)	**(15,929)**	(8,989)	15,885	(4,915)	(17,518)
EBITDA (before share in the results and write-off of investments at equity value)	**163,610[1]**	151,466	173,125[1]	141,671[1]	117,062
Investments	**68,471**	186,414	234,877	154,071	82,976

[1]Excluding the write-down related to investments held in asset-backed commercial paper

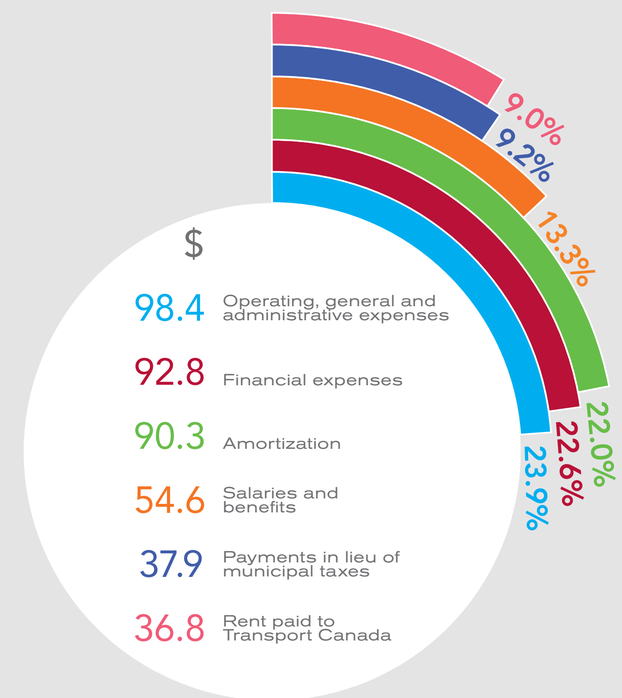
REVENUE SOURCES

(in millions of dollars)



TYPES OF EXPENSES

(in millions of dollars)

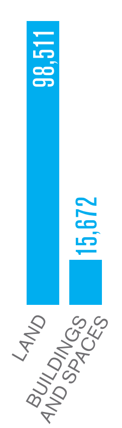


ADM

REAL ESTATE AND COMMERCIAL DEVELOPMENT 2010

New leases

(in square metres)

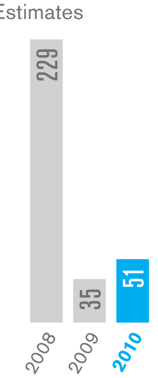


REAL ESTATE DEVELOPMENT 2008-2010

Investments generated

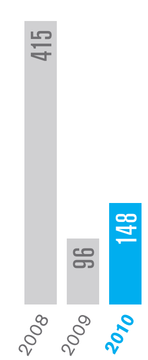
(in millions of dollars)

Estimates



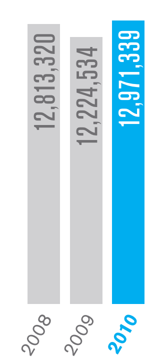
Jobs created

Estimates



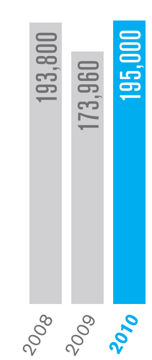
OPERATIONS

Passenger traffic

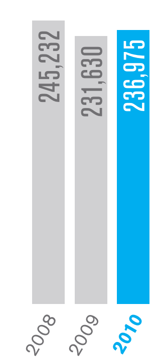


Cargo volume

(metric tons)



Aircraft movements



CORPORATE PROFILE

Aéroports de Montréal (ADM) is a not-for-profit corporation without share capital and is responsible for the management, operation and development of Montréal-Pierre Elliott Trudeau and Montréal-Mirabel international airports under a 60-year lease entered into with Transport Canada in 1992.

AÉROPORTS DE MONTRÉAL'S MISSION IS THREEFOLD.

> Provide quality airport services that are efficient, safe, secure and consistent with the specific needs of the community.

> Foster economic development in the Greater Montréal Area, especially through the development of facilities for which it is responsible.

> Coexist in harmony with the surrounding environment, particularly in matters of environmental protection.

Aéroports de Montréal is committed to succeeding in its various business segments – airport, aeronautical, and real estate and commercial services – and to developing its airport complexes to their full potential. From this perspective, Montréal-Trudeau acts as a hub for domestic, transborder and international passenger traffic, while Montréal-Mirabel will continue to grow as an industrial and all-cargo airport.

The Montréal-Trudeau and Montréal-Mirabel airports are major centres of economic activity and help drive the development of Greater Montréal. Some 31 passenger carriers and 25 all-cargo companies connect Montréal to numerous airports around the world. In 2010, about 13 million passengers and 195,000 metric tons of cargo transited through the airport facilities at Montréal-Trudeau and Montréal-Mirabel. Some 250 businesses active on the airport sites generated a total of 60,000 jobs (including 31,600 direct jobs) and added value of $5.5 billion a year.

MESSAGE FROM MANAGEMENT

JAMES C. CHERRY
President and Chief Executive Officer

RÉAL RAYMOND
Chairman of the Board

WITHOUT QUESTION, THE HIGHLIGHT FOR 2010 WAS THE STRONG RESURGENCE IN WORLDWIDE AIR TRAFFIC AS THE GLOBAL ECONOMY RECOVERED. JUST UNDER 13 MILLION PASSENGERS TRAVELLED THROUGH MONTRÉAL-TRUDEAU IN 2010, A 6.1% INCREASE FROM 12.2 MILLION IN 2009. THIS IS THE HIGHEST LEVEL OF PASSENGER TRAFFIC IN MONTRÉAL-TRUDEAU'S HISTORY.

A RECORD YEAR WITH RESULTS EXCEEDING EXPECTATIONS

Without question, the highlight for 2010 was the strong resurgence in worldwide air traffic as the global economy recovered. Just under 13 million passengers travelled through Montréal-Trudeau in 2010, a 6.1% increase from 12.2 million in 2009. This is the highest level of passenger traffic in Montréal-Trudeau's history.

We had anticipated a recovery – albeit a moderate one – as post-recession recoveries have historically taken a few years. Due to this faster-than-expected growth in air traffic, our financial results have exceeded our expectations.

- Revenues totalled $393.2 million, up 12% from 2009, with all business segments contributing to the improvement.
- Considered the best indicator of our financial performance, EBITDA (excess of revenues over expenses before interest, taxes, depreciation, amortization and gain on other investments) was $163.6 million, up 8% from 2009.
- The deficiency of revenues over expenses stood at $15.9 million, which is approximately $18 million less than budgeted, essentially due to higher-than-projected revenues.

We are very satisfied with this performance and wish to congratulate the entire ADM team as well as our partners. However, the global economy is far from a full recovery and a variety of risks remains, including rising oil prices and geopolitical turmoil. We are therefore keeping a conservative attitude about the future.

INVESTMENTS AND WORK

As mentioned last year, our investment activity in airport infrastructures has tapered off considerably since the new U.S. departures area opened in August 2009, as this was the final major step in the transformation of the Montréal-Trudeau air terminal. Investments for 2010 totalled $68.5 million, compared to an average of $170 million per year since 2001, and consisted mainly of redeveloping the road network around Montréal-Trudeau and keeping our facilities in good condition.

However, starting in 2011, we will begin major work to add capacity in order to meet the fast-growing need for international flights. Since 2002, the international sector has seen uninterrupted growth, with no drop-off even during the recession, and all signs point to this growth continuing in the future. For example, Air Canada plans to continue using Montréal-Trudeau as a hub between Europe and North America, and several international carriers have expressed an interest in using Montréal as a departing point to destinations in Asia, Latin America and the Middle East.

In the next few years, six new boarding gates will be added to the existing international jetty to accommodate wide-bodied aircraft. Given the modular design of the air terminal, this expansion can be carried out at a reasonable cost. In addition, we plan to reorganize and expand the international departures area in the old section of the air terminal.

It should be noted that this work is part of our long-term master plan. Under our lease with Transport Canada, we will soon be required to update this plan for Montréal-Trudeau, with the next version covering the period up to 2033. The runway system has the required capacity, in terms of aircraft movements, to accommodate demand well beyond 2033. However, the air terminal and related facilities will have to continue to evolve.

THE AÉROTRAIN

In 2010, ADM proposed a mixed financing model (public and private funding) to the ministère des Finances du Québec for the express rail shuttle between the airport and Montréal's Central Station (the Aérotrain). Under the proposed scenario, the Canadian and Québec governments, as well as the private sector, would each finance one-third of the project, for a total of $200 million each.

The Government of Québec welcomed the proposal, setting aside the amount in its budget, confirming ADM as the project manager, and approving the route. We would like to thank ministers Raymond Bachand and Sam Hamad for their diligent support. With this key commitment, we were able to apply, through Infrastructure Québec, for funding from the P3 Canada Fund. Our application has been deemed admissible.

At the same time, investment grade traffic studies carried out by an independent international firm confirmed our assumptions about the type of service that airport customers want (non-stop, frequent, dedicated), including a clear preference to have the rail shuttle arrive at Montréal's Central Station. Detailed technical studies being completed will help us to fine-tune the project costs.

Other key activities will be carried out in 2011. A request for proposals will help us to confirm the private sector interest in a public-private partnership. Having this rail line in service for 2016 continues to be a possibility.

ADM, like the City of Montréal, the Communauté urbaine de Montréal, Tourisme Montréal and many other socio-economic stakeholders, firmly believes in the positive impact of this project for the entire Montréal community. And as we have always maintained, the Aérotrain infrastructure could be used for other east-west passenger rail services.

ECONOMIC IMPACT STUDY OF THE AIRPORTS

Every five years, Aéroports de Montréal mandates an independent firm to evaluate the economic impact generated by our two airport sites. As mentioned, one aspect of our mission is to foster economic development in the Greater Montréal Area, in particular by developing the facilities for which we are responsible.

The most recent study published in November 2010 clearly shows that the Montréal-Trudeau and Montréal-Mirabel international airports are not only vital transportation infrastructures for Greater Montréal – and even Québec as a whole, they are also major economic hubs of employment and economic activity.

In 2009, the 250-some establishments active on the Montréal-Trudeau and Montréal-Mirabel airport sites generated the following.

- 60,000 jobs, including 28,000 direct jobs at Montréal-Trudeau and nearly 3,600 at Montréal-Mirabel.
- A direct, indirect and induced added value of $5.5 billion, representing about 4% of Greater Montréal's GDP.
- Approximately $1 billion in tax and quasi-tax revenues for the three levels of government, including $47 million in property taxes.

The aircraft manufacturing and repair sector, which comprises a dozen or so companies such as Bombardier Aerospace, Pratt & Whitney Canada, Aveos and L-3 MAS, is the largest sector both in terms of jobs (19,809 jobs) and added value ($2.6 billion).

What's more, Montréal's economy enjoys a large share of the tourism spending by visitors from outside Québec who transit through Montréal-Trudeau airport, estimated at $750 million per year (for 2008).

From 2005 to 2009, the number of direct, indirect and induced jobs generated by the two airports grew by 4,000 and total added value by $1 billion, despite the economic crisis of 2008-2009.

We are pleased to see just how much the Trudeau and Mirabel international airports are contributing to the development of Greater Montréal. The results of this study also speak well of the soundness of our strategic directions and development programs.

COMPETITION

The ownership model for major Canadian airports was put in place 20 years ago and, to date, has yielded good results. Thanks to massive investment spending, with no government subsidies, Canada's major airports are modern and efficient and generate wealth. Transferring airports to local airport authorities, such as Aéroports de Montréal, was an excellent business decision on the part of the Government of Canada. Not only does it no longer need to invest in the nation's airports, the government also earns substantial revenues; in rent alone, Ottawa has collected over $2.5 billion since 1992, which is more than the book value of the airports at the time of their transfer.

However, in recent years, the Government of Canada's tax policies have undermined the competitive position of Canada's airports and airlines. These policies differ substantially from U.S. policies, which provide generous government support to airports, air carriers, and air navigation services. The differences in tax policy and vision between the countries, at both the federal and municipal levels, also explains why low cost airlines are not operating in Canada, choosing instead U.S. airports just across the border.

This is a well-known and well-documented problem. Over the years, the air transportation industry has presented many reports to raise the Government of Canada's awareness of the need to take this new competitive landscape into account.

More voices for change have recently been heard. In October 2010, the National Travel and Tourism Coalition released a study showing that Canada is becoming less attractive as an international tourist destination due to the heavy tax burden and regulations applied to this industry. In addition, in February 2011, a survey conducted by the Hotel Association of Canada revealed that 21% of leisure tourists flew out of a U.S. airport in 2010 to take advantage of lower air fares.

Simply put, it is time that we come together to seriously examine this issue of competitiveness, which is becoming an increasingly greater concern. It's time to tackle the challenge of refining the airport ownership model and the tax policies and regulations for air traffic so as to create maximum wealth for all Canadians. Doing so is in our country's interest.

AN EVOLVING BUSINESS

Aéroports de Montréal will soon be 20 years old. It was in 1992 that the Corporation took over the management, operation and development of the Trudeau and Mirabel airports from Transport Canada. Today, ADM is a mature and experienced organization that, over the years, has successfully overcome many challenges and developed renowned know-how in several fields.

Recently, we adopted a new vision that would see ADM become one of the top airport managers in the world. We have set ourselves as a goal, to become an employer of choice, and our 150 managers have just begun a two-year training program to further develop their leadership skills.

While customer service will continue to be our primary focus at Montréal-Trudeau and Montréal-Mirabel, we have decided to take advantage of our expertise and once again offer advisory services to other airports. In 2010, it became clear that many business opportunities exist in this regard. For example, in response to problems encountered last winter, many European airports sought our assistance to help them plan their winter operations. ADM and partners were also called upon to bid for airport concessions in various countries. New opportunities lie before us for the future!

BOARD OF DIRECTORS

The undersigned Réal Raymond, previously vice-chair of the Board, has succeeded Pierre Martin as ADM's Chairman. In addition, three new members joined the Board during the year. Normand Legault was recommended by the Board of Trade of Metropolitan Montréal, Danielle Poudrette was recommended by the principal air carriers operating at Montréal-Trudeau, and Jean-Pierre Desrosiers was appointed by the Board itself.

We would also like to thank Charles Lapointe and Robert Guay, who left their Board positions after completing the maximum authorized number of three mandates each. They have made an outstanding contribution to the Board's work, especially in the area of customer service. Mr. Lapointe also served as Chairman of the Corporate Governance and Human Resources Committee.

RÉAL RAYMOND
Chairman of the Board

JAMES C. CHERRY
President
and Chief Executive Officer

Our colleague, Pierre Martin, passed away suddenly last June, just a few months before retirement after 12 years of service, including ten as Chairman of the Board. To the very end, he gave the best of himself towards furthering the major projects of importance to our airports.

To honour the memory of this great leader, who was also a staunch advocate of higher education, Aéroports de Montréal has created the Pierre-Martin Bursaries Program aimed at encouraging the children and grandchildren of ADM employees who wish to pursue higher education. Each year, four bursaries amounting to $10,000 will be drawn among eligible candidates.

2010 HIGHLIGHTS

01 RECORD TRAFFIC AT MONTRÉAL-TRUDEAU

Almost 13 million enplaned/deplaned passengers transited through Montréal-Trudeau in 2010, setting a new record. After slowing for more than 18 months, traffic picked up again in March and the summer season was as busy as ever. Overall, traffic was up 6.1% from 2009, a sharper increase than in other major Canadian airports.

02 LAUNCH OF THE 747 EXPRESS BUS SERVICE

In late March, the Société de transport de Montréal (STM) launched its new Express Bus service between Montréal-Trudeau and the Montréal Bus Terminal (Berri-UQAM metro station). Running 24/7, the new 747 bus stops at Lionel-Groulx metro station and at major hotels and landmarks along René-Lévesque Boulevard. With its efficient and frequent service, the 747 quickly attracted a large following among travellers and is an excellent alternative for airport employees.

03 FREE WI-FI AT MONTRÉAL-TRUDEAU

At year-end, to provide added value to passengers, Aéroports de Montréal set up free Internet access service for Montréal-Trudeau passengers. Available throughout the terminal, the Aéro Wi-Fi network can serve about 1,250 users at once. To access this free service for up to 60 minutes at a time, users simply have to accept the conditions for use.

04 SUBSTANTIAL SUPPORT FOR THE RAIL SHUTTLE PROJECT

In March, the Aérotrain project received substantial support from the Government of Québec in the form of a $200 million contribution. This commitment set the stage to approach the Government of Canada for an equivalent contribution. The Aérotrain route proposed by ADM and supported by many Montréal organizations was approved, paving the way for detailed technical and financial studies.

05 A TOTAL OF 60,000 AIRPORT-RELATED JOBS

An economic impact study for 2009 estimated at 60,000 the direct, indirect and induced jobs generated by the 250 on-site businesses at the Montréal-Trudeau and Montréal-Mirabel airports. Standing as key infrastructures for business, tourism and industry, the two airports represent total added value of $5.5 billion, or 4% of Greater Montréal's GDP. The aircraft and aircraft component manufacturing and maintenance sector stood as the largest of the eight sectors identified.

06 MIRABEL HOTEL SCHEDULED TO REOPEN IN 2012

Syscomax Immobilier, a Lower Laurentians developer already active at Montréal-Mirabel, will breathe new life into two components of the terminal. The restoration of ADM's administrative building on Highway 50 is well underway and, in the fall, complete renovations will begin on the adjacent hotel in anticipation of a reopening at the end of 2012.

GRAND PRIX DU CANADA

AIRBUS A380

AIRPORT OPERATIONS

PASSENGER TRAFFIC

After levelling off in 2008 and dropping sharply in 2009 as a result of the global recession, Montréal-Trudeau passenger traffic rebounded spectacularly by growing 6.1% and totalling almost 13 million passengers, a new record for ADM. As the previous record dates back to 2007, it took three years to surpass pre-recession levels. Had it not been for the many flight cancellations caused by incidents such as the volcanic ash clouds over Europe and the heavy holiday snowstorms, the increase would have been even greater.

THE END OF THE RECESSION, A RECOVERY IN MONTRÉAL TOURISM, THE RETURN OF THE F1 GRAND PRIX DU CANADA, MORE ABUNDANT SEATING OFFERED BY AIR CARRIERS, AND NEW DESTINATIONS INTRODUCED AT MONTRÉAL-TRUDEAU WERE SOME OF THE CONTRIBUTING FACTORS TO THIS STRONG RETURN TO GROWTH IN TRAFFIC.

Indicators are positive for all sectors. Transborder, which was badly shaken by the recession, saw strong growth of 10.0% as business travel resumed. International traffic continued to rise, recording an excellent 6.4% increase and an eighth straight year of growth. Meanwhile, domestic traffic rose 3.6%.

International traffic's share of total traffic has reached 37.5%, almost on par with that of the domestic sector (38.2%). The transborder sector accounts for 24.3% of total traffic.

The end of the recession, a recovery in Montréal tourism, the return of the F1 Grand Prix du Canada, more abundant seating offered by air carriers, and new destinations introduced at Montréal-Trudeau were some of the contributing factors to this strong return to growth in traffic.

CARRIERS AND DESTINATIONS

Carriers continued to offer more departures from Montréal-Trudeau, especially in the international sector. Intent on using Montréal more frequently as a hub between America and Europe, Air Canada added Brussels, Barcelona and Athens to its summer schedule, with the service to Brussels being maintained through the winter. Likewise, Lufthansa now offers Munich all year round, not only in the summer, and SWISS has increased its winter flights to Zurich. International charter flights, particularly from Japan and Germany, were also on the rise.

Air Transat strengthened its vacation flight offering by increasing its capacity to Europe and the south. The Québec carrier serves more than 30 point-to-point destinations in the summer, including 18 to Europe, and more than 30 others in the winter.

LAST OCTOBER 7, AS AIR FRANCE CELEBRATED 60 YEARS IN CANADA, AN AIRBUS A380 MADE A SPECIAL PARIS-MONTRÉAL FLIGHT WITH ABOUT 500 REGULAR PASSENGERS ON BOARD. THE EVENT WAS A CROWNING SUCCESS, WITH THE GRACEFUL GIANT OF THE SKIES ATTRACTING MEDIA AND PUBLIC ATTENTION BEYOND ALL EXPECTATION.

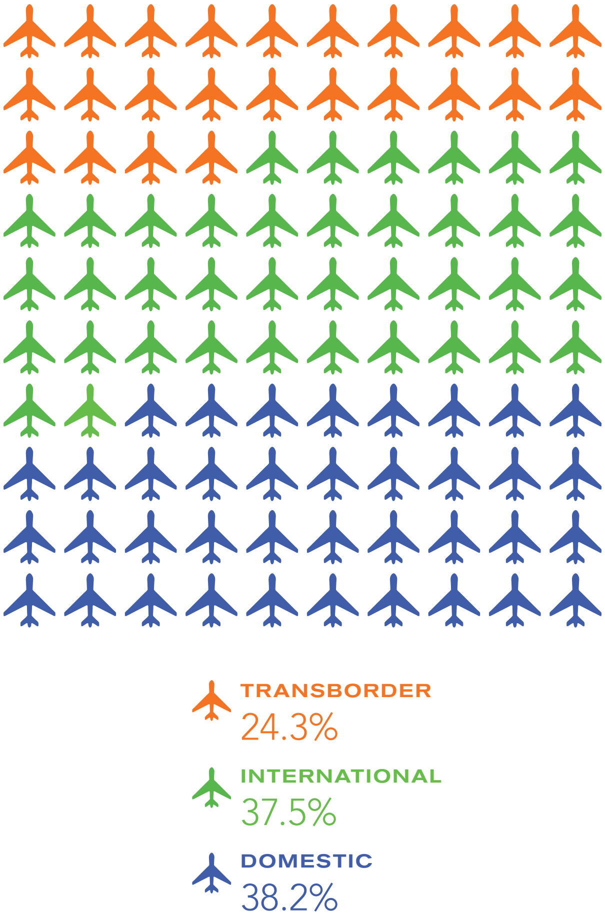
AIR FRANCE – 60 YEARS IN CANADA

Last October 7, as Air France celebrated 60 years in Canada, an Airbus A380 made a special Paris-Montréal flight with about 500 regular passengers on board. The event was a crowning success, with the graceful giant of the skies attracting media and public attention beyond all expectation. Pierre-Henri Gourgeon, the CEO of Air France, took the opportunity to announce that the A380 will operate the Paris-Montréal route as of spring 2011.

As for sun travel, Air Canada resumed service on the Montréal-Mexico route after Mexicana's bankruptcy. Three other new destinations appeared on Montréal-Trudeau's screens: Antigua (Barbuda), Liberia (Costa Rica) and Cartagena (Colombia). Also of note were the increased presence of WestJet's southbound travel operations, the arrival of tour operator Thomas Cook in the sun segment, and Aeromexico's return to the Montréal-Mexico route at year-end.

In the transborder sector, the main development was Air Canada's launch of Phoenix and West Palm Beach destinations. In the domestic sector, carriers generally maintained their offerings, with Porter adding Halifax to its schedule.

AIRPORT TRAFFIC
BREAKDOWN BY SECTOR



In 2010, the three most popular destinations were Toronto, Paris and New York.

MOST POPULAR DESTINATIONS IN 2010

AIR CARGO

In total, approximately 195,000 metric tons of cargo transited through Montréal's international airports in 2010, up 12% from 2009. Of this amount, Montréal-Trudeau airport handled 107,000 metric tons, a 23% increase. This exceptional growth was driven by the global economic recovery and the addition of many European destinations and flights. Cargo processed at Montréal-Mirabel increased 1% to total 88,000 metric tons.

AIRCRAFT MOVEMENTS

In total, aircraft movements at Aéroports de Montréal reached 236,975 in 2010, a 2.3% increase from 2009. On a sector-by-sector basis, international movements were up 5.1% for the year, while transborder and domestic movements were up 4.3% and 0.8%, respectively.

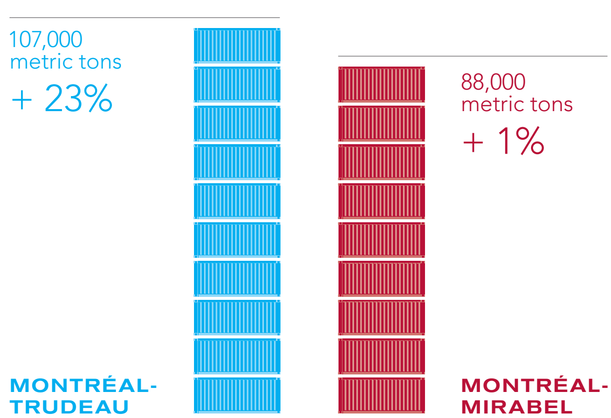
AIRPORT OPERATIONS AND CUSTOMER SERVICE

A number of international events affected operations in 2010, including stricter security measures for flights to the United States after a thwarted attack on December 25, 2009, a volcanic eruption in Iceland in the spring, and heavy holiday snowstorms in Europe. Aéroports de Montréal responded to these challenges by quickly implementing adapted solutions and coping with the impact of many flight cancellations. To help bring home 6,000 Canadians stranded in Haiti after the January earthquake, ADM launched a special operation to provide both discreet processing of returnees and an effective framework for on-site humanitarian services.

Initiatives were implemented to improve terminal traffic flow and customer service, including segregating arriving passengers into residents and visitors in the Canadian customs hall. Implemented jointly with the Canada Border Services Agency, this new practice has had excellent results, with residents now being processed faster. Since the fall of 2010, card-bearing Nexus members have been processed more quickly through the domestic security checkpoint. This initiative of the Canadian Air Transport Security Authority will be applied to the two other checkpoints.

In response to growing passenger traffic, ADM worked to reduce wait times by increasing processing capacity without making major changes to facilities. Lines were added at the international security checkpoint, the capacity of the outgoing baggage room for domestic and international flights was increased, and check-in kiosks in the centre of the domestic and international departures hall were reorganized for greater efficiency. Furthermore, counters left unused after the transborder departures relocation were reactivated to serve international flights.

AIR CARGO



TO HELP BRING HOME 6,000 CANADIANS STRANDED IN HAITI AFTER THE JANUARY EARTHQUAKE, ADM LAUNCHED A SPECIAL OPERATION TO PROVIDE BOTH DISCREET PROCESSING OF RETURNEES AND AN EFFECTIVE FRAMEWORK FOR ON-SITE HUMANITARIAN SERVICES.

REPATRIATION OF CANADIANS STRANDED IN HAITI

SEGREGATING PASSENGERS

Signage and passenger information remained ongoing concerns. More specifically, special programs were introduced to lessen the impact of road work and the work on the entry and exit terminals of parking facilities.

At arrivals, the information desk is now staffed jointly with the Société de transport de Montréal, and its business hours have been extended to meet the growing need created by the new 747 Express Bus service. Also, an agreement reached with the Bureau du taxi de Montréal has provided an effective single point-of-service for taxi and limousine owners working at the airport while also improving service quality.

SAFETY AND SECURITY

Canadian airports continued to implement the additional security measures ordered following the threat on December 25, 2009. Without question, the intensification of safety measures is becoming an increasingly important matter. Not only must the industry absorb much of the resulting expenses, but the continual addition of new measures causes passenger frustration and disrupts the flow of operations. The industry has restated the need to review the current approach.

Again this year, ADM's Airport Patrol has helped to reduce car and baggage theft and to save lives.

ADM has also continued implementing its safety management system (SMS) in compliance with Transport Canada guidelines. The new SMS, for which phases 2 and 3 were successfully implemented in 2010, is designed to detect safety risks before they materialize into an incident. Other airside companies have been required to implement such systems for added safety protection.

AIRPORT TECHNOLOGIES

ADM has continued its efforts to remain a leader in implementing airport technologies that simplify and speed up passenger and baggage processing.

Montréal-Trudeau has 125 self-service check-in kiosks complete with baggage tag printers. They are used by 13 airlines and, in 2010, 2.3 million passengers, or 35.4% of all passengers departing from Montréal-Trudeau, used them to check in.

After a BRS (Baggage Reconciliation System) was deployed in Montréal-Trudeau's two baggage sorting rooms in 2009, ADM extended its professional Wi-Fi network outside the air terminal and around the boarding gates such that baggage handlers could track baggage as far as the aircraft loading point. With portable scanners providing real-time information on baggage location and status, handlers can respond more effectively all along the baggage route, from sorting room to aircraft stowage compartment.

The Canadian Air Transport Security Authority (CATSA), jointly with ADM, finished implementing a BPSS (Boarding Pass Security Scanning) system at preboarding checkpoints. The system is used by CATSA to electronically check the boarding passes of departing passengers. Two readings, one at the beginning of the waiting line and another just before the checkpoint, are taken to measure wait times. The collected data will prove invaluable for airport management and planning purposes.

Generally speaking, thanks to the many technological deployments in recent years, extensive operating data is now available. ADM has begun creating a database to store and organize this data. Again, this information will be useful in managing operations and planning future facilities.

CUSTOMER SATISFACTION

Aéroports de Montréal measures the satisfaction of Montréal-Trudeau customers through quarterly surveys of some 1,800 departing passengers and 900 arriving passengers. These surveys constitute a key customer service improvement tool. The rating scale has seven levels ranging from extremely satisfied, through neither satisfied nor dissatisfied, to extremely dissatisfied.

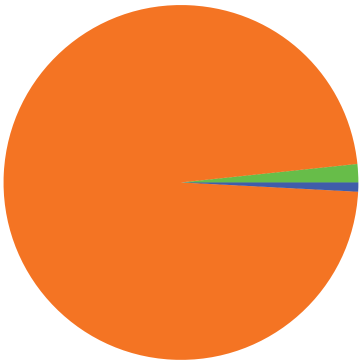
For 2010, overall departing passenger satisfaction was 5.73 out of 7, despite the incidents that disrupted operations during the year. The percentage of passengers who expressed overall satisfaction (extremely satisfied, very satisfied or satisfied) was 97.5% versus 96.9% in 2009. The dissatisfaction rate decreased from 1.6% in 2009 to 1.0% in 2010.

Check-in is considered the most important step in the passenger process. Together, the check-in indicators scored an average of 5.92 out of 7, the highest of the eight indicator groups. Regardless of the importance rating given by passengers, the highest-scoring indicators were availability of seating in the boarding area, sense of security, the ability to be served in both official languages, and the courtesy of airport staff in general.

Overall arriving passenger satisfaction was 5.80 out of 7. The percentage of passengers claiming to be satisfied overall was 95.4%, much the same as in 2009. The highest-scoring indicators were availability of luggage carts, customs officers who can communicate in either English or French, and the signage from the airplane to the customs hall.

CUSTOMER SATISFACTION IN 2010
(% OF SATISFIED, VERY SATISFIED AND EXTREMELY SATISFIED PASSENGERS)

DEPARTING
(1,800 PASSENGERS)

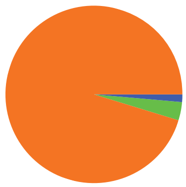


SATISFIED PASSENGERS 97.5%

DISSATISFIED PASSENGERS 1.0%

UNDECIDED PASSENGERS 1.5%

ARRIVING
(900 PASSENGERS)



SATISFIED PASSENGERS 95.4%

DISSATISFIED PASSENGERS 1.4%

UNDECIDED PASSENGERS 3.2%

ADM HAS CONTINUED ITS EFFORTS TO REMAIN A LEADER IN IMPLEMENTING AIRPORT TECHNOLOGIES THAT SIMPLIFY AND SPEED UP PASSENGER AND BAGGAGE PROCESSING.

FAST-TRACK LANE

REAL ESTATE AND COMMERCIAL SERVICES

REAL ESTATE – MONTRÉAL-MIRABEL

The development of the Mirabel platform as a world-class aerospace complex passed new milestones in 2010. On October 4, engine manufacturer Pratt & Whitney Canada opened its new flight test centre, which includes a huge hangar that can accommodate two Boeing 747s at once. Construction also began on a new-generation engine assembly plant scheduled to open in 2011. Covering 27,870 m^2, P&WC's Mirabel Aerospace Centre is a $360 million investment that will create 300 jobs by 2015.

The aircraft support service provider, L-3 MAS, was selected by the Government of Canada to maintain the CF-18 fighter jets until the end of their life cycle, or at least until 2017. This new contract will save jobs at the company's Mirabel facilities.

Bombardier Aerospace has finished building a plant for the prototyping and certification of the new CSeries aircraft, which is slated for commercial production in 2013.

To prepare for the expansion of its aerospace activities, Avianor took possession of the south bay of ADM's hangar under a long-term lease agreement.

At the end of August, the new water-deluge fire protection system for the aircraft maintenance hangar area was certified. This strategic equipment will enable ADM to continue developing this area.

Also, under a long-term lease agreement, Syscomax Immobilier began renovating ADM's administrative building along Highway 50. In 2011, this company also plans to carry out a complete restoration of the hotel, which has been closed since 2002.

For a fourth straight year, the occupancy rate in single-tenant industrial buildings at Montréal-Mirabel was 100%. The multi-tenant cargo buildings welcomed two new tenants, Groupe Robert and the Institut de formation aérospatiale.

A propane distribution centre (Budget Propane) was built on a lot along the highway. Lastly, a childcare centre (CPE Le Petit Équipage) will open for business in 2011.

REAL ESTATE – MONTRÉAL-TRUDEAU

The highlight of the year was the signing of a long-term agreement with Air Inuit for the construction of its new operating base on a 6,039 m^2 lot along Côte-Vertu Boulevard. The $25 million project includes two aircraft hangars, workshops, an administrative building and a private flight lounge. The work, which began in January 2011, should be completed in July 2012.

Also, the aircraft component manufacturer Avmax moved into an ADM hangar.

PRATT & WHITNEY'S NEW FLIGHT TEST CENTRE

L-3 MAS

CSERIES PLANT

CABINE M

At year-end, the Corporation's Montréal-Trudeau office space, hangars and warehouses were fully rented. With more than 400 leases under management, ADM once again had a lease renewal and review rate of over 95%.

COMMERCIAL SERVICES

In 2010, seven new businesses opened in the Montréal-Trudeau terminal – four in the transborder jetty and three in the international jetty – including Montréal chef Louis-François Marcotte's restaurant/wine bar Cabine M. This brings the total number of stores, restaurants and other services to 80.


AIR INUIT

Montréal-Trudeau won the Best Customer Service award in the mid-sized airports category at the ARN Revenue Conference & Exhibition held in March in Houston.

Under an agreement reached with Astral Média to increase advertising revenue, advertisements will be permitted in the boarding bridges and gate buildings as of June 2011.

Lastly, the Corporation now offers Montréal-Trudeau passengers free Internet access. Available throughout the terminal, the Aéro Wi-Fi network can serve about 1,250 internet users at a time. Formerly pay-per-use, as is still the case in many airports, free Wi-Fi access is a response to customer demand.

TRANSPORTATION AND PARKING SERVICES

In 2010, ADM finished replacing the access control and payment system for the public parking areas with no impact on service quality. The new system, which includes a solution for secure banking transactions, satisfies the new PCI standard used by credit card issuers.

Montréal-Trudeau now has a total of 11,500 parking spaces. Although about 1,000 spaces were eliminated due to the current road work in the EconoParc, the new underground parking facility HotelParc, which opened for business in 2010, added 500 new spaces.

The STM's new 747 Express Bus service, launched in the spring, was extremely successful in its first year. In just a few months, average ridership soared from 500 to 2,500 per day. This special service links Montréal-Trudeau with the Montréal Bus Terminal (Berri-UQAM metro station), making stops at major downtown landmarks.

IN 2010, ADM FINISHED REPLACING THE ACCESS CONTROL AND PAYMENT SYSTEM FOR THE PUBLIC PARKING AREAS WITH NO IMPACT ON SERVICE QUALITY. THE NEW SYSTEM, WHICH INCLUDES A SOLUTION FOR SECURE BANKING TRANSACTIONS, SATISFIES THE NEW PCI STANDARD USED BY CREDIT CARD ISSUERS.

ACCESS CONTROL AND PAYMENT SYSTEM FOR THE PUBLIC PARKING AREAS

ENGINEERING AND CONSTRUCTION

AIRPORT IMPROVEMENTS

After a decade of major construction projects, culminating in 2009 with the completion of the new U.S. departures area, 2010 saw a pause in the development work at Montréal-Trudeau. Still, many improvement and maintenance projects were carried out at Montréal-Trudeau during the year, most notably the following.

– The complete rehabilitation of two kilometres of the Bravo taxiway.
– The addition of the first new bay as part of the expansion of the ADM maintenance garage.
– The installation of new entry and exit terminals for the public parking areas.
– An expansion of the international security checkpoint with five new positions, for a total of 15.
– A reorganization of the outbound baggage room for international flights that expanded capacity and improved efficiency.

At Montréal-Mirabel, the main construction achievement was the completion of the water deluge fire protection system. This strategic infrastructure consists of two water basins, a pumping station, and a distribution network to deliver water to the aircraft hangars.

ROAD WORK

Another major, and visible, work site consisted of the work to improve road access to the Montréal-Trudeau airport.

As part of this reconfiguration of ADM's road network, work continued on a third and final overpass and on approximately one kilometre of the service roads and related services. The purpose of this $95 million project is essentially to harmonize the road network in front of the air terminal with the future Dorval/Côte-de-Liesse interchange and make vehicular circulation on the site more fluid.

Work on the Dorval Interchange, a redevelopment project managed by the ministère des Transports du Québec (MTQ), also continued in 2010. Several overpasses were erected, including one over Highway 20. The work also involved certain sections of streets and temporary roads in order to allow construction of the new Côte-de-Liesse interchange in 2011. As for the access links between the airport and Highway 20 (to and from downtown) the MTQ has postponed delivery to the summer of 2012. Aéroports de Montréal is contributing $20 million toward the financing of this project.

PLANNING

The sustained growth in international air traffic has prompted ADM to review and fast track studies on how airside facility capacity can be increased to meet the needs of this sector. A concept was selected and validated with the carriers concerned. It consists of building six new boarding gates for wide-bodied aircraft into the extension of the existing international jetty as well as construction of large areas of concrete apron. The project also involves the demolition of the remaining hangars along Stuart-Graham and a rerouting of this street so that the apron can be extended and new aircraft parking spaces created. All of this work will require six years of construction, from 2011 to 2016, all according to a very detailed phasing plan.

REHABILITATION OF THE BRAVO TAXIWAY

On the city side, a final plan has been prepared for a comprehensive refitting of the domestic and international departures hall, located in the old main building. The plan will be implemented in a series of phases until 2016 and mainly includes a new centralized preboarding checkpoint, to be used for both domestic and international flights, and two new check-in and baggage drop islands. Part of the commercial area will also be reorganized.

As for the longer-term development of Montréal-Trudeau, ADM carried out studies to address growing needs in the Canadian customs hall and the rooms for incoming and outgoing baggage. Final touches were also made to the designs for modernizing administrative office space and for reconditioning the facade of the old main building. Finally, traffic and capacity studies were initiated as a lead-in to the development of the 2013-2033 Master Plan.

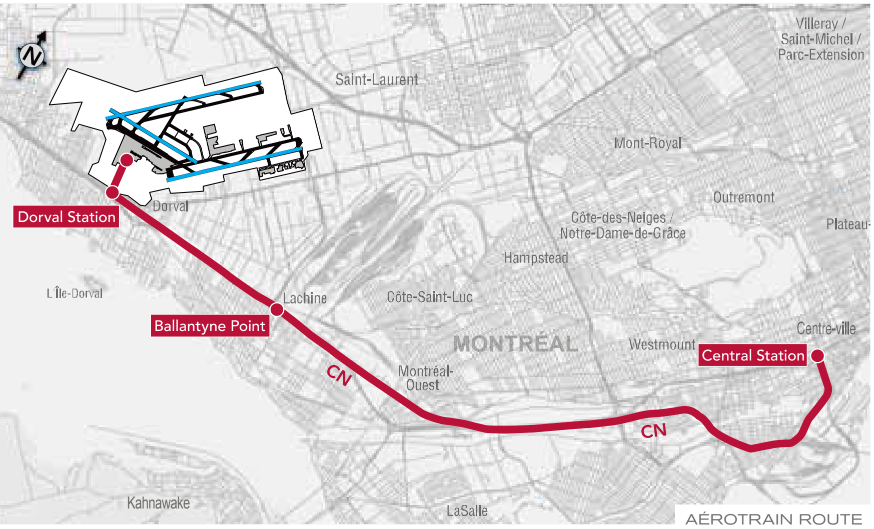
RAIL SHUTTLE (AÉROTRAIN)

The project to develop an express rail shuttle between the Montréal-Trudeau airport and downtown gathered steam in 2010 in terms of both studies and financing. A critical milestone was reached in March when the Government of Québec, in its budget speech, announced its decision to grant $200 million to the project and confirmed that Aéroports de Montréal would act as project manager. The project as developed by ADM also received the support of several organizations, including the City of Montréal, the Board of Trade of Metropolitan Montréal, Tourisme Montréal, and the Société de transport de Montréal.

With the prefeasibility studies complete, the route favoured by ADM for its shuttle to Central Station was approved by the Government of Québec, as was the route favoured by the Agence métropolitaine de transport (AMT) for its West Island Train running to Lucien-L'Allier. These two projects will therefore each move ahead separately, and the two parties will cooperate on the shared section of track between the Dorval Interchange and Highway 13. A new project governance structure was approved at the end of the year.

ADM has also begun final design studies for the Aérotrain. An investment grade traffic study was conducted by a world-class firm. A detailed capacity study is being carried out with CN in order to make a detailed determination of the required rail infrastructures, and discussions continue with Homburg on the work required at Central Station.

As for project financing, ADM is working with Infrastructure Québec to validate a public-private partnership (PPP) approach. The project application has been submitted to PPP Canada and has been deemed admissible. An initial business case must be submitted for PPP Canada's consideration at the end of March 2011.



AÉROTRAIN ROUTE

PLAN OF THE DOMESTIC AND INTERNATIONAL DEPARTURES HALL

ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT

CLEAR COMMITMENTS

An important aspect of Aéroports de Montréal's mission is to coexist in harmony with the surrounding environment, particularly in matters of environmental protection. With this in mind, the Corporation has an environmental policy that sets clear commitments. The policy can be consulted at www.admtl.com.

In 2010, ADM renewed its participation in the City of Montréal's strategic plan for sustainable development. More specifically, for 2010-2015, ADM has agreed to carry out 17 actions, including the following.

- Reducing its dependence on automobiles and improving the environmental performance of the traditional vehicle fleet.
- Reducing GHG emissions produced by existing and new buildings.
- Implementing reduction-at-source measures.
- Holding eco-responsible events.
- Stimulating demand for green technologies, products, and services.

Lastly, ADM signed the declaration to combat climate change. Under this commitment, the main stakeholders in the world's aviation industry have agreed to work together to achieve zero growth in carbon emissions.

NEW FLEET OF ENERGY-EFFICIENT VEHICLES

CERTIFICATIONS

Aéroports de Montréal has an integrated environmental management system for which the ISO 14001 certification was renewed in 2010. Based on specific procedures and work instructions and on continuous improvement programs, this system sets out a thorough and consistent framework for activities, products, and services likely to have an impact on the environment.

The Montréal-Trudeau terminal was awarded BOMA BESt certification, which recognizes efforts made to improve the environmental performance of a building.

ENERGY EFFICIENCY AND GREENHOUSE GAS EMISSIONS (GHGS)

For ADM, improving energy efficiency and reducing greenhouse gas emissions are critical issues and are addressed at the very design phase of new construction projects, such as the new transborder departures area, the expansion of the maintenance garage, and in programs to improve existing buildings.

To meet its heating and air conditioning needs, the Montréal-Trudeau terminal uses a high-performance thermal plant designed to recover energy. It consumes various sources of energy, prioritized as electricity, natural gas and fuel oil.

In every new area of the terminal, heat and air conditioning needs have been reduced thanks to an innovative system wherein motorized blinds automatically open and close to maintain an optimal level of natural light in the terminal. Energy was also saved through several building-related improvements: sliding doors were replaced with sealed revolving doors, speed regulators were installed on escalators and moving walkways, and lighting and ventilation systems were optimized.

Furthermore, ADM has plans to establish a fleet of energy-efficient vehicles. In fact, Budget Propane is converting about twenty vehicles to run on propane, which is more efficient and cleaner than gasoline. This project, which was launched in November in the presence of Minister Nathalie Normandeau, is receiving funding from the Agence d'efficacité énergétique du Québec. The École de Technologie Supérieure will provide an attestation as to the GHG reductions generated from this initiative.

ADM is also participating in a demonstration project to deploy and test an array of hydrogen technologies, including fuel cells at Montréal-Trudeau. An initiative of Air Liquide Canada, this project has received funding from the federal and provincial governments. In 2010, two fuelling stations were built on sites provided by ADM, and program deployment began.

Along the same lines, the Corporation encourages its employees to use alternative means of travel between home and work (see page 26). It also encourages airlines to use the electric power units set up in the boarding bridges instead of the generators on their aircraft.

IN 2010, THE CORPORATION WAS ALSO THE FIRST AIRPORT AUTHORITY TO SELL CARBON CREDITS ON THE VOLUNTARY MARKET. A TOTAL OF 24,205 CREDITS WERE SOLD, EQUAL TO AS MANY TONS OF SAVED GHG.

The energy saving measures have delivered results. It has been estimated that between 2001 and 2010, the average energy consumption, normalized by surface area and outdoor temperature, was reduced by 40%, while normalized GHG emissions were reduced by over 75%.

In 2010, the Corporation was also the first airport authority to sell carbon credits on the voluntary market. A total of 24,205 credits were sold, equal to as many tons of saved GHG.

Lastly, inventories of GHG emissions were taken for Montréal-Trudeau and Montréal-Mirabel, factoring in not only ground activities but also aircraft movements up to 3,000 feet, and an action plan was developed to further reduce the respective environmental footprints of these airports.

RECYCLING AND WASTE REDUCTION PROGRAMS

Adhering to the principle of the 4Rs (reduce, reuse, recycle, recover), ADM uses recycling bins for paper, cardboard, plastic, glass and metal inside the Montréal-Trudeau terminal and the administrative offices. In 2010, the waste generated at the air terminal was examined as part of a characterization study, and an audit was performed on the management of waste in order to identify areas for improvement.

Another well-established program involves recovering the concrete and asphalt removed during repair work on airside infrastructure and reusing these materials as foundation material and fill.

ADM also aims to reduce the use of hazardous materials by substituting them with less harmful products. For example, ADM favours the use of certified environmentally friendly cleaning products and endeavours to reduce its inventory of hazardous materials.

Other ADM programs or initiatives include purchases of winter tires and recycled printing paper as well as the organization of eco-responsible events.

PROTECTING AND PROMOTING NATURAL ENVIRONMENTS

After having participated in the restoration and naturalization of a monarch butterfly habitat in Marcel-Laurin Park in the borough of Saint-Laurent, ADM is making another contribution for planting indigenous plants to feed ruby-throated hummingbirds and for restoring original habitats taken over by the European buckthorn.

ADM employees and other volunteers participated in the greening of the school yard of Gentilly School in Dorval. This project was carried out in partnership with the City of Dorval and the school's management.

ADM EMPLOYEES AND OTHER VOLUNTEERS PARTICIPATED IN THE GREENING OF THE SCHOOL YARD OF GENTILLY SCHOOL IN DORVAL. THIS PROJECT WAS CARRIED OUT IN PARTNERSHIP WITH THE CITY OF DORVAL AND THE SCHOOL'S MANAGEMENT.

GREENING OF THE GENTILLY SCHOOL YARD IN DORVAL

ADM remains committed to creating a regional conservation park at the north end of Montréal-Trudeau airport, with hopes that the discussions with the borough of Saint-Laurent and the City of Montréal will lead to a formal agreement in 2011. Equal in size to 33 football fields, the parcel of land that ADM is prepared to allocate for this project includes a large swamp, marshes, and a mature natural forest (beech trees).

Furthermore, in an effort to improve the quality of surrounding streams, ADM continues to gradually replace urea, which is used to de-ice runways, with more environmentally friendly products, namely, potassium acetate and sodium formate.

ENVIRONMENTAL STUDIES

Before undertaking a development project, ADM conducts an environmental impact study to ascertain the project's potential environmental impact and proposes corrective or mitigation measures. In 2010, environmental impact studies were conducted on nine ADM projects and 22 permit applications received from tenants. A site evaluation is also performed when a tenant arrives or leaves and before any major project is initiated at either airport.

Furthermore, ADM has developed an environmental compliance audit program for tenants at its airport sites. Two tenants were audited under the program in 2010.

MONITORING ENVIRONMENTAL QUALITY

ADM monitors the quality of rainwater, wastewater, groundwater and air. External firms with the necessary accreditation have been entrusted with these sampling and analysis programs. For example, over 500 analyses are performed annually on rainwater samples collected at different outfalls at Montréal-Trudeau airport. In addition, atmospheric emissions from six fixed sources were sampled in 2010 in order to check compliance with the standard. It should be recalled that the City of Montréal operates a station for measuring air quality at Montréal-Trudeau, the data from which is available on the City's website.

SOUNDSCAPE MANAGEMENT

A SHARED RESPONSIBILITY

Soundscape management around Montréal-Trudeau airport is a shared responsibility. Transport Canada is the regulatory body responsible for ensuring compliance with procedures and with air traffic noise abatement regulations and is empowered to sanction both pilots and carriers who violate them.

Under its lease with Transport Canada, Aéroports de Montréal is responsible for developing a soundscape management plan, creating an advisory committee, and processing complaints about noise. Among other things, the Corporation uses the ANOMS system to monitor all flights at Montréal-Trudeau and to ensure compliance with current regulations. Whenever a presumed irregularity is observed, Aéroports de Montréal informs Transport Canada, which in turn takes the appropriate measures. In 2010, about ten reports were filed with Transport Canada for investigation.

ADVISORY COMMITTEE

The Airport Soundscape Advisory Committee is chaired by ADM and has representatives from the City of Montréal, the borough of Saint-Laurent, the cities of Dorval and Pointe-Claire, NAV Canada (the agency in charge of air navigation services), the airlines, Transport Canada, the Government of Québec, and airport management staff. This committee, which relies on the work of a technical committee made up of specialists, is an effective forum for exchanging information and discussing and studying all soundscape-related issues, including the projected and effective use of the surrounding airport area, and particularly the nearby residential development projects.

The Airport Soundscape Advisory Committee held three meetings during the year. In addition, Aéroports de Montréal continued to periodically meet with the council representatives of cities and boroughs affected by soundscape matters.

SOUNDSCAPE MANAGEMENT PLAN

Montréal-Trudeau's soundscape management plan addresses operating hours, restrictions on flights by wide-bodied aircraft, engine testing, the priority runway system, takeoff and landing procedures, and other such factors. More information can be found on ADM's website at www.admtl.com.

In 2010, ADM made an inventory of best soundscape management practices around the world. The Corporation is now examining whether certain promising practices found at other airports could be applied.

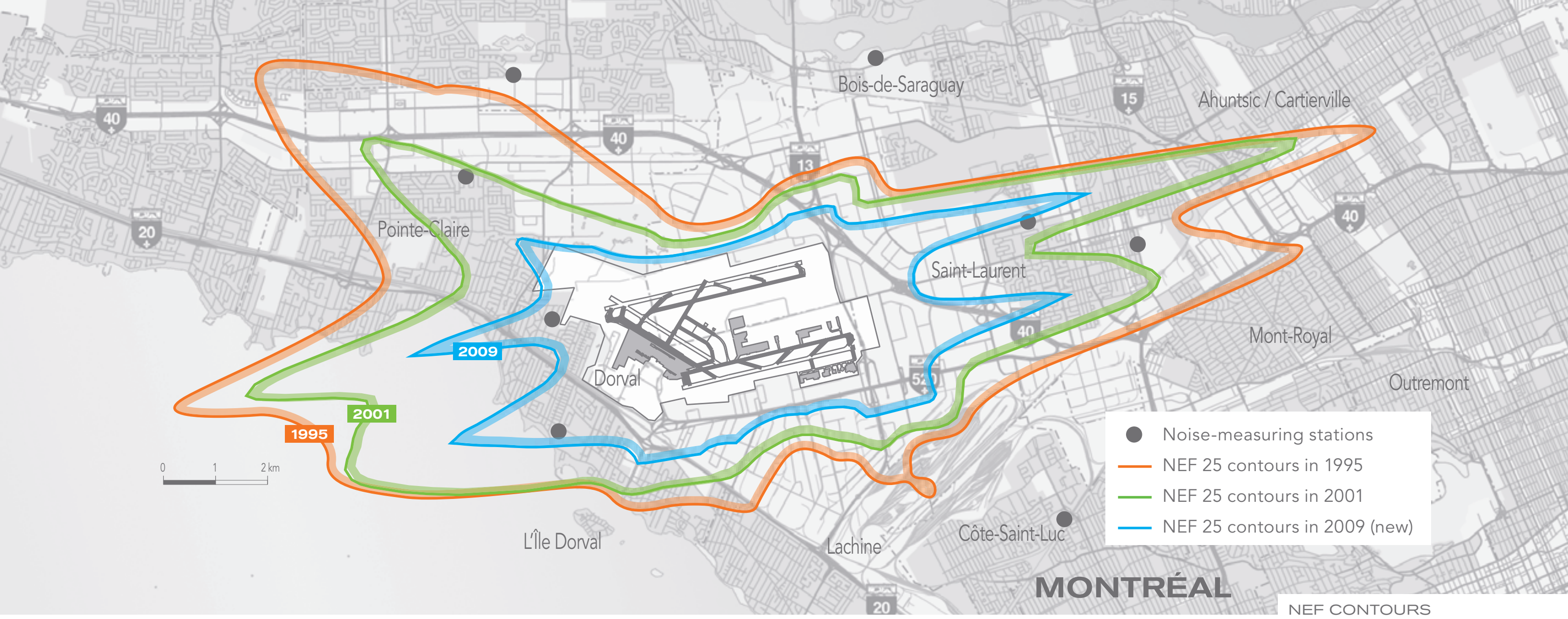
A project led by NAV Canada, with ADM and other Canadian airports as participants, might lead to the implementation of an approach widely known as the continuous descent approach (CDA). The CDA, which is already being used in several regions around the world, was developed to reduce both fuel consumption and noise impact by eliminating stepped descents.

Other initiatives introduced during the year have led to more stringent monitoring of exemptions for flights during restricted operating hours, the withdrawal of certain noisy aircraft, closer monitoring of engine testing, and faster processing of complaints. Similarly, repairs to the Bravo taxiway were made in one year, rather than two as originally planned, in order to minimize the impact on nearby residents.

INFORMATION FOR CITIZENS

To better inform citizens about activities that influence the soundscape around the airport, ADM publishes a newsletter distributed via email and its website. Notices are also published in community newspapers whenever there is major repair work requiring closure of a runway.

In addition, a dedicated telephone line (514 633-3351) broadcasts pre-recorded general messages and lets callers speak directly to a communications officer. Citizens can also contact us via email (yulclientele@admtl.com) or visit our website, which provides a "Frequently Asked Questions" section on soundscape matters and other information tools currently being developed.



NEF CONTOURS

NEF 25 CONTOURS, 2009/1995

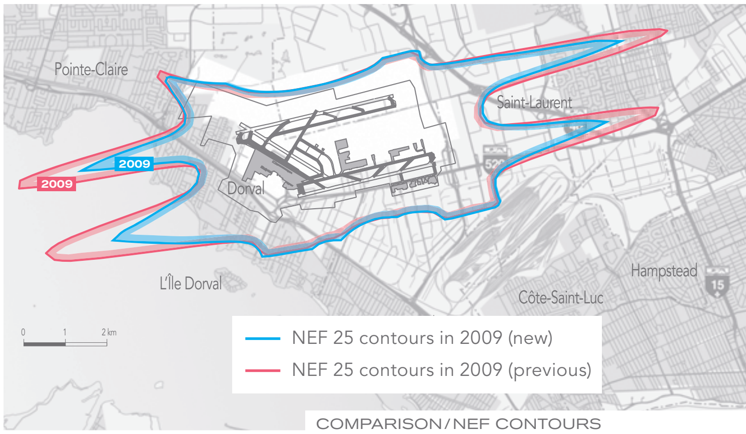
Perceived noise in the surrounding airport area is measured using the NEF (Noise Exposure Forecast) model developed by Transport Canada (TC), which presents results as contours.

It is important to note that, in collaboration with the National Research Council of Canada, Transport Canada recently updated the methodology it uses to calculate NEF noise contours in Canada, both from an IT standpoint and with respect to aircraft noise data. Specifically, Transport Canada now uses the same Federal Aviation Administration (FAA) database, which contains up-to-date information on about 350 types of aircraft. The new software factors in the characteristics of more modern airplanes, their improved performance, new noise certification standards, and the greater diversity of airplane models and engine systems. Application of the new methodology has created variances from the former method.

Regardless of the method used, the 2009 NEF25 noise contour compares advantageously to that of the 1995 reference year (81.9 km^2 and 107,333 people). The improved soundscape stems mainly from the modernization of the air fleet and the phasing out of noisier, Chapter 2 aircraft.

In conjunction with the Airport Soundscape Advisory Committee, the carriers, NAV Canada and Transport Canada, ADM continues to make sustained efforts to improve the soundscape around the airport.

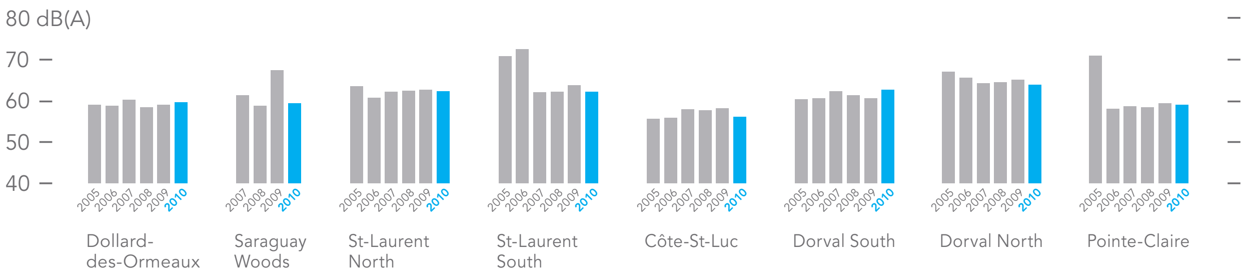
For 2009, ADM prepared the NEF25 contours using both methodologies. The surface area of the noise footprint is 27.2 km^2 using the new methodology versus 30.1 km^2 using the former method. A more significant variance is observed regarding the population living within the footprint which drops to 9,903 versus 17,917 using the former method. These variances essentially reflect the updated database being used by Transport Canada.



COMPARISON / NEF CONTOURS

AVERAGE ANNUAL NOISE LEVEL AT THE NOISE-MONITORING STATIONS IN DB(A)

Total LEQ considers all sources of noise measured at the monitoring station, not only aircraft noise (ex. road traffic).



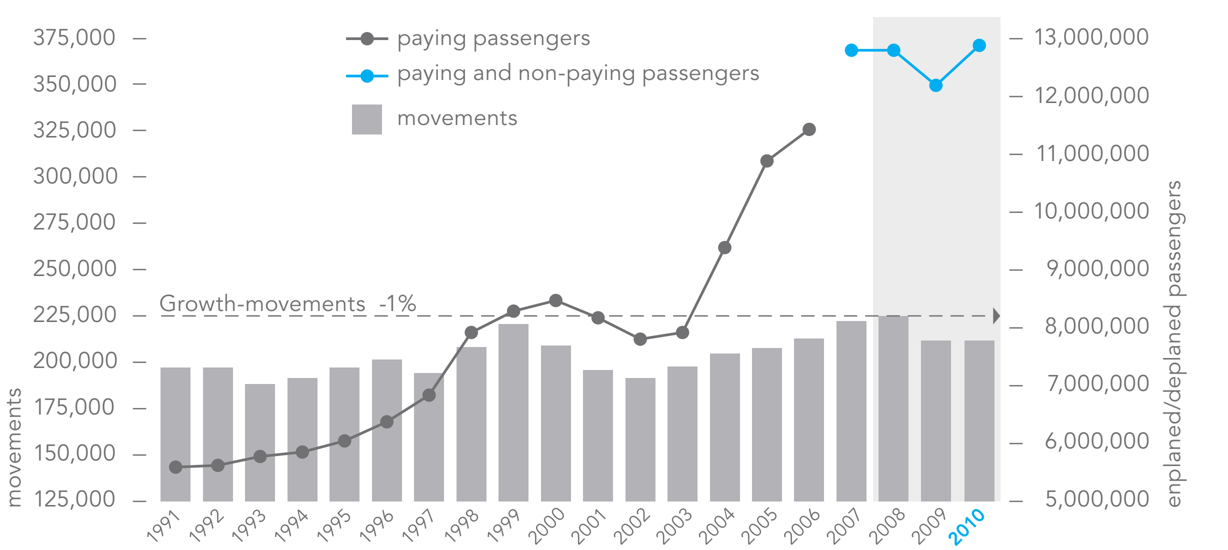
Note: Noise levels measured at Dollard-des-Ormeaux from August 12 to September 23, 2007 have been excluded from the total LEQ calculation because of construction work near the noise-monitoring station.

The noise indicator called total LEQ, expressed in decibels dB(A), is based on actual noise data collected by noise-monitoring stations located in nearby neighbourhoods. It reflects cumulative changing noise levels over a given period and provides a good description of the amount of noise experienced during the year.

20 YEARS OF CHANGES IN AIR TRAFFIC

Air traffic is mainly characterized by the number of movements (landings and takeoffs) per year, how they are distributed throughout the day, and the types of aircraft used. Despite the growing number of passengers served at the Montréal-Trudeau air terminal from 1991 to 2010, the number of aircraft movements remained relatively stable. This was essentially due to an increase in the relative share of international traffic, which uses aircraft that carry more passengers per movement, and to higher passenger occupancy rates.

20 YEARS OF CHANGES IN AIR TRAFFIC – 1991 TO 2010



Note: Passenger statistics from 2007 to 2010 include paying and non-paying passengers based on a change in method used by ADM. Years preceding 2007 were based on paying passengers only.

HUMAN RESOURCES AND SOCIAL INVOLVEMENT

EMPLOYER OF CHOICE

Aéroports de Montréal is committed to becoming an employer of choice – particularly by distinguishing itself through innovative management practices for attracting, retaining and motivating human resources – and, moreover, to becoming recognized as such by its employees. ADM's human resources management approach is based on human values that are actively promoted: team spirit, respect for the individual, vigilance and perseverance, loyalty and integrity, and innovation and creativity.

In 2010, the Corporation adopted a structured approach to instill the "employer of choice" concept within the organization. The first step, which has already been initiated, consisted of assessing existing management practices. And at the same time, specific programs continue to be defined and deployed.

The Corporation intends to update and optimize its recruiting practices, including the media used and messages delivered, to ensure that it can replenish staff at a time when there is growing labour scarcity in several occupations. In 2010, a specialized firm was hired to audit the existing tools and to survey employees to assess their perceptions. Furthermore, a focus group was held with managers to validate the findings as a whole. The action plan will be gradually implemented in 2011.

PROGRAMS AND POLICIES

Following the review carried out in 2009, a leadership skills-development program was created with an external partner, and deployment has begun. The LeadAIR program, prepared for about 150 managers, will last two years. Organized into modules, the program is adaptable to the needs of different groups of managers and applies three proven learning techniques, namely, dynamic training, individual coaching, and professional co-development workshops. The six core competencies considered essential to the Corporation's success are sense of commitment, preparedness, a client-centred culture, a focus on results, effective interpersonal relationships and talent development. Two other competencies, namely political acumen and strategic thinking, apply more to management.

LEADAIR

VISUAL IDENTITY OF LEADAIR PROGRAM

Being subject to the Employment Equity Act and committed to maintaining a workplace free of discrimination and open to diversity, ADM has created a 2011-2013 action plan designed to ensure greater representativeness among the groups identified in the Act (women, aboriginal peoples, persons with disabilities, and visible minorities) and to take advantage of the benefits of diversity, notably gaining access to a broader talent pool and becoming more visibly reflective of today's demographics in Québec.

Other programs and policies in effect include a harassment prevention policy, a training and professional development program, an employee assistance program, as well as a recognition and awards of excellence program. Also available to all employees are several internal information tools such as a company magazine, newsletters, and an intranet.

OCCUPATIONAL HAZARDS

AS IS THE CASE WITH ANY RESPONSIBLE EMPLOYER, THE INTEGRITY AND WELL-BEING OF ITS EMPLOYEES ARE VERY IMPORTANT TO ADM. CLOSE TO 3,300 IN-CLASS HEALTH AND SAFETY TRAINING HOURS WERE OFFERED IN 2010, AND ALL EMPLOYEES WERE INVITED TO TAKE ON-LINE TRAINING ON THE CANADA LABOUR CODE.

OCCUPATIONAL HEALTH AND SAFETY

As is the case with any responsible employer, the integrity and well-being of its employees are very important to ADM. Close to 3,300 in-class health and safety training hours were offered in 2010, and all employees were invited to take on-line training on the Canada Labour Code. In addition, a committee to promote occupational health and safety was created by Facilities Maintenance, while a standardized work-premises inspection program was implemented for all local occupational health and safety committees.

LABOUR RELATIONS

ADM reached a one-year agreement with its first-level managers, making it possible to complete the occupation assessment process that began in early 2010 for white-collar employees, managers, and non-unionized employees to be completed. In the interest of maintaining a peaceful and sustainable work environment, the Corporation also set up a Labour Relations Committee for the firefighters unit and began training the managers of blue-collar employees on applying the collective agreements in effect.

TOTAL COMPENSATION STATEMENT

A personalized total compensation statement will now be produced each year for all full-time regular employees. This statement will show the value of the various components of employee compensation and the amounts paid by ADM to the pension plans and various government group insurance plans.

SUSTAINABLE TRANSPORTATION

Through the Écono écolo pratique program launched in 2009, ADM aims to encourage its employees, by way of financial incentives, to choose alternative modes of transportation as opposed to driving alone when travelling to and from work. At the end of the year, 147 employees, grouped into 65 teams, were registered in the carpooling program. In addition, 24 employees had signed up for the public transportation program (allégo) and were receiving the $40/month subsidy from ADM (on condition they join for 12 consecutive months). Once the number of participants reaches 25, which is imminent, participants will also be able to receive the allégo discount.

MAIN HUMAN RESOURCES INDICATORS

Indicators	2010	2009
Regular employees	578	534
Training (hours)	26,465	19,284
Positions filled	135	155
Retirements	17	14
Turnover rate[1]	7.82	8.88
Absenteeism rate	5.64	5.83
Injury frequency[2]	3.6	4.1
Injury severity rate[3]	51.0	35.1

Notes

1. Percentage of workforce that leaves the company in a year
2. Number of claims submitted to the CSST per 200,000 hours worked
3. Number of days lost per 200,000 hours worked

OCCUPATIONAL HEALTH AND SAFETY

TEAM SPIRIT

ENVIRONMENTAL MERIT

AWARDS OF EXCELLENCE

ADM's Awards of Excellence program recognizes individuals or teams whose achievements stood out during the year. The winners are selected among entries submitted by the employees themselves. Here are the 2010 Awards of Excellence winners.

COMMITMENT AND PREPAREDNESS

Jonathan Ducreux, Roxane Benoit, Denis Boucher (Airport Patrol, Mirabel), Paul-André Langlais, Louise Mathieu, Jaime Leiva, Stéphane Boudrias, Yvan Giampalma, Michel Vermette, Guy Crête, Line Lanthier, Donald Houle, Charles Aubé, Denise Dubuc, Benoit Tessier, Michel Fillion, Richard Demers, Anne Marcotte, Frederick Wallace, Jocelyne Leroux, Anne-Marie Latrémouille, Suzanne Weinstein, Eugénie Takla, Stéphane Di Tullio, Sergio Valente, Lise Richard, Nicole Beauchamp

For their preparedness during the 2010 repatriation operation (Haiti).

HONOURABLE MENTION

Marc-André Turcotte, Marc-André Allaire, Guylain Fortier, Patrice Fortin, Patrick Lebeau, Dan-Claudiu Fratean, Sylvain Tessier, Laurent Séguin, Lyne Michaud

For helping to build a play area at St-Louis Elementary School.

TEAM SPIRIT

Éric Montplaisir, Lise Lafleur, Mélanie Aussant, Eugénie Takla, Ferdinando Colavita, Luc Charbonneau, John Brilotti, Stephen Hudon, Johanne Green, Daniel St-Pierre, Sergio Valente, Sophie Gagnon, Simon El-Khoury, Fabien Breton, Lyne Gilbert, Diane Tellier, Frédérick Wallace, Isabelle Tétrault, Michael White, Jean-François Tanguay, Sébastien Turcot

For implementing a new public parking management system.

INNOVATION AND CREATIVITY

Gilles Pepin, Pierre Audette, Christian Bergeron, Pierre Boily, Patrick Huneault, Martin Lachaîne, Ronald Leduc, Martin Le Jossec, Paul Mongeau, Sylvain Yelle

For designing a torque tool to fasten the bolts of the embedded runway and taxiway lights.

2ND PRIZE

Pierre Audette, Donald Campeau, Cristian Faraon, Denis Piché

For developing a computerized system to issue danger and electric arc labels.

ENVIRONMENTAL MERIT

Gilles Pepin, Maxyme Roy, Michel Giroux, Normand Aubin, Sidy Doukouré, Stéphane Hamel, Yvan Lafontaine

For reducing the quantity of hazardous products and improving hazardous waste management.

HONOURABLE MENTION

Nathalie Boisvert, Michel Fillion, Raymond Labelle, Isabelle Ouellet, Paolo Sbragia

For donating decommissioned check-in kiosks to a teaching institution.

OCCUPATIONAL HEALTH AND SAFETY

Sylvain Léger

For designing and producing a device to stop the baggage carousels during maintenance work.

CUSTOMER SERVICE

Manuel Lopez, Gérard Belloc, Stéphane Boudrias, Dan-Claudiu Fratean, Anne Marcotte, Isabelle Tétrault, Luc Charbonneau, Marie-Claude Desgagnés

For implementing the 747 Express Bus between the airport and downtown Montréal.

HONOURABLE MENTION

Renée Lebel, Manuel Lopez, Paolo Sbragia, John Brilotti, Jacques Carlos, Lyne Chalifoux, Sergio Valente, Antoine Rostworowski

For deploying a boarding pass reader system at the domestic security checkpoint.

SOCIAL INVOLVEMENT

Aéroports de Montréal strives to be a good corporate citizen and contributes to the community in a variety of ways, particularly by partnering with such organizations as the Board of Trade of Metropolitan Montréal, the Chamber of Commerce and Industry of Saint-Laurent, the West Island of Montréal Chamber of Commerce, Montréal International, and Tourisme Montréal.

ADM EMPLOYEES ALSO PARTICIPATED IN VARIOUS COMMUNITY PROJECTS. A TEAM OF ABOUT TEN EMPLOYEES HELPED CLEAN UP MARCEL-LAURIN WOODS FOR EARTH DAY, WHILE GROUPS OF MANAGERS VOLUNTEERED AT MOISSON MONTRÉAL AND THE OLD BREWERY MISSION.

After the earthquake that hit Haiti in January 2010, the Government of Canada designated Montréal-Trudeau airport as the gateway for repatriation flights carrying Canadian nationals. ADM assumed the full aeronautical fees of these flights and the other humanitarian flights to and from Haiti. The Corporation also donated 31 pallets of emergency material, mainly sheets and blankets.

In November, ADM joined forces with the first-ever Canadian campaign to combat the sexual exploitation of children in travel and tourism. An initiative launched by the International Bureau for Children's Rights and supported by many organizations, the campaign's purpose is to raise traveller awareness before they depart.

In addition to maintaining its support of Kéroul (foreign currency collection at the airport) and of Special Olympics Québec (767 Challenge), among other organizations, the Corporation donated goods and services, computer equipment and furniture to community organizations such as the Léonard-de-Vinci professional training centre.

The Airport Patrol continued its involvement as the transport unit for the Canadian Organ Donors Association. Since 2005, the Airport Patrol has transported close to 500 organs or medical teams between the airport and a Montréal hospital.

ADM employees again participated in the annual Centraide fundraising campaign. In 2010, donations amounted to $77,504, a 15% increase from the previous year. With the Corporation's policy to match employee contributions, a cheque of $155,008 was donated to Centraide.

ADM employees also participated in various community projects. A team of about ten employees helped clean up Marcel-Laurin woods for Earth Day, while groups of managers volunteered at Moisson Montréal and the Old Brewery Mission.

CAMPAIGN TO COMBAT THE SEXUAL EXPLOITATION OF CHILDREN

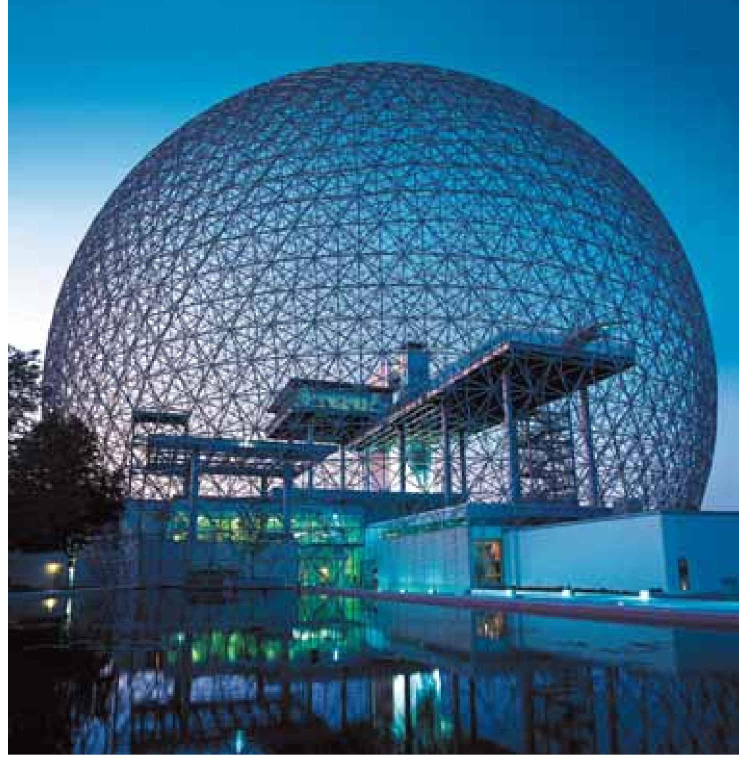

767 CHALLENGE

THE AÉROGALERIE CULTURAL PROGRAM

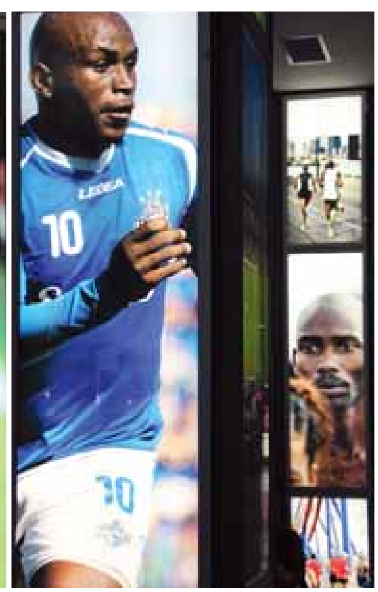
Aéroports de Montréal organized three new photo exhibitions in the public area of the Montréal-Trudeau terminal.

- *Tightly Knit: Biodiversity Connections* was created by the Biosphère Environment Museum to mark the International Year of Biodiversity. The exhibition illustrates the richness of Canadian biodiversity, and the photographs come from the Canadian Wildlife Federation's "Reflections of Nature" photo contest.
- *Yours Truly, Montréal* shows part of the city's history as seen by the Pointe-à-Callière Montréal Museum of Archaeology and History: the First Nations, the founding of Montréal, the French and British regimes, the modern era and the development of networks.
- *Montréal Sports City* is a unique exhibition produced by photographer André Paradis to celebrate the popular sports practiced in 2010 in Montréal.

The Aérogalerie cultural program was born out of the Montréal Identity Program, a corporate initiative designed to lend a typical "Montréal" flavour to airport installations and to contribute to the artistic and cultural development of Montréal.



INTERNATIONAL YEAR OF BIODIVERSITY



MONTRÉAL SPORTS CITY

for the year ended December 31, 2010 (in millions of dollars)

FINANCIAL SUMMARY

	2010	2009	Variance
	$	$	%
Revenues	**393.2**	**351.0**	**12.0**
Operating expenses (excluding PILT)	153.0	141.0	8.5
Payments in lieu of municipal taxes ("PILT")	37.9	36.7	3.3
Transport Canada rent	36.8	21.6	70.4
Amortization	90.3	82.0	10.1
Financial expenses	92.8	78.6	18.1
Gain on other investments (ABCP)	(1.7)	—	100.0
Total expenses	**409.1**	**359.9**	**13.7**
Deficiency of revenues over expenses	**(15.9)**	**(8.9)**	**78.7**
Cash flows from operating activities (before change in working capital items)	67.4	**111.1**[1]	**(39.3)**
EBITDA	**163.6**	**151.5**	**8.0**

(1) The Corporation recorded a non-recurring amount of $43 million in its 2009 cash flows in connection with the granting of a right to operate a baggage room for a 20-year period.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Corporation presents EBITDA, which is a financial measure with no standardized meaning as prescribed by GAAP. EBITDA is therefore unlikely to be comparable to other similar measures reported by other corporations. EBITDA provides additional information and should not be used as a substitute for other measures of performance prepared in accordance with GAAP. EBITDA is used by management as an indicator to assess ongoing operational performance.

The Corporation defines EBITDA as the excess or deficiency of revenues over expenses before interest, taxes, depreciation, amortization and gain on other investments.

The following table presents the reconciliation of EBITDA, a non-GAAP financial measure, with the deficiency of revenues over expenses measured in accordance with GAAP:

	2010	2009
	$	$
Deficiency of revenues over expenses	(15.9)	(8.9)
Financial expenses	92.8	78.6
Financial expenses included in operating expenses	1.3	1.1
Interest income	(3.2)	(1.3)
Amortization	90.3	82.0
Gain on other investments (ABCP)	(1.7)	—
EBITDA	163.6	151.5

Overview

Aéroports de Montréal ("ADM") is responsible for the management, operation, and development of Montréal-Trudeau and Montréal-Mirabel international airports under a 60-year lease entered into with Transport Canada in 1992. ADM is an organization without share capital and therefore does not pay dividends. ADM is fully responsible for financing its capital investment programs and pays rent to Transport Canada ($36.8 million in 2010). Like many companies, ADM considers EBITDA (excess of revenues over expenses before interest, taxes, depreciation, amortization and gain on other investments) to be the most reliable indicator of its financial performance.

HIGHLIGHTS

Investments

Following the recession, the Corporation reduced its investments in capital assets in 2010. Investments totalled $68.5 million in 2010 versus $186.4 million in 2009 and consisted mainly of the road network reconfiguration in front of the air terminal and of projects designed to improve passenger flow in the Montréal-Trudeau terminal. Airport investments will return to normal levels in 2011.

In 2010, investments made to airport facilities were entirely financed using cash flows from airport operations, including airport improvement fees (AIF).

EBITDA

EBITDA stood at $163.6 million for the year ended December 31, 2010, which is $12.1 million or 8% higher than in 2009.

Revenues

	2010	2009	Variance
	$	$	%
Aeronautical activities	**137.7**	125.8	9.5
Airport improvement fees	**126.6**	104.0	21.7
Commercial activities	**99.9**	94.6	5.6
Real estate	**23.9**	21.3	12.2
Other revenues	**5.1**	5.3	(3.8)
Total revenues	**393.2**	351.0	12.0

Revenues for 2010 totalled $393.2 million, up $42.2 million or 12% from 2009. The increase owes mainly to higher aeronautical fees and airport improvement fees and to growth in passenger traffic. However, Transport Canada's cancellation of the airport policing contribution program for Canadian airports resulted in a shortfall.

Aeronautical activities

For 2010, revenues from aeronautical activities totalled $137.7 million, up $11.9 million or 9.5% from 2009. These revenues consist mainly of the landing fees and general terminal fees paid by airlines and accounted for 35% (35.8% in 2009) of total ADM revenues. The growth stems from the general terminal fee and landing fee rate increases, which rose by 5.5% and 3%, respectively, and from growth in passenger traffic and aircraft movements, up 6.1% and 2.3%, respectively.

Airport improvement fees

AIF revenues totalled $126.6 million in 2010, up $22.6 million or 21.7% from last year, as passenger traffic increased and the new $25 AIF took effect in May 2010. AIF revenues accounted for 32.2% (29.6% in 2009) of total ADM revenues and are used solely to fund airport improvements, including interest payments on long-term debt.

Commercial activities

At $99.9 million in 2010, revenues from commercial activities increased $5.3 million or 5.6% compared to 2009. Commercial activity revenues consist mainly of rent and fees from concessions, revenues from public parking facilities, and revenues generated from the leasing of other spaces. They accounted for 25.4% (27% in 2009) of total ADM revenues. This revenue increase for 2010 came from an increase in the fees received from certain concession holders, from the revenues generated by the public parking facilities given the rise in passenger traffic, from the full-year impact of agreements signed in 2009, and from the opening of new concessions.

Real estate

Revenues from real estate totalled $23.9 million in 2010, up $2.6 million or 12.2% from 2009. These revenues accounted for 6.1% (6.1% in 2009) of total ADM revenues. The increase in real estate revenues from land leasing reflects the signing of new lease agreements, renewal of agreements at market rates, and the full-year impact of the leases signed in 2009.

Other revenues

Other revenues totalled $5.1 million in 2010, a $0.2 million or 3.8% decrease from last year. These revenues accounted for 1.3% (1.5% in 2009) of total ADM revenues and consist mainly of interest income on surplus cash.

Operating expenses

	2010	2009	**Variance**
	$	$	%
Salaries and benefits	**54.6**	51.7	5.6
Operating, general and administrative	**98.4**	89.3	10.2
Payments in lieu of municipal taxes ("PILT")	**37.9**	36.7	3.3
Total operating expenses	**190.9**	177.7	7.4

Operating expenses stood at $190.9 million in 2010, an increase of $13.2 million or 7.4% from 2009.

Salaries and benefits

Salaries and benefits went from $51.7 million in 2009 to $54.6 million in 2010, a $2.9 million or 5.6% increase from 2009. This increase was due to an increase in salaries and the related benefits as well as to a higher pension expense and growth in the workforce.

Operating, general and administrative

Operating, general and administrative expenses stood at $98.4 million in 2010, up $9.1 million or 10.2% from fiscal 2009. This increase was mainly attributable to higher operating costs resulting from the opening of the new U.S. departures area in August 2009, a write-off of certain obsolete studies in 2010, and an increase in the cost of collecting AIFs.

Payments in lieu of municipal taxes

Payments made in lieu of municipal taxes amounted to $37.9 million in 2010, up $1.2 million or 3.3% from 2009. The increase is explained mainly by the higher property valuation for Montréal-Trudeau airport given the start-up of the new U.S. departures area in August 2009.

Transport Canada rent
The rent paid to Transport Canada for the year ended December 31, 2010 totalled $36.8 million, up by $15.2 million, or 70.4%, from the previous financial year. The rent increase is due to the coming into force of the new rent calculation formula on January 1, 2010. Rent is now calculated as a percentage of revenues.

Amortization
Amortization was $90.3 million in 2010, a year-over-year increase of $8.3 million or 10.1%. The increase stems mainly from the opening of the new U.S. departures area.

Financial expenses
Financial expenses were $92.8 million for the year, up $14.2 million or 18.1% from 2009. This increase was due to lower capitalized interest on work in progress as capital investments were down and to higher debt as $150 million in revenue bonds were issued in April 2010. The net proceeds from this issue will be used entirely to repay the Series A bonds in the same amount maturing in April 2012.

Gain on other investments
In March 2010, the Corporation completed the required formalities and procedures and sold its investments in asset-backed commercial paper (ABCP) and traditional assets, for a total amount of $23.6 million. This sale resulted in a $1.6 million gain in consolidated revenues and expenses.

Deficiency of revenues over expenses
The year ended December 31, 2010 generated a deficiency of revenues over expenses of $15.9 million compared to an $8.9 million deficiency for 2009. Transfers to governments in 2010, which include rent payable to Transport Canada and municipal taxes, totalled $74.7 million, and account for approximately 20% of total revenues. This represents a $16.4 million or 28.1% increase over 2009. If not for the increase in these transfers, 2010 would have ended with an excess of revenues over expenses of $0.5 million.

Financial outlook for 2011
In 2011, ADM expects passenger traffic to increase by approximately 2.7% over 2010 levels, mainly due to the strong growth potential in the international sector.

The Corporation is anticipating EBITDA of approximately $177 million in 2011 compared to $164 million in 2010. This increase will come mainly from greater passenger traffic and expected rate increases as well as from the full-year impact of the higher AIF ($25 rather than $20). However, these favourable impacts will be partly offset by increases in the transfers to governments.

In addition, the Corporation expects to invest an estimated $165 million in airport infrastructures. The Corporation has or has access to sufficient sources of cash to meet its financial obligations and carry out the required investments. As at December 31, 2010, ADM had nearly $144 million in cash and short-term investments. In February 2011, the Corporation renegotiated the terms of the credit facility it obtained from a consortium of Canadian financial institutions, increasing its credit limit from $70 million to $150 million. This credit facility has been renewed until April 4, 2014.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of Canada confirmed that the accounting standards applied in Canada by publicly accountable enterprises will converge with IFRS for fiscal years beginning on or after January 1, 2011. In 2008, the Corporation decided to adopt IFRS and present its interim and annual financial statements for the fiscal year ending December 31, 2011 in accordance with IFRS in addition to comparative figures for 2010. As such, the Corporation undertook a three-part IFRS conversion plan, including planning and diagnostic, analysis and development of accounting policies, and implementation and execution.

Planning and diagnostic

The Corporation has completed the planning and diagnostic phase, which consisted of developing a detailed IFRS transition plan, performing a diagnostic analysis of the main differences between GAAP and IFRS that would affect the Corporation, identifying and training employees affected by the transition to IFRS, and identifying the changes to be made to the accounting information system to allow for dual accounting under both GAAP and IFRS for 2010.

Analysis and development of accounting policies

Phase two involved a comprehensive analysis of the GAAP-versus-IFRS accounting and disclosure differences identified in the planning and diagnostic phase as well as an analysis of IFRS 1, which provides guidance on the transition to IFRS and on the optional exemptions that must be made. This step was completed through communications with the main Canadian airports to make sure the industry adopts consistent choices and accounting treatments. The Corporation analyzed the impact of each standard and identified the changes to be made to its accounting policies. It also analyzed how IFRS would impact different areas of the business (information systems, engineering and construction, human resources, etc.) and began implementing required changes to the accounting information system. The Audit Committee was periodically informed of the status of the work progress.

Implementation and execution

The implementation and execution phase consisted of establishing the new accounting policies identified in the previous phase, formally documenting the Corporation's positions and obtaining Audit Committee approval for the optional exemptions made under IFRS 1. The necessary changes to the accounting information system were completed. The Corporation also assessed how the adoption of IFRS would impact its consolidated financial statements and is in the process of preparing its IFRS consolidated financial statements and accompanying notes. The Audit Committee continues to be kept informed as to the status of work progress.

Following are the main differences identified at the transition date as well as the standards that will impact the Corporation's future revenues and expenses:

a) IFRS 1 – First-time adoption of IFRS

IFRS 1 provides guidance for the first-time adoption of IFRS. Generally speaking, application of IFRS should be done retrospectively, with conversion adjustments between GAAP and IFRS accounted for in net assets. However, IFRS 1 provides exceptions and optional exemptions to retrospective application. The Corporation has adopted the following optional exemptions:

Property and equipment	**Exemption:** Measure property and equipment at deemed cost at the transition date. This election can be made on an asset-by-asset basis. Deemed cost may be equivalent to: – fair value at the transition date, or – an amount determined by a previous GAAP revaluation provided that this revaluation is comparable to fair value, cost or amortized cost under IFRS. **Election made by ADM:** Apply the exemption at fair value for certain assets. Other assets will be accounted for at the transition date at their actual cost using the components approach (see section b). **Impact at the transition date:** $1.2 million increase in the value of property and equipment and opening net assets. **Impact on future revenues and expenses:** Increase in the amortization expense for assets for which the exemption is applied.
Employee benefits	**Exemption:** Transfer the cumulative actuarial variances to opening net assets at the transition date and apply IFRS 1 on a prospective basis. **Election made by ADM:** Adopt the exemption and transfer the cumulative actuarial variances to net assets at the transition date. **Impact at the transition date:** $32.2 million decrease in accrued pension benefit assets and opening net assets. **Impact on future revenues and expenses:** All things being equal, the application of this exemption will result in a decrease in the pension expense due to the elimination of past unamortized losses.
Borrowing costs	**Exemption:** Apply the transitional provisions in IAS 23 – Borrowing costs (International Accounting Standard "IAS"), which allows for prospective application beginning on the effective date of application. This date can be the later of January 1, 2009, the IFRS transition date or an earlier date. **Election made by ADM:** Adopt the exemption as of January 1, 2010, the IFRS transition date. **Impact at the transition date:** $52.9 million decrease in property and equipment and opening net assets. **Impact on future revenues and expenses:** Decrease of amortization expense due to the reduction in cost base stemming from the write-off of previously capitalized interest.

The other exemptions do not apply to ADM.

b) Property and equipment

Although IFRS is similar to GAAP where the recognition of property and equipment is concerned, some differences do exist. Among other things, under IFRS, property and equipment must be amortized according to their significant components. The Corporation has therefore identified significant components and calculated the related amortization. The resulting impact at the transition date is a $62.2 million increase in property and equipment and opening net assets, which is approximately 3% of the cost of the property and equipment at the transition date. In the future, all things being equal, the impact on the amortization expense will vary, i.e., less than the amortization amount would have been under GAAP for the first three years and higher thereafter.

c) Borrowing costs

Under GAAP, a corporation may elect to capitalize its borrowing costs whereas under IFRS the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized to the cost of the asset. Under GAAP, the Corporation had been capitalizing its borrowing costs however after analyzing IFRS 1, the Corporation concluded that there were differences in the method of capitalizing borrowing costs under IFRS and GAAP. The Corporation therefore elected to decapitalize its previously recorded borrowing costs at the transition date (see section a).

d) Other standards analyzed that have a less significant impact

Employee benefits

Subsequent to the transition date, as permitted by the standard, the Corporation will defer and amortize certain actuarial gains and losses, provided that certain provisions are respected (corridor method). A similar method was also permitted under GAAP and was used by the Corporation. Other than the impact of using the exemption for employee benefits at the transition date (see section a), this standard will have no significant impact for the Corporation.

Impairment of assets

IFRS provides a different method for testing impairment. Assets must be grouped together into cash generating units ("CGUs") on the basis of cash inflows that are largely independent from those generated by other assets. The impairment test is carried out in one step using the discounted future cash flows method. To do this, the Corporation determined the existing CGUs within the structure and developed a model for testing impairment of assets. The application of this standard has no significant impact for the Corporation at the transition date.

Provisions and contingencies

Under IFRS, a different threshold is used to recognize provisions and contingent liabilities which could result in faster recognition of liabilities. The application of this standard has no significant impact for the Corporation at the transition date.

Leases

The classification of leases under IFRS requires the use of qualitative criteria rather than quantitative criteria, as under GAAP. The Corporation has analyzed its significant leases and concluded that the application of this standard has no significant impact for the Corporation at the transition date.

e) New IFRS facts and regulations

As several important standards are currently under review by the International Accounting Standards Board ("IASB"), the Corporation continues to regularly monitor any changes to these standards and adjusts its conversion plan accordingly.

MANAGEMENT'S REPORT

Management is responsible for the preparation and integrity of the financial statements presented in this annual report. These statements have been prepared in accordance with Canadian generally accepted accounting principles and include figures based on the best estimates and judgement of Management. Financial information found elsewhere in this annual report is consistent with these financial statements. Management is of the opinion that these statements present fairly the Corporation's financial situation, operating results and cash flow. To discharge its responsibilities the Corporation applies controls, internal accounting procedures and methods aimed at ensuring the reliability of the financial information and the protection of corporate assets. The external auditors, Raymond Chabot Grant Thornton have audited the Corporation's financial statements. Their report defines the scope of their audit as well as their opinion on the financial statements. The Audit Committee of the Board of Directors holds meetings periodically with the external auditors, as well as with Management to examine the extent of the audit and assess the audit reports. These financial statements have been examined and approved by the Board of Directors upon recommendation by the Audit Committee.

James C. Cherry, FCA
President and Chief Executive Officer

Philippe Rainville, CA
Vice President, Finance and
Administration and Chief Financial Officer

March 3, 2011

INDEPENDENT AUDITOR'S REPORT

To the Directors of Aéroports de Montréal

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Aéroports de Montréal, which comprise the consolidated balance sheet as at December 31, 2010 and the consolidated statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aéroports de Montréal as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Part II of the Canada Corporations Act, we report that, in our opinion, the accounting principles in Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Raymond Chabot Grant Thornton LLP

Montréal, March 3, 2011

[1] Chartered accountant auditor permit no. 20154

CONSOLIDATED BALANCE SHEET

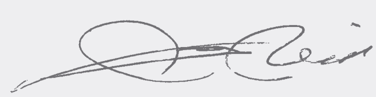
December 31, 2010 (In thousands of dollars)

	2010	2009
	$	$
ASSETS		
Current assets		
Cash	**40,370**	82,350
Restricted cash (Note 5)	**48,333**	43,825
Investments (Note 6)	**103,311**	49,992
Accounts receivable (Note 7)	**27,896**	24,431
Inventories	**4,087**	4,169
Prepaid expenses	**2,987**	3,553
	226,984	208,320
Property and equipment (Note 8)	**1,473,096**	1,492,743
Government grant (Note 9)	**3,750**	—
Lease incentives (Note 10)	**16,065**	16,936
Long-term investment	**—**	453
Provincial bonds (Note 11)	**150,079**	—
Other investments (Note 12)	**—**	25,247
Accrued benefit asset (Note 20)	**24,134**	20,267
	1,894,108	1,763,966
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**127,259**	130,127
Deferred revenue	**5,061**	4,958
Current portion of long-term bonds and obligations under capital leases	**3,067**	2,120
	135,387	137,205
Long-term bonds (Note 14)	**1,509,341**	1,362,923
Obligations under capital leases (Note 15)	**20,039**	15,131
Deferred revenue	**82,759**	85,979
Deferred rent (Note 16)	**1,092**	1,309
Future income taxes (Note 19)	**572**	572
Non-participating minority interest	**575**	575
	1,749,765	1,603,694
NET ASSETS	**144,343**	160,272
	1,894,108	1,763,966

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

RÉAL RAYMOND, Director



RAYMOND REID, Director

CONSOLIDATED REVENUES AND EXPENSES

Year ended December 31, 2010 (In thousands of dollars)

	2010	2009
	$	$
REVENUES		
Aeronautical activities	137,714	125,792
Airport improvement fees (Note 17)	126,593	103,969
Commercial activities	99,907	94,612
Real estate	23,910	21,280
Other	5,055	5,315
	393,179	350,968
EXPENSES		
Salaries and benefits	54,562	51,724
Operating, general and administrative	98,406	89,263
Payments in lieu of municipal taxes (Note 1)	37,920	36,745
	190,888	177,732
Excess of revenues over expenses before the after-mentioned items	202,291	173,236
Transport Canada rent expense (Note 16)	36,857	21,598
Amortization of property and equipment	89,634	81,329
Amortization of lease incentives	673	732
Financial expenses	92,789	78,566
Gain on other investments (Notes 6 and 12)	(1,733)	—
	218,220	182,225
DEFICIENCY OF REVENUES OVER EXPENSES	(15,929)	(8,989)

The accompanying notes are an integral part of the consolidated financial statements and Note 4 provides additional information on consolidated revenues and expenses.

CONSOLIDATED CHANGES IN NET ASSETS

Year ended December 31, 2010 (In thousands of dollars)

	2010	2009
	$	$
Balance, beginning of year	160,272	169,261
Deficiency of revenues over expenses	(15,929)	(8,989)
Balance, end of year	144,343	160,272

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOWS

Year ended December 31, 2010 (In thousands of dollars)

	2010	2009
	$	$
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(15,929)	(8,989)
Non-cash items		
Gain on other investments	(1,733)	—
Write-off of long-term investment	453	—
Amortization of provincial bonds discount	(90)	—
Impairment of property and equipment	—	1,155
Amortization of property and equipment	89,634	80,174
Amortization of lease incentives	1,067	1,125
Amortization of debt issue expenses	1,023	951
Deferred revenue	(3,117)	39,825
Loss (gain) on disposal of property and equipment	(56)	40
Pension benefit funding in excess of amounts expensed	(3,867)	(3,139)
	67,385	111,142
Changes in working capital items (Note 18)	10,626	8,873
Cash flows from operating activities	78,011	120,015
INVESTING ACTIVITIES		
Restricted cash	(4,508)	(270)
Investments	—	17,507
Provincial bonds	(149,989)	—
Other investments	23,615	6,990
Property and equipment	(84,782)	(206,683)
Proceeds on disposal of property and equipment	69	260
Lease incentives	(196)	(1,763)
Cash flows from investing activities	(215,791)	(183,959)
FINANCING ACTIVITIES		
Long-term bonds	148,346	—
Repayment of long-term bonds	(2,120)	(1,355)
Repayment of obligations under capital leases	(255)	(69)
Deferred rent	(217)	(218)
Cash flows from financing activities	145,754	(1,642)
Net increase (decrease) in cash and cash equivalents	7,974	(65,586)
Cash and cash equivalents, beginning of year	132,342	197,928
Cash and cash equivalents, end of year	140,316	132,342
CASH AND CASH EQUIVALENTS		
Cash	40,370	82,350
Investments (Note 6)	99,946	49,992
	140,316	132,342

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 (In thousands of dollars)

1 – GOVERNING STATUTES AND NATURE OF OPERATIONS

Aéroports de Montréal (the "Corporation") was incorporated without share capital under Part II of the Canada Corporations Act on November 21, 1989.

The Corporation is responsible for the management, operation and development of Montréal – Pierre Elliott Trudeau International Airport ("Montréal-Trudeau") and of Montréal-Mirabel International Airport ("Montréal-Mirabel").

The Corporation's mission is threefold:

– Provide quality airport services that are safe, secure, efficient and consistent with the specific needs of the community;

– Foster economic development in the Greater Montréal area, especially through the development of facilities for which it is responsible;

– Coexist in harmony with the surrounding environment, particularly in matters of environmental protection.

Aéroports de Montréal is committed to succeeding in each of its sectors – airport, aeronautical, real estate and commercial services – and to developing its airport complexes to their full potential. From this perspective, Montréal-Trudeau acts as a hub for domestic, transborder and international passenger traffic, while Montréal-Mirabel will continue to grow as an industrial and all-cargo airport.

Under the agreement with the Government of Québec, dated July 29, 1992, and pursuant to the federal Airports Disposal Act, dated June 23, 1992, the Corporation, excluding its subsidiary, is exempt from income and capital taxes relating to its airports' activities.

The Corporation is also exempt from the provincial act with respect to municipal taxes. By virtue of a contract with Public Works Canada, an amount of payments in lieu of municipal taxes under the Municipal Grants Act is paid to the latter.

2 – INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board of Canada confirmed that accounting standards in Canada, as used by publicly accountable enterprises, will converge with International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. In 2008, the Corporation decided to adopt IFRS and therefore the Corporation will be reporting its financial statements in accordance with IFRS for its interim and annual financial statements for the fiscal year ending December 31, 2011.

3 – ACCOUNTING POLICIES

Basis of presentation
The consolidated financial statements are expressed in Canadian dollars and are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Principles of consolidation
These consolidated financial statements include the accounts of the Corporation's subsidiary, Aéroports de Montréal Capital Inc. ("ADMC"). All intercompany accounts and transactions have been eliminated.

Accounting estimates
The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes thereto. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Actual results may differ from these estimates.

Key areas of estimation, where management has made difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain, are the allowance for doubtful accounts, airport improvement fees' revenues, useful lives of long-lived assets, the assumptions underlying the Corporation's defined benefit pension plan and estimated future cash flows.

Significant changes in the underlying assumptions could result in significant changes to these estimates.

Financial assets and liabilities
Financial instruments are measured at fair value on initial recognition. The measurement of financial instruments in subsequent periods depends on their classification. The classification of the Corporation's financial instruments is presented in the following table:

Class	Financial instrument
Assets held for trading	Cash Restricted cash Investments Other investments
Held-to-maturity investments	Provincial bonds
Loans and receivables	Accounts receivable Government grant
Other financial liabilities	Accounts payable and accrued liabilities Long-term bonds

Assets held for trading are recognized at fair value on the consolidated balance sheet. Gains and losses arising from the changes in fair value are recognized in the consolidated revenues and expenses for the period in which they arise.

Held-to-maturity investments are recognized at amortized cost using the effective interest method. The amount recorded upon initial recognition corresponds to the notional amount of the provincial bonds, less the discount at issuance.

Subsequent measurement of accounts receivable and government grant are recorded at amortized cost, which usually corresponds to the amount initially recorded less any allowance for doubtful accounts.

3 – ACCOUNTING POLICIES (CONTINUED)

Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method and the gains and losses resulting from their subsequent measurement, at the end of each period, are recognized in the consolidated revenues and expenses.

Long-term bonds are measured at amortized cost using the effective interest method. The amount recorded upon initial recognition corresponds to the notional amount of the long-term bonds, representing its fair value, less the related debt issue expenses.

Embedded derivatives

An embedded derivative that is not closely related to the host contract should be separated and classified as a financial instrument held for trading. It is recorded at fair value and subsequent changes in the fair value are recognized in consolidated revenues and expenses. As at December 31, 2010 and 2009, the Corporation does not have any hybrid instruments that include an embedded derivative to be separated from the host contract.

Revenue recognition

The Corporation's principal sources of revenues are comprised of aeronautical activities, commercial activities, airport improvement fees, real estate and other activities, primarily consisting of interest income. Revenue is recognized when the following criteria are met:

- Persuasive evidence of an arrangement exist;
- Services have been rendered;
- The price is fixed or determinable;
- Collection is reasonably assured.

Revenues from aeronautical activities, which generally consist of landing fees and terminal fees, primarily received from airline companies, are recognized when the airports' facilities are utilized.

Revenues from commercial activities are recognized using the following methods:

- Concession rental payments are calculated based on the greater of the agreed-upon percentages of reported concessionaire sales and specified minimum rentals. Minimum rentals are recognized under the straight-line method over the term of respective leases and concession rental payments are recognized when tenants reach the agreed-upon objectives;
- Rent for office spaces is recognized under the straight-line method over the terms of the respective leases;
- Parking revenues are recognized when the facilities are utilized.

Revenues from airport improvement fees are recognized when departing passengers board their aircraft.

Real estate revenues are recognized over the terms of the respective leases.

Interest income is recognized as earned.

3 – ACCOUNTING POLICIES (CONTINUED)

Cash
Cash includes cash on account and demand deposits.

Investments
Investments include very liquid investments that can be converted into a known cash amount and maturing within less than one year from the date of acquisition. Similar investments, maturing within less than three months from the date of acquisition, are considered as cash equivalents.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the average cost method for replacement parts and according to the first in, first out method for bulk inventories.

Property and equipment
Property and equipment are accounted for at cost and are amortized over their estimated useful lives or over the term of the related leases using the straight-line method as follows:

	Years
Buildings	Between 5 and 30
Furniture and equipment	Between 4 and 10
Computer equipment	4
Leasehold improvements	Between 5 and 40
Assets held for leasing	Between 20 and 40
Machinery and equipment	Between 3 and 14

Assets held for leasing are comprised of office spaces as well as property and equipment for which the licensing rights were awarded to a third party.

Construction in progress projects are recorded at cost and are transferred to property and equipment only when they become operative (which corresponds to the moment when they are ready to be used) or are written off when, due to changed circumstances, management does not expect the project to be completed. Normal repairs and maintenance are expensed as incurred. Expenditures constituting a betterment to the assets by way of change in capacities or extension of useful lives are capitalized.

Government grants
Government grants related to the construction of property and equipment are recognized when there is reasonable assurance that the Corporation will comply with the conditions required by the grants, and that the grants will be received. Grants are recognized as a deduction of property and equipment and amortization expense is calculated on the net amount over the useful life of the related asset.

Capitalized interest
Interest costs are capitalized on construction in progress projects until the assets become operative. The interest rate used is equal to the weighted average of the effective interest rates of the Corporation’s bank loans, if drawn, and long-term bonds.

3 – ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are classified as capital or operating depending on the terms and conditions of the lease contracts. A lease contract, which substantially transfers all benefits and risks of ownership to the lessee, is classified as a capital lease.

Impairment of long-lived assets

Long-lived assets, primarily including property and equipment, are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Lease incentives

Lease incentives mainly include lease inducements and leasing costs. Lease inducements consist of lease incentives incurred in connection with the initial lease negotiations and the releasing of premises and are amortized on a straight-line basis over the terms of the related leases and recorded as a reduction to related revenues. Leasing costs consist of costs incurred in the preliminary phase of certain specific projects and are amortized on a straight-line basis over the term of these projects.

Deferred revenue

Deferred revenue comprises revenue related to licence fees of certain assets stemming from agreements entered into with third parties. Deferred revenue is recognized on a straight-line basis over the term of the corresponding licence agreements.

Accounts receivable

Credit is extended based on evaluation of a customer's financial condition. For certain customers, the Corporation may require a security deposit. Accounts receivable are stated at amounts due from customers based on the agreed-upon payment terms net of an allowance for doubtful accounts.

Income taxes

The Corporation's subsidiary uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws expected to be in effect for the years in which those temporary differences are expected to reverse.

Foreign currency translation

Transactions denominated in currencies other than the functional currency have been translated into the functional currency as follows: monetary assets and liabilities have been translated at the exchange rate in effect at the end of each year and revenues and expenses have been translated at the average exchange rate for each year; non-monetary assets and liabilities have been translated at the rate prevailing at the transaction dates. Exchange gains or losses on financial assets and liabilities are recognized in consolidated revenues and expenses.

3 – ACCOUNTING POLICIES (CONTINUED)

Employee future benefits

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets. The Corporation has adopted the following policies:

- The cost of pensions earned by employees is actuarially determined using the projected benefit method prorated on service and is charged to consolidated revenues and expenses as services are provided by the employees. The calculations take into account management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected retirement benefits;

- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;

- Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for the same period and from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service period of active employees covered by the plans;

- The average remaining service period of employees expected to receive benefits under the pension plans varies from 7 to 11 years (6 to 11 years in 2009);

- On January 1, 2000, the Corporation adopted the new accounting standard on employee future benefits using the prospective application method. The Corporation is amortizing the transitional obligations over 14 years on a straight-line basis over the average remaining service periods of employees expected to receive benefits under the benefit plans as of January 1, 2000;

- Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of active employees at the date of amendment.

Transaction costs

Transaction costs with respect to financial instruments not classified as held for trading are recorded as an adjustment to the cost of the underlying financial instruments and are amortized using the effective interest rate method.

Environmental costs

The Corporation expenses, as incurred, recurring costs associated with managing hazardous substances in ongoing operations.

December 31, 2010 (In thousands of dollars)

4 – INFORMATION INCLUDED IN CONSOLIDATED REVENUES AND EXPENSES

	2010	2009
	$	$
Revenues from operating leases	79,479	72,967
Interest revenues	3,225	1,294
Gain (loss) on disposal of property and equipment	56	(40)
Impairment of property and equipment	—	1,155
Inventories recognized as an expense	1,855	1,465
Write-off of long-term investment	453	—

	2010	2009
	$	$
Financial expenses		
Interest on long-term bonds	91,207	85,467
Interest on obligations under capital leases	1,659	937
Amortization of debt issue expenses	1,023	951
Capitalized interest	(1,100)	(8,789)
	92,789	78,566

5 – RESTRICTED CASH

Under the terms of the trust indenture, the Corporation is required to maintain a debt service reserve fund to cover principal and interest payments to be made on the long-term bonds, described in Note 14, over the six-month period subsequent to the balance sheet date, which amounts to $48,250 ($43,812 in 2009).

6 – INVESTMENTS

Investments totalling $99,946 are composed of banker's acceptances (one bearer discounting note of $49,992 in 2009) that, on acquisition, have an initial term to maturity of three months or less, bearing interest at a rate of 1.05% (0.24% in 2009).

Also included are investments totalling $3,365 consisting of floating rate notes originally asset-backed commercial paper backed by "ineligible assets", the value of which has been guaranteed by a financial institution and is receivable within the next twelve months. In 2009, these investments were presented in "Other investments". As at December 31, 2010, the Corporation revalued these floating rate notes at their fair market value using a discounting model which incorporated the credit risk attributable to the underlying assets as well as relevant market interest rates, which resulted in a non-realized gain of $180 in the consolidated revenues and expenses.

7 – ACCOUNTS RECEIVABLE

	2010	2009
	$	$
Trade accounts	10,019	4,374
Allowance for doubtful accounts	(200)	(226)
	9,819	4,148
Airport improvement fees and terminal charges	9,976	6,524
Promissory note	—	5,596
Property improvement costs recovery	2,907	3,731
Security costs recovery	—	474
Rental revenue	1,734	1,175
Interest on provincial bonds	594	—
Other	2,866	2,783
	27,896	24,431

Allowance for doubtful accounts is comprised as follows:

	2010	2009
	$	$
Balance, beginning of year	(226)	(287)
Increase of allowance	(76)	(135)
Recovery of previously written-off trade accounts	102	196
Balance, end of year	(200)	(226)

8 – PROPERTY AND EQUIPMENT

	2010		
	Cost	Accumulated amortization	Net
	$	$	$
Land	11,590	—	11,590
Buildings	22,692	2,958	19,734
Furniture and equipment	322,080	186,603	135,477
Computer equipment	54,320	38,876	15,444
Leasehold improvements	1,601,279	453,854	1,147,425
Assets held for leasing	110,818	20,838	89,980
Machinery and equipment	37,556	19,152	18,404
Construction in progress projects	35,042	—	35,042
	2,195,377	722,281	1,473,096

December 31, 2010 (In thousands of dollars)

8 – PROPERTY AND EQUIPMENT (CONTINUED)

			2009
	Cost	Accumulated amortization	Net
	$	$	$
Land	11,590	—	11,590
Buildings	17,413	2,134	15,279
Furniture and equipment	316,605	166,303	150,302
Computer equipment	47,314	34,189	13,125
Leasehold improvements	1,571,242	395,974	1,175,268
Assets held for leasing	108,780	17,452	91,328
Machinery and equipment	35,314	18,115	17,199
Construction in progress projects	18,652	—	18,652
	2,126,910	634,167	1,492,743

Included in buildings are assets under capital leases with cost and accumulated amortization of $20,479 and $1,095, respectively, as at December 31, 2010 ($15,200 and $376 in 2009).

9 – GOVERNMENT GRANT

During the year, the Corporation qualified for a government grant relating to the construction of a deluge fire protection system at Montreal-Mirabel, for an amount of $3,750. This grant is receivable over a ten-year period in equal annual instalments after the construction has been completed, and starting one year after the final administrative claim is received by the government, which must be submitted by March 31, 2011 at the latest. The grant bears interest at the rate of six-year Quebec government bonds plus 0.5%. As at December 31, 2010, the Corporation fulfils all conditions related to the grant.

10 – LEASE INCENTIVES

			2010
	Cost	Accumulated amortization	Net
	$	**$**	**$**
Lease inducements	**10,165**	**7,694**	**2,471**
Leasing costs	**18,536**	**4,942**	**13,594**
	28,701	**12,636**	**16,065**

			2009
	Cost	Accumulated amortization	Net
	$	$	$
Lease inducements	9,969	7,300	2,669
Leasing costs	18,536	4,269	14,267
	28,505	11,569	16,936

11 – PROVINCIAL BONDS

On April 16, 2010, the Corporation issued Series J revenue bonds (see Note 14), and the proceeds of this issuance were invested in provincial bonds. This investment has a nominal value at issuance of $150,250, paying interest semi-annually at a nominal and effective rate of 1.90% and 1.99% respectively and maturing on April 16, 2012, at which time the proceeds will be used to reimburse the Corporation's outstanding Series A bonds also maturing on this date.

12 – OTHER INVESTMENTS

	2010	2009
	$	$
Investment in asset-backed commercial paper	—	52,513
Impairment allowance	—	(27,266)
	—	25,247

In March 2010, the Corporation completed the formalities and procedures necessary to finalize the sale of its Master Asset Vehicles and its traditional assets for a total amount of $23,556. This sale resulted in a realized gain on the consolidated revenues and expenses of $1,553.

As at December 31, 2010, the remaining investments, which consist of floating rate notes (originally asset-backed commercial paper backed by "ineligible" assets), are presented in "Investments" (see Note 6).

13 – BANK LOAN

Following the issuance of Series J revenue bonds (see Note 14), the Corporation reduced its credit facility secured by a Canadian banking consortium from $140,000 to $70,000 ($140,000 in 2009), effective as of May 2010. This credit facility was renewed until April 4, 2011. The credit facility is secured by a bond issued pursuant to the terms of the trust indenture described in Note 14.

This credit facility bears interest at the banker's acceptance rate plus a premium of 125 basis points (27.5 basis points in 2009). Standby fees are calculated at an annual rate of 31.25 basis points (8 basis points in 2009) on the unused portion of the credit facility.

During the year, a letter of credit totalling $5,827 (none in 2009) was issued using this credit facility for the Corporation's pension plan (see also Note 22). This letter of credit is subject to the same terms and conditions as the credit facility. Other than the issuance of this letter of credit, the credit facility is unused.

In addition, an amount of $39,090 ($35,973 in 2009) is earmarked for the operating and maintenance contingency fund under the trust indenture, as described in Note 14.

December 31, 2010 (In thousands of dollars)

14 – LONG-TERM BONDS

	2010	2009
	$	$
Series A bonds, nominal value at issuance of $150,000, nominal and effective interest rates of 6.35% and 6.58% respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2002 and maturing April 16, 2012, with principal due at maturity	**149,562**	149,257
Series B bonds, nominal value at issuance of $300,000, nominal and effective interest rates of 6.95% and 7.1% respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2002, principal payable on April 16 and October 16 of each year, beginning October 16, 2007 and maturing April 16, 2032	**292,216**	293,723
Series D bonds, nominal value at issuance of $200,000, nominal and effective interest rates of 6.55% and 6.87% respectively, interest payable on April 11 and October 11 of each year, beginning April 11, 2004 and maturing October 11, 2033, with principal due at maturity	**192,491**	192,366
Series E bonds, nominal value at issuance of $150,000, nominal and effective interest rates of 6.611% and 6.98% respectively, interest payable on April 11 and October 11 of each year, beginning April 11, 2004, principal payable on April 11 and October 11 of each year, beginning April 11, 2009 and maturing October 11, 2033	**144,222**	144,495
Series G bonds, nominal value at issuance of $300,000, nominal and effective interest rates of 5.17% and 5.45% respectively, interest payable on March 17 and September 17 of each year, beginning March 17, 2006 and maturing September 17, 2035, with principal due at maturity	**288,669**	288,465
Series H bonds, nominal value at issuance of $300,000, nominal and effective interest rates of 5.67% and 5.74% respectively, interest payable on April 16 and October 16 of each year, beginning April 16, 2008 and maturing October 16, 2037, with principal due at maturity	**296,775**	296,737
Series J bonds, nominal value at issuance of $150,000, nominal and effective interest rates of 5.47% and 5.55% respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2010 and maturing April 16, 2040, with principal due at maturity	**148,357**	—
	1,512,292	1,365,043
Current portion of long-term bonds	**2,951**	2,120
	1,509,341	1,362,923

The long-term bonds are presented net of related debt issue expenses amounting to $33,370 ($32,739 in 2009).

The Corporation's bonds are secured by a hypothec on the universality of present and future assets of the Corporation. The trust indenture, security or any other additional security will not be published or registered at any time against or in respect of any real or immovable property. The Corporation is required to maintain certain financial covenants all of which are described in Note 21.

The bonds are redeemable in whole or in part at any time at the Corporation's option. The redemption price is equal to the greater of the aggregate principal amount remaining unpaid on the bond and the price which will provide a yield to maturity on such bond, equal to the yield to maturity of a Government of Canada bond with a term to maturity, calculated from the redemption date, equal to the average life of the bond to be redeemed plus a premium. This premium is equal to 0.16%, 0.24%, 0.34%, 0.35%, 0.245%, 0.29% and 0.34% per year for Series A, Series B, Series D, Series E, Series G, Series H and Series J bonds, respectively.

14 – LONG-TERM BONDS (CONTINUED)

The aggregate amount of principal payments required for the next five years and thereafter are as follows:

	$
2011	2,951
2012	153,854
2013	4,835
2014	5,898
2015	7,051
Thereafter	1,371,073

As at December 31, the fair value of the long-term bonds is as follows:

	2010	2009
	$	$
Series A	157,905	163,155
Series B	348,044	320,140
Series D	239,960	220,500
Series E	171,638	156,372
Series G	304,980	276,690
Series H	326,580	296,580
Series J	159,345	—
	1,708,452	1,433,437

15 – OBLIGATIONS UNDER CAPITAL LEASES

	2010	2009
	$	$
Obligation under a capital lease, bearing interest at an effective interest rate of 9.6%, payable in monthly instalments ranging from $111 to $174 including interest, starting March 30, 2009 and maturing on September 29, 2039	15,194	15,131
Obligation under a capital lease, bearing interest at an effective interest rate of 7.23%, payable in monthly instalments ranging from $38 to $45 including interest, starting March 1, 2010 and maturing on February 28, 2030	4,961	—
	20,155	15,131
Current portion of obligations under capital leases	116	—
	20,039	15,131

December 31, 2010 (In thousands of dollars)

15 – OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Minimum lease payments required in connection with the Corporation's obligations under capital leases for the next five years and thereafter are as follows:

	$
2011	1,792
2012	1,792
2013	1,792
2014	1,870
2015	1,896
Thereafter	47,277
	56,419
Interest	(36,264)
Obligations under capital leases	20,155

16 – LONG-TERM LEASE

The airport facilities are rented under a long-term lease entered into on July 31, 1992 with Transport Canada. On August 1, 1992, the Corporation assumed the expenditure contracts and became the beneficiary of the revenue contracts in effect at that time. The lease is for a fixed term of 60 years and can be terminated only in the event of default. The Corporation has an option to renew the lease for a further 20 years by giving at least a ten-year notice. The lease was negotiated on an "absolute net" basis, allowing the Corporation peaceful possession of the leased premises. The Corporation assumes full responsibility for the operation and development of the leased premises, including maintenance and renewal of assets, in order to maintain an integrated airport system in conformity with the standards applicable to a "Major International Airport". In this regard, under its lease with Transport Canada, the Corporation must allocate to infrastructure developments annual amounts of approximately $28,000 (1991 dollars). In the event of an excess or deficiency, the difference should be allocated as of the first day of the following fiscal year. As at December 31, 2010, the Corporation exceeds the minimum required amount.

During the term of the lease, Transport Canada has agreed not to operate any international or transborder airport within a radius of 75 kilometres of the Corporation's airports.

Transport Canada has agreed to assume the cost of any work ordered through a government notice and relating to the presence of noxious substances affecting the soil, subterranean water or groundwater or buildings erected on the premises where such substances were present on the takeover date. An environmental audit carried out prior to the takeover shall constitute *prima facie* evidence of the condition of the premises.

In order to help the major Canadian airports, Transport Canada has allowed them to defer a portion of their rent for the period from July 1, 2003 to June 30, 2005. The Corporation accepted this deferral, which amounts to $2,180. This amount is repayable, without interest, in equal annual instalments over a ten-year period starting January 1, 2006.

16 – LONG-TERM LEASE (CONTINUED)

The rent policy announced by Transport Canada in 2005 came into effect January 1, 2010. Beginning in 2010, ground rent is calculated as a percentage of revenue using an escalating percentage of Airport Revenue, as defined in the long-term lease between Transport Canada and the Corporation, according to the following ranges:

Airport Revenue	Percentage
Less than or equal to $5,000	0%
$5,001 to $10,000	1%
$10,001 to $25,000	5%
$25,001 to $100,000	8%
$100,001 to $250,000	10%
Exceeding $250,000	12%

17 – AIRPORT IMPROVEMENT FEES

The Corporation introduced airport improvement fees ("AIF") for all passengers departing from Montréal-Trudeau on November 1, 1997, and from Montréal-Mirabel on July 15, 2001. These fees are used entirely to finance the Corporation's capital program for both Montréal-Trudeau and Montréal-Mirabel. From November 1, 1997 to December 31, 2010, cumulative capital expenditures totalled $1,911,000 ($1,846,000 in 2009) and exceeded the cumulative amount of AIF collected by $1,041,000 ($1,103,000 in 2009).

18 – INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2010	2009
	$	$
Accounts receivable	(3,465)	(4,324)
Inventories	82	(330)
Prepaid expenses	566	(1,066)
Accounts payable and accrued liabilities	13,443	14,593
	10,626	8,873

Cash flows relating to interest paid were $90,009 ($85,943 in 2009). Cash flows relating to interest received were $3,131 ($1,877 in 2009).

During the year, property and equipment were acquired for a total cost of $68,471 ($186,414 in 2009). Furthermore, additions to property and equipment under capital leases amounted to $5,279 ($15,200 in 2009).

Additions to property and equipment included in accounts payable and accrued liabilities totaled $28,206 ($44,517 in 2009).

December 31, 2010 (In thousands of dollars)

19 – INCOME TAXES

As at December 31, the principal components of the Corporation's future income taxes are as follows:

	2010	2009
	$	$
Liabilities		
Investments	1,276	1,320
Assets		
Tax benefits related to non-capital loss carryforward	277	264
Tax benefits related to research and development expenses	99	99
Property and equipment	328	385
	704	748
	572	572

As at December 31, 2010, the subsidiary has accumulated non-capital losses of $1,029 to reduce future years' taxable income. These losses expire as follows: $362 in 2014, $172 in 2015, $95 in 2029 and $400 in 2030. Moreover, the subsidiary accumulated capital losses of $4,072 for which no tax benefit was recorded.

Also, the Corporation's subsidiary has accumulated research and development tax expenses at both the federal and provincial government levels of approximately $278 and $479, respectively. These expenses are available to reduce future years' taxable income.

20 – EMPLOYEE FUTURE BENEFITS

Since August 1, 1992, the Corporation offers a defined benefit pension plan which is available to employees hired since that date and to employees who transferred their vested benefits from their ex-employer, Government of Canada – Transport Canada Pension Plan, to the Corporation's pension plan. The plan provides pension to retiring employees based on length of service and the best six years' average earnings. The Corporation also offers a defined benefit supplemental pension plan for designated officers.

The Corporation also offers a defined contribution plan. All new employees hired are subject to this plan. As at December 31, 2010, contributions to the defined contribution plan totalled $305 ($129 in 2009).

Total cash payments

The total cash payments for future employee benefits for 2010, consisting of cash contributed by the Corporation to the funded pension plan and to its defined contribution plan amounted to $10,537 ($8,816 in 2009). Included in this amount, $153 ($186 in 2009) was paid by the employer directly to certain retirees.

	2010	2009
	$	$
Accrued benefit obligation, beginning of year	183,186	146,603
Current service cost	4,861	3,154
Employee contributions	2,286	2,149
Interest cost	11,644	11,110
Benefits paid	(8,054)	(7,557)
Actuarial losses	13,070	27,727
Accrued benefit obligation, end of year	206,993	183,186

20 – EMPLOYEE FUTURE BENEFITS (CONTINUED)

	2010	2009
	$	$
Assets		
Fair value, beginning of year	171,286	141,836
Employer contributions	10,232	8,687
Employee contributions	2,286	2,149
Actual return on plan assets	16,136	26,171
Benefits paid	(8,054)	(7,557)
Fair value, end of year	191,886	171,286

	2010	2009
	$	$
Accrued benefit asset		
Funded status – deficit	(15,107)	(11,900)
Unamortized net actuarial losses	39,763	32,993
Unamortized past service costs	885	1,049
Unamortized transitional asset	(1,407)	(1,875)
	24,134	20,267

The significant actuarial assumptions adopted are as follows:

	2010	2009
	%	%
Corporation's accrued benefit obligation as at December 31		
Discount rate	5.50	6.25
Rate of compensation increase	3.50	3.75
Benefit costs for years ended December 31		
Discount rate	6.25	7.50
Expected rate of return on plan assets	6.50	6.50
Rate of compensation increase	3.75	3.75

The Corporation's net benefit plan expense is as follows:

	2010	2009
	$	$
Current service cost	4,861	3,154
Interest cost	11,644	11,110
Actual return on plan assets	(16,136)	(26,171)
Actuarial losses on obligations	13,070	27,727
Benefit plan expense before adjustments	13,439	15,820
Long-term adjustments		
Return on plan assets	4,959	16,959
Actuarial losses	(11,729)	(26,927)
Past service cost	164	164
Transitional asset	(468)	(468)
Net benefit plan expense	6,365	5,548

December 31, 2010 (In thousands of dollars)

20 – EMPLOYEE FUTURE BENEFITS (CONTINUED)

Date of evaluations of defined benefit plans

The Corporation measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial evaluations as well as the next actuarial evaluations for funding purposes for the funded plans are as follows:

	Date of most recent actuarial valuation	Date of next actuarial valuation
Employee defined benefit pension plan	December 31, 2009	December 31, 2010
Designated officers supplemental pension plan	December 31, 2010	December 31, 2011

Plan assets consist of:

	2010	2009
	%	%
Equity securities	67.6	66.3
Debt securities	24.6	27.9
Real estate	4.9	4.8
Other	2.9	1.0
Total	100.0	100.0

Included in the above-mentioned accrued benefit obligation and the fair value of plan assets as at December 31, are the following amounts with respect to the plan that is not fully funded:

	2010	2009
	$	$
Fair value of plan assets	191,886	167,684
Accrued benefit obligation	206,993	179,935
Funded status – plan deficit	(15,107)	(12,251)

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Financial risk management objectives and policies

The Corporation is exposed to various financial risks including: foreign exchange risk, interest rate risk, credit risk and liquidity risk resulting from its operations and business activities. Management is responsible for setting acceptable levels of these risks and reviewing their respective impact on the Corporation's activities.

The Corporation does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

Fair value and classification of financial instruments

As at December 31, the classification of financial instruments, as well as their carrying amounts and respective fair values, are as follows:

2010

	Book value				Fair value
	Held for trading	Held-to-maturity investments	Loans and receivables	Other financial liabilities	
	$	$	$	$	$
Financial assets					
Cash	40,370	—	—	—	40,370
Restricted cash	48,333	—	—	—	48,333
Investments	103,311	—	—	—	103,311
Accounts receivable	—	—	27,896	—	27,896
Government grant	—	—	3,750	—	3,750
Provincial bonds	—	150,079	—	—	150,786
	192,014	150,079	31,646	—	374,446
Financial liabilities					
Accounts payable and accrued liabilities	—	—	—	127,259	127,259
Long-term bonds	—	—	—	1,512,292	1,708,452
	—	—	—	1,639,551	1,835,711

2009

	Book value				Fair value
	Held for trading	Held-to-maturity investments	Loans and receivables	Other financial liabilities	
	$	$	$	$	$
Financial assets					
Cash	82,350	—	—	—	82,350
Restricted cash	43,825	—	—	—	43,825
Investments	49,992	—	—	—	49,992
Accounts receivable	—	—	24,431	—	24,431
Other investments	25,247	—	—	—	25,247
	201,414	—	24,431	—	225,845
Financial liabilities					
Accounts payable and accrued liabilities	—	—	—	130,127	130,127
Long-term bonds	—	—	—	1,365,043	1,433,438
	—	—	—	1,495,170	1,563,565

December 31, 2010 (In thousands of dollars)

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of investments, accounts receivable and accounts payable and accrued liabilities is comparable to their carrying amount, given their short maturity periods;
- The fair value of the government grant is closely related to its carrying amount given that the grant bears interest at market rate;
- The fair value of provincial bonds has been determined based on available quoted market prices;
- The fair value of the long-term bonds has been determined based on available quoted market prices.

Revenues and expenses related to financial assets and to financial liabilities are as follows:

	Interest revenues	
	2010	2009
	$	$
Cash	**373**	382
Investments	**459**	547
Provincial bonds	**2,075**	—
Other	**318**	365
	3,225	1,294

	Bad debt expense	
	2010	2009
	$	$
Accounts receivable	**—**	(39)

	Write-down (gain)	
	2010	2009
	$	$
Other investments	**(1,733)**	—

	Interest expense	
	2010	2009
	$	$
Long-term bonds	**91,130**	77,629

Fair value hierarchy

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

The fair value hierarchy is composed of the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the financial instruments recorded at fair value on the consolidated balance sheet on a recurring basis as at December 31 classified using the fair value hierarchy:

				2010
	Level 1	Level 2	Level 3	Total
	$	**$**	**$**	**$**
Financial assets				
Cash	**40,370**	**—**	**—**	**40,370**
Restricted cash	**48,333**	**—**	**—**	**48,333**
Investments	**99,946**	**—**	**3,365**	**103,311**
	188,649	**—**	**3,365**	**192,014**

				2009
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	82,350	—	—	82,350
Restricted cash	43,825	—	—	43,825
Investments	49,992	—	—	49,992
Other investments	—	—	25,247	25,247
	176,167	—	25,247	201,414

The following table summarizes the changes in the fair value of financial instruments classified in Level 3 as at and for the year ended on December 31. The Corporation classifies financial instruments in this level when the valuation technique is based on at least one significant input that is not observable in the market or due to a lack of liquidity in certain markets. The valuation technique may also be based, in part, on observable market inputs. The gains and losses presented below may therefore include changes in fair value based on observable and non-observable inputs.

	2010	2009
	$	$
Fair value as at January 1	**25,247**	32,237
Repayment of interest and principal	**(59)**	(6,990)
Realized gain	**1,553**	—
Non-realized gain	**180**	—
Sale of other investments	**(23,556)**	—
Fair value as at December 31	**3,365**	25,247

December 31, 2010 (In thousands of dollars)

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

Exchange risk

The Corporation is exposed to exchange risk due to cash, accounts receivable and accounts payable and accrued liabilities denominated in a currency other than the Corporation's Canadian dollar functional currency. As at December 31, assets and liabilities denominated in foreign currency translated into Canadian dollars, at the closing rate, are as follows:

	2010	2009	
	US$	US$	€
	CAD$	CAD$	CAD$
Cash and accounts receivable	1,536	62	—
Accounts payable and accrued liabilities	150	128	729

As at December 31, 2010, the Corporation proceeded to a sensitivity analysis on foreign currency rates used to convert assets and liabilities denominated in currencies other than the Canadian dollar. This analysis reveals that a difference in 5% on the foreign currency rates used does not significantly impact the assets and liabilities of the Corporation.

Interest rate risk

The Corporation's long-term bonds bear interest at fixed rates. Accordingly, the Corporation is not exposed to interest rate risk, which generally results from the fluctuations of market interest rates.

The Corporation's policy, to the extent possible, is to maintain most of its borrowings at fixed interest rates.

The Corporation's long-term bonds are exposed to a risk of change in their fair value due to changes in the underlying interest rates. The Corporation does not currently hold any derivative financial instruments to mitigate this risk. The application of a sensitivity analysis would not have a significant impact on this risk.

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount reported on the Corporation's consolidated balance sheet for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Financial assets that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, investments, accounts receivable and provincial bonds.

Credit risk associated with the government grant is considered negligible.

Cash, restricted cash, investments and provincial bonds

The Corporation has an investment policy which stipulates that the objectives are to preserve capital and liquidity and to maximize the return on invested amounts. The policy specifies permitted types of investment instruments, authorized issuers, the maximum proportion of each type of investment instrument as well as the acceptable credit rating and maximum maturity of certain permitted investments.

Credit risk associated with cash, restricted cash, investments and provincial bonds is substantially mitigated by ensuring that these financial assets are invested with major financial institutions that have been accorded investment grade ratings by a primary rating agency and qualify as credit worthy counterparties.

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

Accounts receivable

Credit risk with respect to accounts receivable is limited due to the Corporation's credit evaluation process, reasonably short collection terms and the credit worthiness of its customers. The Corporation regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures from resulting in actual losses. Credit risk related to accounts receivable is also minimized by the fact that the Corporation requires security deposits from certain customers. Also, a portion of aeronautical revenues are invoiced and paid in advance, before services are rendered. Allowance for doubtful accounts is maintained, consistent with the credit risk, historical trends, general economic conditions and other information, as described below, and is taken into account in the consolidated financial statements.

The following table presents an analysis of the age of accounts receivable:

	2010	2009
	$	$
Current	8,741	3,532
30 – 60 days past due	638	979
61 – 90 days past due	161	131
Over 90 days past due	479	(268)
	10,019	4,374
Allowance for doubtful accounts	(200)	(226)
Balance as at December 31	9,819	4,148

The Corporation makes estimates and assumptions in the process of determining the adequate allowance for doubtful accounts. Accounts receivable outstanding longer than the agreed-upon payment terms are considered past due. The Corporation determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the customer's current ability to pay its obligation to the Corporation, historical results and the condition of the general economy and the industry as a whole. The Corporation writes off accounts receivable when they are determined to be uncollectible and any payments subsequently received on such accounts receivable are credited to consolidated revenues and expenses. The allowance for doubtful accounts is primarily calculated on a specific identification of accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and obligations as they become due. The Corporation is exposed to this risk mainly through its long-term bonds, accounts payable and contractual commitments. The Corporation finances its operations through a combination of cash flows from operations and long-term borrowings.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Corporation has financing sources for a sufficient authorized amount. The Corporation establishes budgets, cash estimates and cash management policies to ensure it has the necessary funds to fulfill its obligations for the foreseeable future.

December 31, 2010 (In thousands of dollars)

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

The following table sets out the Corporation's financial liabilities for the next five years and thereafter:

	Obligations under capital leases	Long-term bonds	Contractual commitments	Accounts payable and accrued liabilities	Total
	$	$	$	$	$
Current maturity	1,792	2,951	23,025	127,259	155,027
2012	1,792	153,854	13,678	—	169,324
2013	1,792	4,835	8,178	—	14,805
2014	1,870	5,898	2,591	—	10,359
2015	1,896	7,051	642	—	9,589
Thereafter	47,277	1,371,073	—	—	1,418,350

Given the Corporation's available credit facilities, cash on hand, including its restricted cash and investments, and the timing of liability payments, management assesses the Corporation's liquidity risk as low.

Capital management

The Corporation's primary objectives when managing capital are: i) to safeguard the Corporation's ability to continue as a going concern and ii) to provide financial capacity and flexibility to meet strategic objectives and growth.

The capital structure of the Corporation consists of cash and restricted cash, investments, provincial bonds and long-term bonds. The Corporation does not have any share capital, as described in Note 1. Accordingly, it is funded through cash flows, bond issuances and other borrowings, as required.

A summary of the Corporation's capital structure is as follows:

	2010	2009
	$	$
Long-term bonds	1,512,292	1,365,043
Cash and restricted cash	(88,703)	(126,175)
Investments	(103,311)	(49,992)
Provincial bonds	(150,079)	—
Other investments	—	(25,247)
	(342,093)	(201,414)
	1,170,199	1,163,629

The Corporation manages its capital structure in accordance with its expected business growth, operational objectives and underlying industry, market and economic conditions. Consequently, the Corporation has developed a financial model which enables it to estimate its capital requirements while ensuring that all financial covenants of the trust indenture are respected. Management reviews this financial model periodically and incorporates it in its five-year strategic plan presented and approved annually by its Board of Directors.

In meeting its principal objectives, described above, the Corporation undertakes measures to maintain and grow its EBITDA. Such measures include primarily the introduction of new services and the related upgrading of its airports' facilities.

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

EBITDA is a non-GAAP financial measure which does not have any meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other corporations. EBITDA is calculated to provide additional information and should not be considered as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is a non-GAAP financial measure used by management as an indicator to evaluate ongoing operational performance.

The Corporation defines EBITDA as excess (deficiency) of revenues over expenses before: i) financial expenses net of interest revenues; ii) amortization of property and equipment and lease incentives; iii) income taxes; and iv) gain on other investments.

A reconciliation of the Corporation's EBITDA, a non-GAAP financial measure, to GAAP deficiency of revenues over expenses is set out in the reconciliation table below:

	2010	2009
	$	$
Deficiency of revenues over expenses	(15,929)	(8,989)
Add:		
Financial expenses	92,789	78,566
Financial expenses included in operating costs	1,357	1,097
Interest income included in other revenues	(3,181)	(1,269)
Amortization	90,307	82,061
Gain on other investments	(1,733)	—
EBITDA	163,610	151,466

The Corporation also monitors its capital by reviewing its credit ratings as determined by independent agencies and evaluating various financial metrics, such as the debt per enplaned passenger ratio.

When developing its five-year strategic plan, the Corporation uses the debt per enplaned passenger ratio as a performance indicator namely for establishing amounts to be invested in its capital expenditure program over the upcoming years. Credit rating agencies also consider the debt per enplaned passenger ratio as an important measurement tool when reviewing the Corporation's credit rating.

The Corporation defines debt as being the sum of its outstanding long-term bonds (including current portion).

The debt per passenger ratio as at December 31, 2010 was $234 ($225 as at December 31, 2009). This variance is due to the issuance of a new series of revenue bonds (see Note 14) offset by an increase in enplaned passengers explained by the economic recovery in 2010.

21 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

All debt issued by the Corporation is secured under a trust indenture agreement, which establishes common security and a set of common covenants for the benefit of the lenders. The security includes reserve funds, an operating and maintenance contingency fund and a hypothec on the universality of present and future assets of the Corporation. The Debt Service Reserve Fund is funded from the proceeds of each bond issuance. The trust indenture agreement also specifies permitted investments for the reserve funds. The Corporation is required to maintain a Debt Service Reserve Fund equal to the aggregate of principal and interest payments to be made for during the six-month period subsequent to the balance sheet date.

Furthermore, the Corporation is subject to an external covenant in connection with its long-term bonds. The Corporation must remain in compliance with a Gross Debt Service Coverage ratio equal to or greater than 1.25 until the bonds are repaid in full and a Debt Service Coverage ratio equal to or greater than 1.00. The Corporation's trust indenture agreement defines these two ratios as follows:

– Gross Debt Service Coverage ratio is defined as the sum of (i) free cash flow for the year and (ii) the revenue account balance as at the beginning of the year, divided by the debt service amount for that year;

– Debt Service Coverage ratio is defined as (i) free cash flow for the year divided by (ii) the debt service amount for that year.

Free cash flow is defined as excess (deficiency) of revenues over expenses before financial expenses and amortization. Revenue account balance is defined as the aggregate of cash, investments and remaining availability on the Corporation credit facility. Debt service amount is defined as the aggregate, for the year, of financial expenses, less interest revenues plus long-term bonds principal repayments.

As at December 31, 2010, the Gross Debt Service Coverage ratio was 4.73 (5.86 as at December 31, 2009) and the Debt Service Coverage ratio was 1.80 (1.56 as at December 31, 2009).

As at December 31, 2010 and 2009, the Corporation was in compliance with its various financial covenants.

The Corporation monitors its compliance with external covenants on an ongoing basis, and is reviewed on a quarterly basis with its Board of Directors.

The Corporation is not subject to any other externally imposed capital requirements.

The Corporation's strategy for managing capital remained unchanged from 2009.

22 – COMMITMENTS

In 2009, the Corporation signed an agreement with the Ministère des Transports du Québec officializing its commitment to assume 8.93%, up to a maximum amount of $20,000 of the cost associated with the redevelopment of the Dorval interchange. This project will contribute to improving road access to Montréal-Trudeau facilities as new ramps will link Montréal-Trudeau directly to Montréal's Highways 20 and 520. Estimated contributions amount to $5,171 in 2011, $3,737 in 2012 and $2,348 in 2013.

22 – COMMITMENTS (CONTINUED)

The Corporation entered into agreements for services, procurements, maintenance and other agreements. Minimum payments for the next five years are as follows:

	$
2011	17,854
2012	9,941
2013	5,830
2014	2,591
2015	642
	36,858

In addition to the commitments listed above, the Corporation entered into contracts for the acquisition and construction of long-lived assets totalling $14,830. It is estimated that during the fiscal year ending December 31, 2011, the Corporation will contract commitments for the acquisition and construction of long-lived assets totalling approximately $165,000.

Moreover, the Corporation issued letters of credit for its pension plans. As at December 31, 2010, the outstanding amount of these letters of credit was $18,466 ($11,473 in 2009).

23 – CONTINGENCIES

The Corporation is party to legal proceedings in the normal course of operations involving financial demands which are being contested. Management believes that the resolution of these demands will not have a material adverse effect on the Corporation's consolidated financial statements.

24 – SUBSEQUENT EVENTS

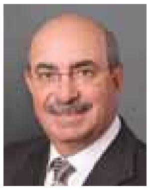
In February 2011, the Corporation renegociated the terms and conditions of its credit facility with a Canadian banking consortium and increased the available limit from $70,000 to $150,000. This credit facility was renewed until April 4, 2014 and will bear interest at the banker's acceptance rate plus a premium of 85 basis points. Standby fees are calculated at an annual rate of 21.25 basis points on the unused portion of the credit facility. Letters of credit issued through this credit facility are subject to the same terms and conditions as the credit facility.

Moreover, effective January 1, 2011, the Corporation increased one of its letters of credit for its pension plan by $1,135. As of that date, the outstanding amount for the Corporation's letters of credit amounts to $19,601.

25 – COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

BOARD MEMBERS



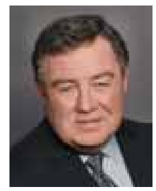
RÉAL RAYMOND[1,4]
Chairman of the Board
Company Director

LAURENT N. BENARROUS
Director
Managing Director
Avison Young, Québec

ROBERT BIBEAU
Director
President
Schokbeton Québec Inc.

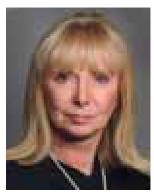
ROBERT BOUCHARD[2,3]
Director
Chairman of the Pension Plans Governance Committee
Company Director

JEAN-JACQUES BOURGEAULT[2,3]
Director
Company Director



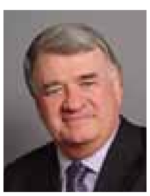
JAMES C. CHERRY
Director
President and Chief Executive Officer,
Aéroports de Montréal

JEAN-PIERRE DESROSIERS[2,3,5]
Director
Partner,
Fasken Martineau DuMoulin



MICHÈLE GOUIN
Director
Partner,
BCF LLP

ISABELLE HUDON[1]
Director
President,
Sun Life Financial, Québec



NORMAND LEGAULT[6]
Director
Company Director

MARIO MESSIER[1]
Director
Co-Chair,
Thibault, Messier, Savard et Associés Inc.

MADELEINE PAQUIN[1]
Director
President and Chief Executive Officer,
Logistec Corporation

PIERRE PILOTE[1,7]
Director
Chairman of the Corporate Governance and Human Resources Committee
Partner,
Gowling Lafleur Henderson

DANIELLE POUDRETTE[8]
Director
Company Director

RAYMOND REID[2]
Director
Chairman of the Audit Committee
Company Director

[1] Member of the Corporate Governance and Human Resources Committee
[2] Member of the Audit Committee
[3] Member of the Pension Plans Governance Committee
[4] Réal Raymond was appointed Chairman of the Board in September 2010
[5] Jean-Pierre Desrosiers was appointed in November 2010
[6] Normand Legault was appointed in July 2010
[7] Pierre Pilote was appointed Chairman of the Corporate Governance and Human Resources Committee in November 2010
[8] Danielle Poudrette was appointed in November 2010

GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

Although not subject to the governance rules that regulate public companies, Aéroports de Montréal complies with the practices required of public companies, adapting them to its status of corporation without share capital. In fact, the practices currently being used by Aéroports de Montréal comply with the standards set out in National Instrument 58-101 and in National Policy 58-201, which require companies to disclose their corporate governance practices. For more information, visit www.admtl.com.

BOARD OF DIRECTORS

The Board of Directors assumes responsibility for managing the Corporation. It exercises full authority and power, and executes all actions that the Corporation is authorized to do according to the law, its letters patent and its supplementary letters patent, unless the law, letters patent, supplementary letters patent or regulations require that they be exercised only by the general assembly of corporate members. The Board of Directors assumes responsibility for corporate governance and the accountability of the governing bodies to which the Corporation must report.

The Board is comprised of a maximum of fifteen (15) directors, thirteen (13) of whom are appointed by the Board and two (2) by the Government of Canada. Four (4) nominating entities are called upon to submit, at the Corporation's request, the names of three (3) candidates whose profiles match the qualifications being sought by the Board for each position that needs to be filled. These nominating entities, identified in the Corporation's letters patent, are the Government of Québec (1 position), the Communauté métropolitaine de Montréal (5 positions), the Board of Trade of Metropolitan Montréal (3 positions), and the main carriers operating at Montréal-Trudeau airport (2 positions). The President and Chief Executive Officer is a director of the Corporation, and the Board may appoint a fifteenth director. A director's term is a maximum of three (3) years and is renewable on the condition that the total duration of mandates entrusted to the director does not exceed nine (9) years or, by derogation to the above, does not exceed twelve (12) years.

In 2010, the Board of Directors convened nine times and addressed the most important aspects of the Corporation's strategic plan. In addition, the Board renewed the mandate of two (2) directors whose terms were to expire during the year and appointed three (3) new directors. The Board also appointed a new Chairman of the Board as well as a new Chairman to the Corporate Governance and Human Resources Committee.

The investments made in response to growing passenger traffic and the ground and rail access investments at Montréal-Trudeau remain major focal points and continue to receive special attention.

AUDIT COMMITTEE

Comprised exclusively of external directors, the Audit Committee provides support to the Board in several key areas of importance to the Corporation, particularly: business risks; financial affairs (including budgets, financial controls, audits and quarterly reports); capital investments program and the environment; apart from its financial responsibilities regarding financial statements and external audits, the Audit Committee ensures that all programs are carried out in accordance with budgets and schedules and that the appropriate corporate policies and procedures are followed, particularly in the procurement of goods and services.

During 2010, the Audit Committee supervised the progress being made on the road and rail access projects, performed an internal audit, and reviewed the policies for managing expense contracts and revenue contracts. The Audit Committee also monitored the Corporation's financial results throughout the year and conducted a detailed review of the 2011 capital expenditures and operating budgets.

CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The mandate of the Corporate Governance and Human Resources Committee (comprised exclusively of external directors) is to support Board activities, particularly with respect to corporate strategy and the business plan, and its organization and structure. It makes recommendations to the Board regarding the employee compensation policy as well as the compensation, objectives and awarding of bonuses to the President and Chief Executive Officer; it determines the compensation, objectives and bonuses of those reporting to the President and Chief Executive Officer and reports to the Board. The Committee also reviews the operations of the Board and its committees, relationships between the Board and management as well as relationships between the Corporation, the community and political authorities. It regularly reports to the Board about the execution of this work program and on any issue related to its mandate.

In carrying out its mandate, the Corporate Governance Committee recommended the renewal of two (2) director mandates that were to expire during the year as well as the appointment of three (3) new directors. The Committee also recommended the appointment of a new Chairman of the Board as well as a new Chairman for itself. The Corporate Governance Committee also ensured, as it does systematically, that the Corporation's ethics rules were stringently applied. It oversaw the performance evaluations of the Corporation's senior executives and helped set certain customer service objectives.

PENSION PLANS GOVERNANCE COMMITTEE

Created in 2009 and made up solely of external directors and an expert, the Governance Committee supports the Aéroports de Montréal Board of Directors in fulfilling its role and obligations as the pension plan trustee. This support consists of setting and obtaining approval for the objectives and strategies that affect all pension plan activities from a risk management perspective and overseeing operational activities delegated to other relevant parties, including the Pension Committee that is comprised of Aéroports de Montréal employees and managers.

The Committee prepares decisions related to pension plan matters, more specifically, to the governance plan, pension plan rules, financial management (investments and funding) and compliance.

Since being created in 2009, the Committee has selected an external member who is also a specialist in pension plans, has aligned its activities with the Pension Committee, and has developed and obtained Board ratification of a pension plans governance plan.

In 2010, the Committee reviewed and developed a new investment policy for the pension plan funds. The current investment policy used to manage pension fund assets came as part of an overhaul that was initiated in 2003-2004. Given the changes that have been made to the pension plan in recent years combined with the developments in financial markets and persistently low interest rates, the investment policy needed to be thoroughly reviewed. As such, the Governance Committee has performed an in-depth analysis and review of the pension plan investment policy. This investment policy was submitted and approved by the Pension Committee on January 18, 2011. On the recommendation of the Pension Plans Governance Committee, it was approved by ADM's Board of Directors on January 27, 2011.

THE COMMUNITY ADVISORY COMMITTEE

The Community Advisory Committee supports the Board of Directors and the Management of Aéroports de Montréal. It has been given the mandate to submit, when required, relevant observations with respect to any proposed project or decision relating to items set out in Article 40 of the General By-laws.

The Committee, which reports to the President and Chief Executive Officer, is comprised of members from organizations who share an interest in airport development issues and who represent the various regions of the Greater Montréal Area. The Committee's operating budget is determined annually by the Board of Directors. Members are appointed for a renewable term of 3 years.

In 2010, the Community Advisory Committee met twice to address the Corporation's main initiatives. Specifically, the Committee continued to review the progress of the road and rail access programs at Montréal-Trudeau.

MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE

François Alepin, Alepin Gauthier, Lawyers

Yves Beauchamp, École de technologie supérieure

Pierre Bellerose, Tourisme Montréal

Sylvain Berthiaume, RCM and Local Centre of Development for Marguerite d'Youville (Lajemmerais)

Jean Bertrand, City of Montréal

Diane Bouchard, Local Centre of Development for the Bas-Richelieu region

Robert M. Bourbeau, City of Dorval

William E. Brown, Hotel Association of Greater Montréal

Pierre Desroches, Laval Technopole

Marie-Claire Dumas, Regional Conference of the Elected Officials of Montréal

Sam Elkas, former Québec Minister of Transport, Vice Chairman of the Committee

André Gamache, École de Technologie Supérieure, Committee Chairman

Jacques Girard, International Financial Centre of Montréal

André Leclerc, Kéroul

Denis Leclerc, Ecotech Québec

Louise Millette, École Polytechnique de Montréal

Louis Prud'homme, City of Mirabel

Michel Thibault, Conseil régional FTQ Montréal-Métropolitain

Jean-Luc Trahan, Commission des partenaires du marché du travail (C.P.M.T.)

Marc Tremblay, Palais des congrès de Montréal

Elizabeth Tropea, West Island of Montréal Chamber of Commerce

Marc Valade, Regional Conference of the Elected Officials

Richard Vézina, Raymond Chabot Grant Thornton

COMPENSATION OF DIRECTORS IN 2010

Name	Attendance Board of Directors	Attendance Corporate Governance Commitee	Attendance Audit Commitee	Attendance Pension Plans Governance Commitee	Retainers	Fees	Total
					$	$	$
Laurent Benarrous	9				12,000	7,500	19,500
Robert Bibeau	8				12,000	7,500	19,500
Robert Bouchard Chairman, Pension Plans Governance Committee	9		9	8	16,000	24,000	40,000
Jean-Jacques Bourgeault	9		9	8	12,000	24,000	36,000
James C. Cherry	9				—	—	—
Jean-Pierre Desrosiers	N/A		N/A	N/A	1,000	—	1,000
Michèle Gouin	9				12,000	7,500	19,500
Robert Guay	9			7	11,000	15,500	26,500
Isabelle Hudon	8	1			12,000	8,500	20,500
Charles Lapointe Chairman, Corporate Governance	8	8			14,667	14,000	28,667
Normand Legault	2				6,000	2,500	8,500
Pierre Martin[1] Chairman of the Board	4	5	6		45,000	—	45,000
Mario Messier	8	1			12,000	8,500	20,500
Madeleine Paquin	8	6			12,000	11,500	23,500
Pierre Pilote	8	5			12,333	12,500	24,833
Danielle Poudrette	N/A				1,000	—	1,000
Réal Raymond Chairman of the Board	8	4	2		38,000	6,000	44,000
Raymond Reid Chairman, Audit Committee	9		9		16,000	16,000	32,000
Total					**245,000**	**165,500**	**410,500**

1 Chairman of the Board until June 13, 2010

EXECUTIVE COMPENSATION

The annual salaries of the President and Chief Executive Officer and other members of the executive ranged from $178,000 to $396,000. In addition, performance bonuses paid to managers for 2010 totalled $431,558.

DIRECTORS WHO ARE BOARD MEMBERS OF A "REPORTING ISSUER"

Jean-Pierre Desrosiers, Technologies D-Box Inc., **Madeleine Paquin,** Logistec Corporation, Canadian Pacific Railway, **Réal Raymond,** Métro Inc., Héroux Devteck Inc.

FIVE-YEAR STRATEGIC PLAN (2011-2015)

A VISION FOR THE COMING DECADE

Our vision defines what we want to be and what we seek to accomplish the following.

- ADM aims to become an airport manager ranking among the best in the world, distinguished by the quality of its customer service as well as its rigour, efficiency, and innovation.
- Montréal-Trudeau will expand its role as a continental gateway and a dynamic hub for passenger traffic between Europe and the Americas.
- Montréal-Mirabel will continue to develop so as to consolidate its status as a world-class aerospace and logistics platform.

Building on experience and past successes, a seasoned team, and a flair for commercial and technological innovation, ADM plans to resume its consulting activities and win contracts to manage other airports.

CORPORATE OBJECTIVES

- In tandem with our government partners and service providers, maintain customer satisfaction at a high level by ensuring thorough monitoring and continually optimizing our systems and procedures.
- Preserve our reputation within the community as a financially sound administrator able to support its debt service and its capital investment program.
- Achieve self-financing for Montréal-Mirabel by pursuing industrial development and seeking a solution for repurposing currently unused real-estate assets.
- Become an employer of choice, encourage innovation, and equip our employees with high-performance tools.
- Reduce the environmental impact of operations under our direct control and accelerate development of the express rail shuttle between the airport and downtown Montréal.
- Through our subsidiary, seize opportunities to export our airport management expertise with a view to developing skills and growing revenues.

AIRPORT SERVICES

Our raison d'être is to provide quality airport services that meet the particular needs of Montréal's communities. Improving the fluidity of passenger and aircraft movements, enriching air services through direct flights to in-demand destinations, and adapting our airport facilities to market and regulatory requirements are some of the main challenges facing us.

In addition to being efficient, safe and secure, it is increasingly important that airport processes be fluid. The air transport industry, which faces a large number of regulatory constraints, is taking action to simplify and accelerate processing of passengers and baggage. Montréal-Trudeau airport must therefore continue with its efforts to remain a leader in this area, through such means as new technology integration.

Furthermore, we will continue to attract new carriers to Montréal-Trudeau and to stimulate development of air services in Montréal. We intend to remain alert to opportunities for growth and to take advantage of the liberalization of air transport, including that between Canada and Europe. Given the increasingly strong competition between airports, we will also see to it that we take the appropriate measures to stay in the game.

In the past few years, international traffic has enjoyed brisk growth – which, incidentally, continued during the recent recession, even as transborder and domestic traffic declined. As a result, international arrivals and departures now make up more than 37% of our total traffic compared with 32% in 2005. Measures are planned to deal with this trend, including extending the international jetty, expanding the departures hall, increasing parking capacity for aircraft on the apron, redesigning passenger routes through the terminal (e.g., to facilitate connections between the international area and the domestic and transborder areas), and more.

More generally, we will ensure that our airport facilities are developed in step with the evolving needs of the Montréal community. With this in mind, ADM has started preparing the 2013-2033 Master Plan for Montréal-Trudeau.

With the modernization of the Montréal-Trudeau terminal almost complete, our new priority is the improvement of land access. The work to reconfigure the Dorval Interchange – being conducted by the ministère du transport du Québec, and to which we are contributing $20 million – is well underway, as is our own work to reconfigure the road network in front of the terminal. During the coming years, we also plan to complete the technical and environmental studies for the rail shuttle link and begin work on it.

REAL ESTATE, COMMERCIAL AND OTHER SERVICES

In keeping with its mission of contributing to the economic development of the Montréal region, ADM intends to continue promoting industrial development on its two airport sites. Opportunities exist primarily in aerospace, and our sites offer unique characteristics. Development of Lot 20 (the large golf course) at Montréal-Trudeau, however, requires municipal infrastructures such as water mains, sewers, storm drains and access roads. Development of Lots 5 and 6 and the final phase of Lot 12 also require road construction.

Regarding commercial services, a development plan will be mapped out in order to evaluate the desirability of developing new spaces in the terminal, especially in the area freed up by the relocation of transborder departures. Jointly with our merchants, we will continue our efforts to diversify the product offerings and to improve customer service.

Where parking facilities are concerned, replacement of the entry and exit terminals has been completed. In addition, an in-depth analysis will be conducted to determine the best option for creating additional parking spaces that may be required in the future.

The key to the self-financing of Montréal-Mirabel is the revitalization of the terminal complex: the revenue collected and, especially, the savings in operating expenses and property taxes would eventually help eliminate the deficit. The chosen strategy calls for separate development of the individual assets rather than the complex as a whole.

HUMAN AND MATERIAL RESOURCES

Consistent with the new vision, ADM will implement various programs designed to make it an employer of choice and, in turn, attract and retain the best possible candidates, while continuing to cultivate excellence among existing employees. Likewise, given the context of an aging workforce and growing scarcity of labour, the Corporation will take steps to ensure skills development and succession planning.

To become an airport manager ranking among the world's best, ADM also intends to provide its employees with the best possible equipment and information systems so that they can perform their duties efficiently.

From this perspective, ADM has begun an in-depth review of the structure and governance of its Information Technologies branch, taking into consideration, among other things, the fact that IT has become extremely important to airport operations management.

ENVIRONMENT AND COMMUNITIES

Pursuant to its policy on the environment and sustainable development commitments, ADM intends to continue taking measures to reduce the environmental impact of the operations under its direct control. This includes a variety of programs currently underway that target reduction of energy consumption and greenhouse gas emissions. In addition, in collaboration with the municipalities involved, ADM has a tree policy under which it ensures the protection of natural habitats and mitigates the impact of its projects via tree-planting programs.

Jointly with our partners, we also intend to continue our responsible soundscape management efforts at Montréal-Trudeau, seeking a balance between coexisting in harmony with our neighbouring communities and providing appropriate and competitive air transport services.

Furthermore, we plan to fast-track the project to improve passenger rail links between the airport and downtown and promote the use of public transit for airport access.

Lastly, an important aspect of our mission is to maximize the creation of jobs and added value by developing the assets under our responsibility to their full potential and contributing to the growth of Montréal tourism and to the city's international development

MANAGEMENT

From left to right | Normand Boivin, Vice President, Airport Operations and Aviation Development | Robert Landry, Vice President, Engineering and Construction | Philippe Rainville, Vice President, Finance and Administration and Chief Financial Officer | James C. Cherry, President and Chief Executive Officer | Christiane Beaulieu, Vice President, Public Affairs and Communications | Pierre Gagnon, Vice President, Legal Affairs and Secretary

TRANSPARENCY

TRANSPARENCY

Aéroports de Montréal has a policy of holding itself accountable to the community, of practicing transparency in its relationships with its customers and various stakeholders, and of communicating openly with the public. The Corporation accounts for the actions of its administration in various ways.

- By publishing an annual report that contains, in addition to audited financial statements, specific information with respect to corporate governance, compensation of directors and officers, and exceptions to the procurement policy.
- By issuing quarterly financial reports similar to those issued by publicly listed companies.
- By holding an annual public meeting.
- By holding an annual meeting with each of the nominating entities.
- By satisfying the financial requirements of the bond lenders and the syndicate of banks.

Every year, ADM tours the city or borough councils of neighbouring communities, including Dorval, Pointe-Claire and St-Laurent.

ADVISORY

In addition to its work with the Community Advisory Committee, Aéroports de Montréal consults its various stakeholders on relevant issues with respect to management, operations and airport development, either directly or by way of committees set up specifically for this purpose. The following are several examples.

Airport Soundscape Advisory Committee

Composed of 15 members appointed respectively by the City of Montréal (1), the cities of Dorval and Pointe-Claire, and the borough of St-Laurent (1 each), Transport Canada (1), the Government of Québec (1), NAV Canada (1), air carriers (3) and ADM (5), this committee holds regular meetings to discuss soundscape issues.

Airline Consultative Committee

This committee is an effective forum for discussing matters of common interest to carriers and for officially representing their interests during consultations or formal presentations carried out with ADM.

Airport Operators Committee

Bringing together members of ADM's management, station managers for the various carriers, service representatives from federal inspection agencies, from NAV Canada, handlers and other aviation service suppliers, this committee oversees the coordination of airport activities.

Master Plan

Updates to the Master Plans of both airports must be reviewed by the Community Advisory Committee in addition to various groups deemed appropriate by ADM. Once comments have been received, the update must then be filed with Transport Canada. ADM's Master Plan will be updated and reviewed in 2012. This plan will cover the period from 2013-2033.

Land-Use Plan

A consultation plan must be filed with Transport Canada before any change is brought to the land-use plan. These consultations must be carried out with the Community Advisory Committee as well as with other organizations, bodies and government departments deemed appropriate by ADM. An approval request for the intended changes must then be filed with Transport Canada.

INFORMATION

Furthermore, the public has access to different ways of contacting Aéroports de Montréal representatives or of accessing information on Corporation activities, including the following.

- Visiting the Aéroports de Montréal website at www.admtl.com.
- Calling the general information numbers (514-394-7377 or 1-800-465-1213).
- Completing a comment card available at different points of the terminal.
- The travelling public can also share comments, questions or suggestions by phone (514-633-3351), fax (514-394-7356) or email (yulclientele@admtl.com).
- Writing to the Public Affairs Department.

Aéroports de Montréal conducts surveys on a continuous basis to ensure that airport services adequately meet the needs of customers. Close to 2,700 passengers are interviewed each quarter on different aspects of customer service.

REPORT ON CONTRACTS NOT TENDERED

Pursuant to the public accountability principles for Canadian airport authorities, general by-laws, and Aéroports de Montréal's procurement policy for goods and services, all contracts valued at more than $100,000 shall be awarded following a competitive public tendering process unless the Board of Directors, for reasons of efficiency and practicality, decides otherwise. In all cases, a price validation process is systematically applied

REASONS FOR EXCEPTIONS

A Whenever Aéroports de Montréal determines it more efficient to award a new contract to an existing supplier, whenever service suppliers are deemed to have developed a specific skill set or knowledge base from a previous contract, or whenever exceptional circumstances of urgency require that work be undertaken in the immediate to avoid compromising the safety of people or premises. In most cases, these contracts were awarded following an invitation to tender process.

B Whenever a supplier is the owner, patentee or licensee of technology being acquired, whenever supplier experience and expertise are deemed to be quasiexclusive, or whenever the maintenance of a supply source is essential given the extent of investments already made to establish a standard.

CONTRACTS OF $1 MILLION AND MORE

Contract Value	Supplier	Nature of the Contract	Reason
$1,206,112	Cofely Services Inc.	Increase capacity in the international and domestic baggage room	A
$1,982,757	Honeywell Ltd.	Final phase in the migration to the access control system	A

CONTRACTS OF UNDER $1 MILLION

Reason for exception A

Solotech Inc., IED public address system – Siemens Building Technologies Ltd., Fire alarm system – Cofely Services Inc., Baggage room application support – Gastier MP Inc., Deployment of safety projects – Team Eagle Ltd., Purchase of an Oshkosh snowblower – Vinci Parc, Addition of a team – Osler, Hoskin & Harcourt, Legal services – Expertronic Inc., Maintenance of parking facilities and equipment – Koné Québec Inc., escalators and moving walkways.

Reason for exception B

Cabana Séguin, Information campaign, parking facilities – Construction Chartel Inc., Expansion of the international security checkpoint – Steer Davies Gleave, Revenue study – Télécommunications Grimard Inc., Installation of a single-mode fibre optic connection – Agilysys Canada Inc., Purchase of a disk tower – Victrix consulting services, SharePoint migration – IER, Purchase of IER 400 barcode printers – Cima+, Rail project assistance (Aérotrain) – Canadian National Railway Company, Infrastructure and capacity study*.

* ADMC's rail service project at Montréal-Trudeau airport.

31 PASSENGER CARRIERS

11 CANADIAN CARRIERS

Air Canada | Air Creebec | Air Inuit | Air Transat | CanJet | First Air | Porter | Provincial Airlines
Skyservice (Ended March 2010) | Sunwing | WestJet

15 INTERNATIONAL CARRIERS

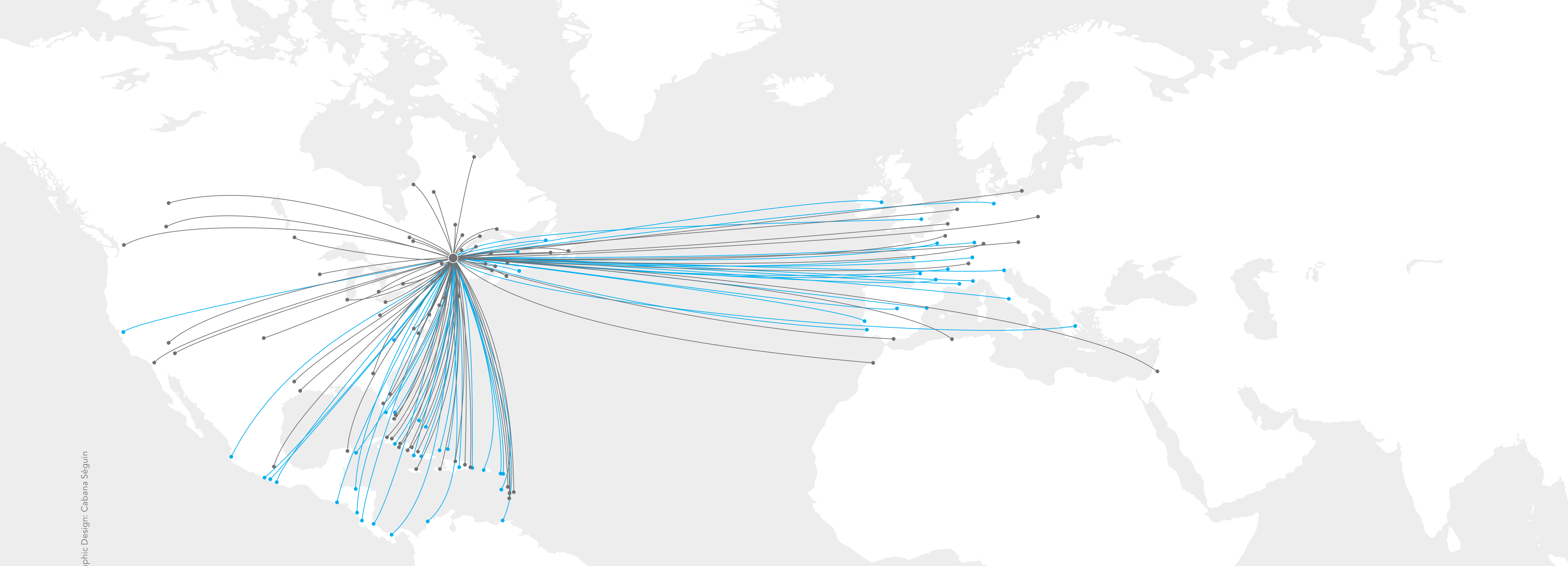
Aeromexico | Air Algérie | Air France | Air Saint-Pierre | British Airways | Corsair | Cubana de Aviación | KLM | Lufthansa
Mexicana (Ended August 2010) | Royal Air Maroc | Royal Jordanian | SATA Internacional | SWISS | Thomas Cook

5 U.S. CARRIERS

American Airlines | Continental Airlines | Delta (including Northwest) | United Airlines | US Airways

25 ALL-CARGO CARRIERS

Air Inuit, Hydro-Québec division | AirBridge Cargo | Ameriflight LLC | Ameristar Jet Charter | Atlas Air, Inc.
Capital Cargo International | CargoJet | Cargolux Airlines International | Castle Aviation | China Cargo Airlines
DB Schenker | Emirates | FedEx | Hapag-Lloyd Flug GMBH | Kalitta Flying Service | Kelowna Flightcraft | LAN Cargo
Morningstar Air Express | Nolinor Aviation | Polet Airlines | Prince Edward Air | Purolator | Skylink Express | UPS
USA Jet Airlines, Inc.



Graphic Design: Cabana Séguin

AIR SERVICES

79 SCHEDULED DESTINATIONS AND 51 SEASONAL DESTINATIONS

31 SCHEDULED INTERNATIONAL DESTINATIONS IN 31 CITIES

Algiers, Algeria | Amman, Jordan | Amsterdam, Netherlands | Bridgetown, Barbados | Brussels, Belgium | Camagüey, Cuba | Cancun, Mexico | Casablanca, Morocco | Cayo Coco, Cuba | Cayo Largo, Cuba | Fort-de-France, Martinique | Frankfurt, Germany | Geneva, Switzerland | Holguin, Cuba | Havana, Cuba | London (Heathrow), United Kingdom | Málaga, Spain | Mexico City, Mexico | Montego Bay, Jamaica | Munich, Germany | Paris (CDG), France | Pointe-à-Pitre, Guadeloupe | Port-au-Prince, Haïti | Puerto Plata, Dominican Republic | Punta Cana, Dominican Republic | Samana, Dominican Republic | San Salvador, Bahamas | Santa Clara, Cuba | St-Pierre, St-Pierre-et-Miquelon | Varadero, Cuba | Zurich, Switzerland

51 SEASONAL DESTINATIONS

Summer (21) | Athens, Greece | Basel-Mulhouse, Switzerland | Barcelona, Spain | Bordeaux, France | Deer Lake, Newfoundland | Dublin, Ireland | Îles de la Madeleine, Québec | Lisbon, Portugal | London (Gatwick), United Kingdom Lyon, France | Madrid, Spain | Marseille, France | Nantes, France | Nice, France | Paris (Orly), Francel/ Ponta Delgada, Portugal | Rome, Italy | San Francisco, California | Toulouse, France | Venice, Italy | Vienna, Austria

Winter (30) | Acapulco, Mexico | Antigua, Antigua-and-Barbuda (began in January 2010) | Cartagena, Colombia (began in December 2010) | Cienfuegos, Cuba | Cozumel, Mexico | Fort Myers, Florida | Ixtapa/Zihuatanejo, Mexico | La Ceiba, Honduras | La Romana, Dominican Republic | Liberia, Costa Rica (began in December 2010) | Managua, Nicaragua Manzanillo, Cuba | Manzanillo, Mexico | Nassau, Bahamas | Panama City, Panama | Phoenix, Arizona (began in November 2010) | Porlamar, Venezuela | Providenciales, Turks and Caicos | Puerto Vallarta, Mexico | Roatan, Honduras Saint Lucia, Saint Lucia | Saint Martin, Netherlands-Antilles | San Andres Island, Colombia | San José, Costa Rica San Juan, Puerto Rico (USA) | San Salvador, El Salvador | Santiago, Cuba | Santo Domingo, Dominican Republic Tampa, Florida | West Palm Beach, Florida (began in December 2010)

23 SCHEDULED TRANSBORDER DESTINATIONS IN 21 CITIES

Atlanta, GA | Boston, MA | Charlotte, NC | Chicago, IL | Cincinnati, OH | Cleveland, OH | Dallas/Fort Worth, TX Denver, CO | Detroit, MI | Fort Lauderdale, FL | Hartford, CT | Houston, TX | Las Vegas, NV | Los Angeles, CA Miami, FL | Minneapolis/St. Paul, MN | New York (JFK), NY | New York (LGA), NY | Newark, NJ | Orlando (International), FL Philadelphia, PA | Washington (Dulles), DC | Washington (Reagan), DC

25 SCHEDULED DOMESTIC DESTINATIONS (11 IN QUÉBEC)

Bagotville, QC | Baie-Comeau, QC | Bathurst, NB | Calgary, AB | Charlottetown, PE | Chibougamau, QC Edmonton, AB | Fredericton, NB | Halifax, NS | Kuujjuaq, QC | Kuujjuarapik, QC | La Grande, QC | Moncton, NB Mont-Joli, QC | Ottawa, ON | Québec City, QC | Rouyn, QC | St. John, NB | Sept-Îles, QC | St. John's, NL Toronto (Island), ON | Toronto (Pearson), ON | Val-d'Or, QC | Vancouver, BC | Winnipeg, MB

On peut obtenir des exemplaires français de ce rapport à l'adresse suivante :
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