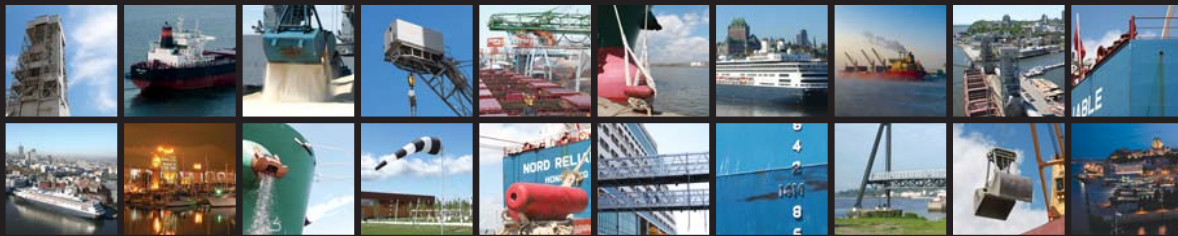




09

2009 **ANNUAL REPORT**



The mission of the Québec Port Authority is to promote and **develop** maritime trade, to serve the **economic interests** of the Quebec area and of Canada and to ensure that it is **profitable** while respecting both its community and the **environment**.

TABLE OF CONTENTS

- **2** 2009 ■ **4** Presentation of the QPA and of the Port of Québec ■ **6** Message from the Chairman of the Board
- **10** Message from the President and CEO / A Look Back on the Year ■ **16** Financial Results ■ **22** Current and Future Infrastructures ■ **26** Full ahead



PORT DE **OF** **QUÉBEC**

2009 ANNUAL REPORT



2009

2

DESPITE THE CRISIS, A YEAR OF GOOD RESULTS

2009 FOLLOWS AN EXCEPTIONAL YEAR DURING WHICH THE QPA CELEBRATED ITS 150TH ANNIVERSARY OF INCORPORATION AND DURING WHICH A NUMBER OF TONNAGES AND INTERNATIONAL CRUISE RECORDS WERE SET.

The economic and financial crisis that started at the end of 2008 and lasted throughout 2009 has had an undeniable impact on the Port of Québec's activities. The effects of the crisis were more particularly felt on the freight traffic related to the steel industry. This situation is not different from the one that prevailed everywhere on the planet, with the world's GDP taking a 2% drop during the year, while the world trade commerce decreased by approximately 15%.

In spite of all that, the QPA has lived through the worst economic crisis of the last 70 years with satisfying results. In 2009, the QPA has once again shown that, be it smooth sailing or rough seas, it is at the heart of an economically strong industry and contributes like few others to Québec City's international outreach.



PRESENTATION OF THE QPA AND OF THE PORT OF QUÉBEC

The background of the slide is a faded, yellow-tinted photograph of the Port of Québec. It shows several large cargo ships docked at a pier, with the city's buildings and cranes visible in the background. The text is overlaid on this image in a bold, blue, sans-serif font.

4

THE QUÉBEC PORT AUTHORITY IS A FEDERAL AGENCY CONSTITUTED IN ACCORDANCE WITH THE CANADA MARINE ACT AND IS PART OF THE NATIONAL HARBOUR NETWORK. THE QPA MANAGES 35 KM² OF WATERS AND CLOSE TO 210 HECTARES OF HARBOUR LAND, ALL LOCATED ALONG THE RIVER'S NORTH SHORE.

The QPA is a unique and particularly important component of the Ontario-Québec Trade Corridor, the largest trade corridor in the country. No other port authority can offer its customers harbour terminals as modern and efficient, a water depth that can accommodate, all year round, ships of over 150,000 tons, efficient railway connections linking it to the largest North American markets, as well as a complete range of harbour services.

On a daily basis, the Port of Québec constitutes a privileged access to the different industries located all over the Great Lakes and American Midwest markets for bulk freight such as raw and recycled materials destined to the steel industry, petroleum products, ore, concentrates and other mining products, grain and agricultural products, aggregates, chemical products and breakbulk.

Thanks to its infrastructures, the QPA can accommodate the largest passenger ships in the world at the very heart of a city over 400 years old, jewel of the Unesco World Heritage. In this regard, the port contributes to urban activities like few stakeholders in Québec City do, by devoting over 20% of its properties to recreational and public activities. Three of these sites have been landscaped as part of the Federal legacy on the occasion of Québec City's 400th Anniversary in 2008. Québec's maritime industry also includes the Davie Québec shipyard, the Laurentian base of the Canada Coast Guard and the *Société des traversiers du Québec's* activities.

The QPA being one of the main players in this industry, the activities that take place on its properties thus represent a major contribution, be it on the regional or national economic scene.

Proud and rich with over 150 years of history, the QPA is today at the head of a maritime community that counts on one of the best growth potentials in Canada. The port is now ready to meet head on the new challenges related to this growth.



According to SECOR, the economic benefits (direct, indirect and induced), taxes and jobs generated in Canada by the Québec harbour and maritime industry can be summed up as follows (reference year: 2007):

786,3 M\$	Value added to the base price
9 750	Manpower (persons-year)
163,1 M\$	Taxes (federal, provincial and municipal)



MESSAGE FROM THE CHAIRMAN OF THE BOARD

6



Signing the annual report of one of the Québec region's largest institutions is both an honour and a pleasure.

Among its functions, the Board of Directors ensures with great dedication that the QPA meets the expectations generated by its mission. In 2009, the challenge met by the directors was to ensure the continuity of activities in a deep slowdown context, while important immobilizations were being realized, as well as a review of the planning of the Beauport sector expansion project.

Once again, the QPA will have succeeded in recording positive results in 2009, despite an unprecedented economic slowdown. Being able to obtain good results in such a difficult economic climate is the consequence of the investments made over the last 15 years, which have contributed to the diversification of traffic in the port and to the growth recorded in cruises.

Over the years, the QPA has succeeded in meeting the expectations resulting from its Canadian port authority status according to the Canada Marine Act. Since its incorporation in 1999, investments of over \$160 M have been realized on the entirety of the properties the QPA manages. A large part of those were achieved in collaboration with or as a complement to the work done by its clients who operate terminals. The result of these partnerships translated itself into an increase in operating revenues, an increased operational capacity and a better financial health for the QPA.

However, the organization's durability and long term development represent the main stake the Port's Board of Directors must face. Concretely, this means the organization's capacity to build new wharves for the port's future development or, simply enough, to be able to restore its existing wharves. The existing constraints, especially financial, to which the QPA and all other Canadian port authorities are subjected, make it impossible for the QPA to finance such important immobilizations by itself. In this regard, the Federal Government's involvement in the public wharf construction and restoration financing will be a turning point in the future of the Québec harbour.

All year long, the different committees made of directors were very active.

The Audit Committee followed the financial situation's evolution during the entire year. In conformity with the Canada Marine Act, the Committee has received the report on the special five-year survey of activities and operations. Initiated in the fall of 2008, this report will have permitted an in-depth analysis of certain elements and management principles applied by the organization, especially at the governance, strategic planning and infrastructure management levels. The Committee is happy with the results obtained in this report, which confirm that the current procedures are in conformity with expectations. A follow-up of the different recommendations issued will be done in order to support continuous improvement of the organization's practices.

A sole meeting of the Port-City Committee took place in 2009. Important changes in the City Council resulted in the replacement of several of the people who participate in this committee for the City of Québec. This situation has not prevented the two institutions from keeping efficient exchanges, mainly on the questions related to the Federal legacy and

exchanges, mainly on the questions related to the Federal legacy and urban landscaping. In the case of the Bay of Beauport, the Port and the City have concluded a five-year agreement that will provide the financing necessary to operate the site.

With regards to the environment, the directors receive a monthly environmental report that details all incidents, activities under way and projects under study on the entire port territory. By adopting this modus operandi, the QPA also makes sure it controls and documents the corporate memory in matters of environment.

The Board of Directors is proud of the guidance and leadership its General Management affords all the QPA's employees. Be it through accessible training or by supporting employee initiatives, the directors have witnessed that the personnel in place works in a stimulating and challenging climate.

The harbour's development has always been realized in a long term perspective. As representatives of the federal, provincial and municipal governments, all directors are conscious of the role they must play in order to ensure the port's long term development in accordance with the QPA's mission, while seeking the urban environment's approval. This makes for a stimulating challenge that we mean to meet with success.



Yvon Bureau
Chairman of the Board

**BOARD OF DIRECTORS OF
THE QUÉBEC PORT
AUTHORITY
AS OF DECEMBER 31, 2009**

**MANAGEMENT
PERSONNEL
AND TEAM
IN PLACE**



Yvon Bureau

Chairman of the Board
Chairman of the Executive Committee
Chairman of the Users Advisory Committee
Appointed by the federal Minister of Transport on the recommendation of port users



Jacques Tanguay

Vice Chairman of the Board
Vice Chairman of the Executive Committee
Member of the Users Advisory Committee
Appointed by the federal Minister of Transport on the recommendation of port users



Denis Bernier

Member of the Board
Member of the Port/City Advisory Committee
Appointed by the federal Minister of Transport on the recommendation of port users



Pierre Rivard

Member of the Board
Member of the Audit Committee
Appointed by the federal Minister of Transport on the recommendation of port users



Jacques Champagne

Member of the Board
Member of the Audit Committee
Representing the City of Québec



Mario Girard

Member of the Board
Member of the Executive Committee
Chairman of the Audit Committee
Representing the Government of Canada



Serge Lebel

Member of the Board
Member of the Audit Committee
Chairman of the Port/City Advisory Committee
Representing the Government of Québec



Ross Gaudreault
President and CEO



Marcel Labrecque
Executive Vice President



1 Mario Bernard

Vice President, Finance & Administration

2 Martine Bélanger

Vice President, Operations

3 Pascal Raby

Corporate Secretary

4 Patrick Robitaille

Vice President, Marketing & Development



MESSAGE FROM THE PRESIDENT AND CEO

A LOOK BACK ON THE YEAR

10

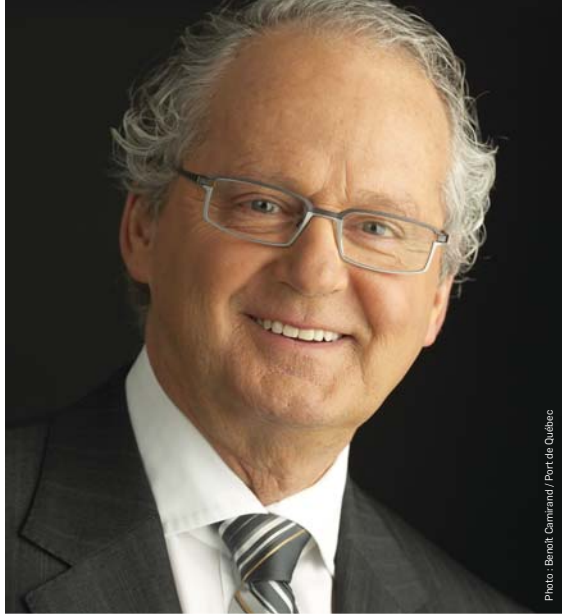


Photo: Benoît Gamrand / Port de Québec

2009 will be known as the year when the greatest growth period in the history of the Port of Québec, i.e. from 2000 to 2008, will have been interrupted by one of the worst worldwide economic crisis. Thanks to the diversification realized over the last years, the QPA was able to get through this crisis and remain profitable despite an important decrease in certain traffics.

Commercially, the commissioning of new bulk handling equipment constitutes the year's main event. This investment, the largest made by the QPA over the last few years, in collaboration with its partner operator SLS (St. Lawrence Stevedoring), will enable the port to offer its clientele a capacity that has been increased tenfold for the transshipment of solid bulk, and the flexibility needed to retain the Port's comparative advantage as a hub on the St. Lawrence for solid bulk until the port can operate new spaces to ensure its future growth. In this regard, despite the problems encountered in order to obtain the financing

needed for the realization of its expansion project in the Bay of Beauport from the Federal Government, the QPA continues with its efforts in planning this project, which constitutes the basis for the Québec harbour place's mid- and long term growth.

Commercially, the commissioning of new bulk handling equipment constitutes the year's main event.

Despite the economic slowdown, which will no doubt leave an indelible trace on the activities of the stakeholders involved in the globalization of markets and international trade, the Port of Québec remains one of the main hubs for the Canadian foreign trade. Thanks to the diversity of its harbour activities, Québec continues to distinguish itself on both the national and international levels.

The port has had commercial trade with approximately 60 countries in 2009, while remaining the main deep water maritime gateway for industries all over the Great Lakes market. The grouping of terminals and activities generated by the Port of Québec has enabled it to welcome, this year, over 1,000 cargoes of all dimensions and types.

In 2009, the QPA has recorded the first decrease of its tonnage handled after seven consecutive years of steady growth. With its 22.1 million of tons handled, the QPA achieved the fourth overall rank for tonnage handled by Canadian port authorities, behind Metro Vancouver,

The solid bulk tonnages have recorded a decrease of approximately 33% when compared to 2008, going from 12,768,007 tons to 8,588,567 tons, a decrease essentially resulting from the slowdown in the steel industry. Iron ore, concentrates and other derived products, metallurgical coke and metal waste were the most affected freight types.

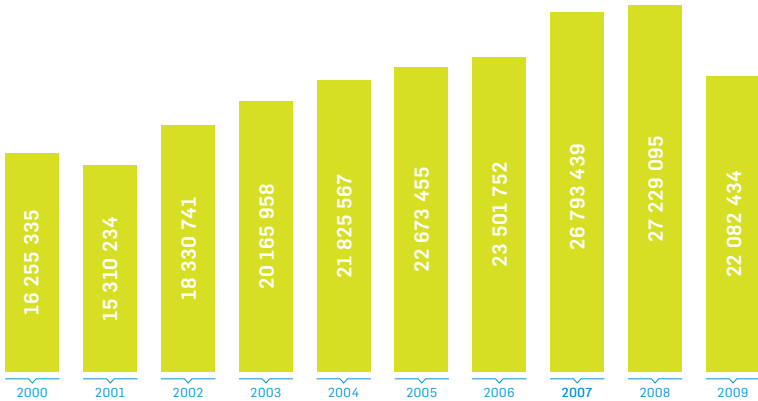
Certain traffics have, despite the situation, recorded a significant increase in their volume handled. For example, grain products have increased from 3 million tons to 3.6 million tons, an increase of over 19% when compared to the same period in 2008. Finally, 2009 will have been a record year for de-icing salt volumes, with an unprecedented 570,000 tons.

Despite the economic slowdown, the Port of Québec remains one of the main hubs for the Canadian foreign trade.

St. John, N.B., and Montreal. This represents a decrease of approximately 19% when compared to 2008, the year of all records in the Port of Québec's history. It should be mentioned that most of the main Canadian ports, as well as most large ports all over the world, have also recorded a significant decrease in their activities in 2009, mainly because of the sheer extent of the worldwide financial and economic crisis.

The liquid bulk products have also experienced a decrease in transhipped volumes, going from 14,376,874 tons in 2008 to 13,422,642 tons in 2009. This 7% decrease in 2009, when compared to 2008, can be explained mainly by the decrease of petroleum products traffic. The results for 2009 however represent the sixth highest total recorded throughout the Port of Québec's history for this type of bulk.

EVOLUTION OF MARITIME TONNAGES TRANSITING THROUGH THE PORT OF QUÉBEC
■ ANNUAL TONNAGE



In total, 70,899 tons of breakbulk were handled on the QPA's wharves in 2009. As has been the case for several years, the main volumes of breakbulk transiting through the port have been almost exclusively destined to the supplying activities of the Raglan and Voisey Bay mines, for the account of mining companies Xstrata Nickel and Vale

The Port of Québec's international cruise season was marked, among others, by the arrival of six new ships and by the doubling of the number of passengers in destination when compared to 2008. We can thus conclude that the economic crisis spared this activity dear to the heart of Québec City's population.

Approximately 87,000 passengers and 30,000 crewmembers were welcomed to Québec City by the maritime industry's stakeholders and the city's population during the cruise season.

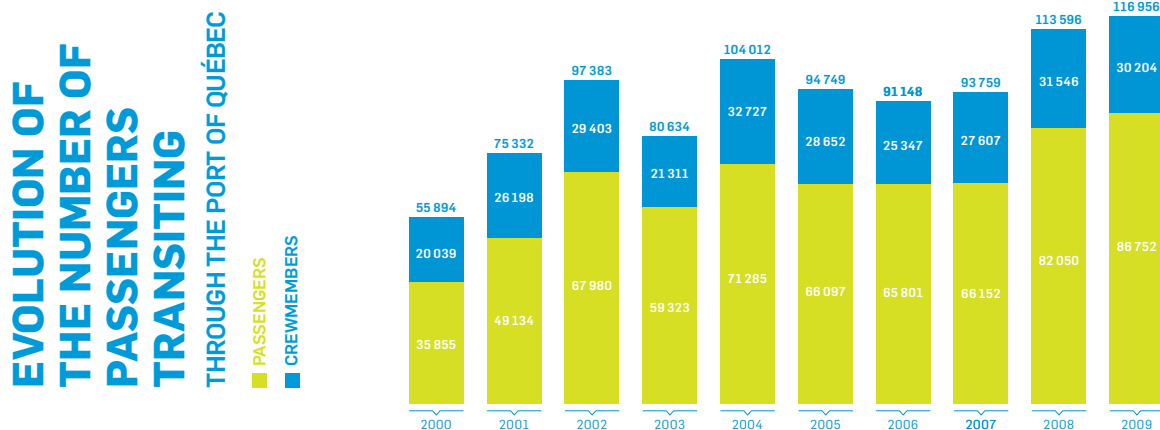
Inco respectively. The year 2009 saw an approximate decrease of 16% in the handling of breakbulk destined to these mining companies when compared to 2008.

Poised for the economic recovery that is about to start, the diversity in the activities present in the Port of Quebec once more constitutes its best ally. The polyvalent nature and efficiency of its infrastructures, coupled with its terminal operators' know-how, will enable them to resume their progress where they left off before the worldwide financial and economic crisis happened.

To sum it up, approximately 87,000 passengers and 30,000 crewmembers were welcomed to Québec City by the maritime industry's stakeholders and the city's population during the cruise season. This represents an increase of 6% in the number of passengers when compared to 2008. A total of 33,342 passengers chose Québec City as their point of arrival or departure, an increase of close to 89% when compared to 2008.

As mentioned above, six new cruise ships have dropped anchor for the first time in the port this season, among them the Crown Princess (3,782 passengers), the Costa Atlantica (2,680 passengers), the Norwegian Spirit (2,475 passengers) and the Queen Victoria (2,172 passengers).

Early October was fertile in novelties and challenges. Indeed, for the very first time in its history, the Port of Québec achieved three simultaneous operations where ships had made Québec City the departure or destination point for their passengers. A temporary setup had to be arranged in order to meet this challenge.





The Port of Québec Marina became the only marina in the province to obtain the “4 Eco Drops” rating, i.e. a result of 90% following the Eco-marinas evaluation program.

The year's successes are the result of the expertise and the involvement of the QPA's partners such as maritime services, operators and stevedores, the Québec City Tourism, Québec City Jean Lesage International Airport, maritime agencies, tour operators, taxicabs and buses, and the Canada Border Services Agency.

2009 will have also seen the 25th Anniversary of the Port of Québec Marina. Inaugurated as part of the Québec 1534-1984 event, the marina has not since stopped improving on member services and on services offered to the thousands of visitors who drop anchor at the heart of the City.

The Port of Québec Marina was visited last September by representatives from the *Association Maritime du Québec* and the *Corporation de l'industrie touristique du Québec* and thus became the only marina in the province to obtain the “4 Eco Drops” rating, i.e. a result of 90% following the Eco-marinas evaluation program. Inaugurated in 2007 by the *Association Maritime du Québec*, the Eco-marinas program is a certification program that recognizes management styles which respect the environment. The Marina Port of Québec has actively involved itself in the creation of the Québec-Levis yachting station, created in August 2009. This yachting station groups all yachting services and products suppliers of the region in order to offer access to all information relative to yachting to the population. The province of Québec now counts five certified yachting stations.

In retrospect, it is clear that the marina is better integrated than ever in that part of Québec City's urban landscape. It goes without saying that beyond the quality of the services offered, its localization is the marina's main asset, giving it the charm that improves on the tourist appeal of Québec City. The walkways surrounding the *Bassin Louise* enable the population to enjoy a beautiful public meeting place where yachts, large and small, embellish the landscape between the *rue des Remparts* and the Image Mill.

Approximately 85 events of all kinds have taken place throughout 2009 at *Espaces Dalhousie*. Even though this number is inferior to the 2008 figure, the activities held in the *Pointe-à-Carcy* cruise terminal have nevertheless generated more clients. Among the main events realized, the *Cirque du Soleil* “One Drop” cocktail, which was offered to 2,500 people, was probably the most fashionable event of its kind in Québec City during the year. The Consulate General of France also relied on the expertise and professionalism of *Espaces Dalhousie*, its partner caterers and audio-visual services to organize a *Fête Nationale des Français* activity. Over 1,000 people have thus been able to enjoy the unique view of the river and the *Pointe-à-Carcy* the QPA's cruise terminal offers. The *Association des propriétaires d'autobus* du Québec (APAQ) has also held its cocktail linked to the “*Bienvenue Québec*” event at the terminal. During that evening, approximately 500 people from everywhere in the province of Québec could fraternize with the numerous suppliers of the Québec City tourist offer.

2009 has also seen a change in the involvement of *Espaces Dalhousie* for the management of activities related to the Christmas and year end celebrations. The expertise and dynamism of the personnel in place have enabled the terminal to attain a record number of guests in 2009 for that period.

Just like the marina and many other activities in which the QPA has involved itself actively, *Espaces Dalhousie* is an example that shows that the QPA gets involved, directly or indirectly, in a range of activities that go beyond the harbour and maritime sectors.

Day-to-day

An important part of the QPA's activities concerns the application and/or the follow-up of laws and regulations relative to the harbour operators in order to satisfy the legislator's requirements. The QPA thus makes certain that the new projects go through an environmental assessment, that the best health and safety practices are in place and that a day-to-day follow-up of maritime and non-maritime activities is done in order to guarantee the protection of the environment.

This aspect also concerns the management of harbour security (ISPS), an indispensable component in order to guarantee that we attain the

highest standards set for an organization doing business with approximately 60 countries. Without being as important as in 2008, the QPA's involvement was significant at the regional level. Among the main elements, we must mention the return of the Image Mill, the highly noticeable presence of Cirque du Soleil and the implementation of a professional management structure at the Bay of Beauport. This involvement could also be noticed every day by the population through an easy and efficient access to certain choice sites along the river's shoreline. We can say "Mission accomplished" in this regard.

Espaces Dalhousie is an example that shows that the QPA gets involved, directly or indirectly, in a range of activities that go beyond the harbour and maritime sectors.

Looking back, we can see that the QPA and its partners have accomplished remarkable work over the last few years. In addition to the optimization of the locations currently available, the realization of investments and the stimulation of economic growth, the maritime community of Québec went beyond the expectations in the integration of its activities into the urban environment.

This cohabitation success is the best guarantee that the port and the region can continue to develop the port so it can keep on accomplishing its mission and generate collective wealth.



Ross Gaudreault
President and CEO





FINANCIAL RESULTS

16

Considering that the QPA gets a large proportion of its revenues from international trade and more particularly from its trade with the United States, the operating revenues have been affected by the economic situation with a decrease of 11% of its operating revenues, i.e. \$21.6 M in 2009 in comparison to \$24.2 M in 2008.

Faced with the worrisome situation of the world economy, the QPA's actions were dominated by caution when it came to operating expenses. Thus, even though a large proportion of these expenses are fixed, the QPA succeeded in decreasing them by 12%, excluding amortization and other elements. These last expenses went from \$16.3 M in 2008 to \$14.4 M in 2009. With regards to the expenses, the amortization went from \$3.0 M to \$5.2 M, mainly because of the fact that the QPA must recognize the amortization of a \$29.7 M investment made to improve the solid bulk terminal in Beauport.

As to the other elements of the financial results, the QPA saw the recorded loss of \$1.1 M recorded in 2008 transform into a profit of \$1.5 M in 2009, because the organization has realized a profit of \$0.7 M resulting from the protection of the interest rate on its loans when compared to a loss of \$1.4 M recorded in 2008 for the same element. This can also be explained by the net financial income reaching \$0.4 M in 2009, compared to \$0.7 M in 2008, while the environmental costs provided a gain of \$0.5 M in 2009 compared to a loss of \$0.4 M in 2008.

The QPA has thus realized net income of \$3.5 M in 2009, compared to \$3.7 M in 2008. Taking into consideration the amortization recorded as an expense, the QPA has succeeded in surpassing the preceding year in terms of internally generated funds. They total \$8.7 M, while they were \$6.8 M in 2008, despite the worldwide economic crisis.

The QPA's total assets went from \$173.8 M in 2008 to \$183.2 M in 2009, the main consequence of the increase of the net value of the immobilisations. Short term liabilities, for their part, went from \$13 M in 2008 to \$14 M in 2009 while the long term liabilities went from \$110.7 M to \$115.5 M, due to an increase of \$8.3 M in loans and a decrease of \$3.0 M in deferred contributions.

The QPA has succeeded in surpassing the preceding year in terms of internally generated funds. They total \$8.7 M in 2009, compared to \$6.8 M in 2008, despite the worldwide economic crisis.



Other financial elements

Investments

The year 2009 was characterized by investments of over \$26 M, which can be compared to the investments of \$24 M realized in 2008, mainly within the Federal legacy program for the 400th Anniversary of Québec City's founding. A large part of the 2009 investments were made on improvements of the solid bulk terminal in Beauport. It is important to specify that these amounts are added to other amounts invested by the terminal operator for the handling equipment and other equipment related to the operation of the terminal.

Market liquidity risk

The Port Authority benefits from credit facilities which it can access in order to meet its needs in liquidities. The internally generated funds are sufficient in order to the Port to respect its commitments relative to the reimbursement of its long term loan.

Risk related to the interest rate

The QPA is subjected to interest rates fluctuations because of its long term debt. Consequently, it manages its vulnerability to these interest rates fluctuations and concludes swap agreements consisting in the exchange of variable rates for fixed rates. As at December 31, 2009, should the interest rates at that date have varied by 25 basis points up or down, taking into account the hypothesis that all other variables remained constant, the QPA's net result for the year ended December 31, 2009 would have been respectively superior or inferior by \$35,000.



Economic and structural factors

An important and prolonged slowdown of the economy in North America or on certain international markets could have important consequences on the results. The same thing could happen because of the lack of competitiveness of the Canadian or American industries in certain import or export markets.

Governmental Regulations

The QPA's future results may vary according to the measures taken by government agencies that might have consequences on the QPA's activities; this includes the granting and delays in granting certain authorizations or certain permits on the part of governments, the adoption of regulations having consequences on the customer service standards, such as certain standards on safety, the adoption of anti-noise restrictions or river traffic regulations. The tax imposed for the sharing of exterior costs, such as general dredging on the St. Lawrence, can also have consequences on the financial situation and the results.

Auditor's report on summarized financial statements

To the Directors,

The accompanying summarized balance sheet and statements of income and cash flows are derived from the complete financial statements of QUEBEC PORT AUTHORITY as at December 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated February 26, 2010. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

*Mallette*¹
Mallette
L.L.P.
Chartered Accountants

Québec City, Canada
February 26, 2010

¹ CA auditor permit No. 12506

Summarized balance sheet

As at December 31.

	2009	2008 (restated)
CURRENT ASSETS	8,993,991 \$	14,674,102 \$
LONG-TERM ASSETS		
NET INVESTMENTS IN DIRECT FINANCING LEASES	21,008,713	23,363,748
ENVIRONMENTAL EXPENSES RECOVERABLE	949,143	923,872
CAPITAL ASSETS	152,310,451	134,825,673
	174,268,307	159,113,293
	183,262,298 \$	173,787,395 \$
CURRENT LIABILITIES	14,091,545 \$	12,965,639 \$
LONG-TERM LIABILITIES		
ENVIRONMENTAL LIABILITIES	3,358,681	3,595,017
LONG-TERM DEBT	25,768,804	17,423,140
DEFERRED CONTRIBUTIONS	84,554,805	87,633,049
EMPLOYEE FUTURE BENEFITS	1,814,000	2,003,400
	115,496,290	110,654,606
AUTHORITY'S EQUITY	53,674,463	50,167,150
	183,262,298 \$	173,787,395 \$

On behalf of the Board,



, Chairman



, President and Chief Executive Officer

Summarized statement of income

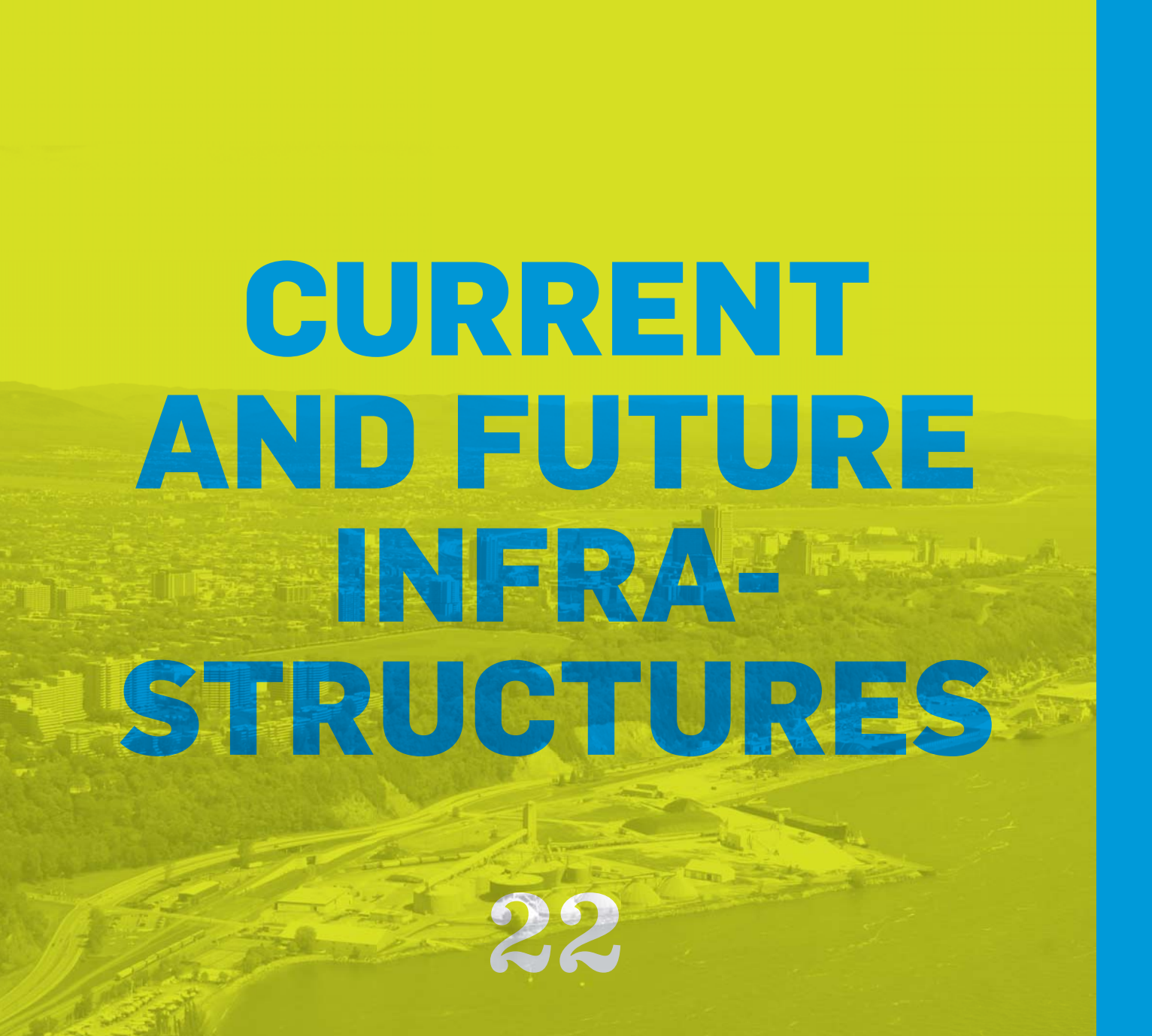
For the year ended December 31

	2009	2008
		(restated)
REVENUE FROM OPERATIONS	21,578,017 \$	24,243,996 \$
EXPENSES	14,407,130	16,348,813
INCOME BEFORE AMORTIZATION AND OTHER ITEMS	7,170,887	7,895,183
AMORTIZATION, NET OF DEFERRED CONTRIBUTIONS AMORTIZATION	5,166,507	3,045,652
INCOME BEFORE OTHER ITEMS	2,004,380	4,849,531
OTHER ITEMS	1,502,933	(1,110,998)
NET INCOME AND COMPREHENSIVE INCOME	3,507,313 \$	3,738,533 \$

Summarized cash flows

For the year ended December 31

	2009	2008
		(restated)
OPERATING ACTIVITIES	8,548,411 \$	8,274,410 \$
INVESTING ACTIVITIES		
Acquisition of capital assets	(22,062,588)	(28,621,729)
Receipts from direct financing leases	2,066,601	1,936,682
	(19,995,987)	(26,685,047)
FINANCING ACTIVITIES		
Change in amounts payable to a related party	-	(1,234,052)
Net change in long-term debt	8,345,664	8,511,871
Receipts related to deferred contributions	2,102,889	11,932,029
Environmental liabilities settled, net of recoveries	1,842,473	(1,204,618)
	12,291,026	18,005,230
INCREASE (DECREASE) IN CASH	843,450 \$	(405,407) \$

An aerial photograph of a city and an industrial facility, possibly a refinery or power plant, with a yellow overlay. The city is in the background, and the industrial facility is in the foreground. The text is overlaid on the image.

CURRENT AND FUTURE INFRA- STRUCTURES

22

THE QPA MANAGES OVER 200 HECTARES OF PROPERTIES ON WHICH THE PORT'S DIFFERENT TERMINALS CAN BE FOUND. FOR DECADES, THE LANDS DEDICATED TO HARBOUR OPERATIONS HAVE REMAINED MORE OR LESS THE SAME, WHILE THE TONNAGES HANDLED ARE STEADILY INCREASING. AS DEMONSTRATED BY THE GROWTH RECORDED OVER THE LAST FEW YEARS, THE BEAUPORT SECTOR OFFERS EXTRAORDINARY POTENTIAL. THE QPA CURRENTLY DOES NOT HAVE ANY OTHER PIECE OF LAND ON WHICH TO DEVELOP NEW TERMINALS. IN THE MID- AND LONG TERM, WITHOUT NEW LANDS, THE QPA WILL NOT BE ABLE TO FULFILL ITS MISSION ADEQUATELY, NOR EVEN ENJOY ADDITIONAL GROWTH.

In 2007, the QPA elaborated an expansion project. This consisted in the update of the expansion project initially developed in 1984 and for which the Port Authority had obtained an authorization following an environmental assessment. The 1984 project was much more considerable than the one currently proposed by the QPA, i.e. the construction of three wharves east of the Beauport sector.

The update of this project enabled the integration of the development that has taken place since the initial project, especially the landscaping of the Federal legacy lots east of the Beauport sector. This recreational and nautical project had the advantage of offering operational continuity for the Beauport harbour sector. In this regard, the QPA's project was and is still aimed at reinforcing the Port of Québec as the sole deep water transshipping (maritime and railway) port for liquid and solid bulk in the Ontario-Québec Trade Corridor.

The complementarity with the infrastructures and the equipment in place offered the possibility of doubling the traffic in the sector, i.e. from 10 M to 20 M tons by increasing the harbour surface of the sector by only approximately 24%. The water depth in that area, the remoteness of the residential areas, the economic benefits generated by the construction of new infrastructures and new freight traffics counted (and still count) among the reasons justifying the realization of this project.



What cannot be developed in Québec in the port's niches will not be realized elsewhere along the St. Lawrence. The activities, investments, as well as the jobs that could result from this potential development will be, according to the QPA, recuperated by ports and regions of the American East coast.

There are numerous reasons why the QPA cannot finance this project by itself. The loan limit fixed by its letters patent, the impossibility of giving assets as security and the incapacity of reimbursing a bank loan directly from the revenues generated by these new wharves are three among many. In this regard, the absence of federal programs dedicated to the financing of harbour infrastructures constitutes an important loophole in the future development of all ports in Canada.

The absence of financing for the infrastructures does not cast a doubt on the need for them in order to ensure the development and the future growth of the port. In 2008 and 2009, the Port of Québec has succeeded in making the larger part of the maritime community and several regional stakeholders and institutions aware of the need to equip the Port of Québec with new infrastructures. The QPA and its partners are currently re-evaluating the fundamental characteristics of the project's components according to new priorities, which include postponing certain investments.

In 2008 and 2009, the Port of Québec has succeeded in making the larger part of the maritime community and several regional stakeholders and institutions aware of the need to equip the Port of Québec with new infrastructures.





Over the last 15 years, over \$250 M have been invested by the QPA and its operator partners in the setting up of several terminals and other harbour assets, without any contribution from the Federal

The QPA has proven that when the commercial conditions are favourable, it can finance the realization of its projects and is thus able to fulfill its mission.

Government. The QPA has proven that when the commercial conditions are favourable, it can finance the realization of its projects and is thus able to fulfill its mission.

By proceeding with the addition of new infrastructures generating new freight traffics, the QPA's financial contribution will be considerably improved. The new revenues generated by the additional freight traffics would mean that the QPA could count on more liquidity to help in the restoration and upgrading of the existing harbour heritage.

Over the next 20 years, the QPA estimates it will have to invest over \$200 M in order to upgrade its oldest wharves. To that, other investments must be added for other infrastructures such as buildings, roads, electric and aqueduct networks, etc. The QPA estimates it is able to upgrade the large majority of its other assets directly from its internally generated funds. In the case of the new wharves, however, this is a financial impossibility.



FULL AHEAD

26

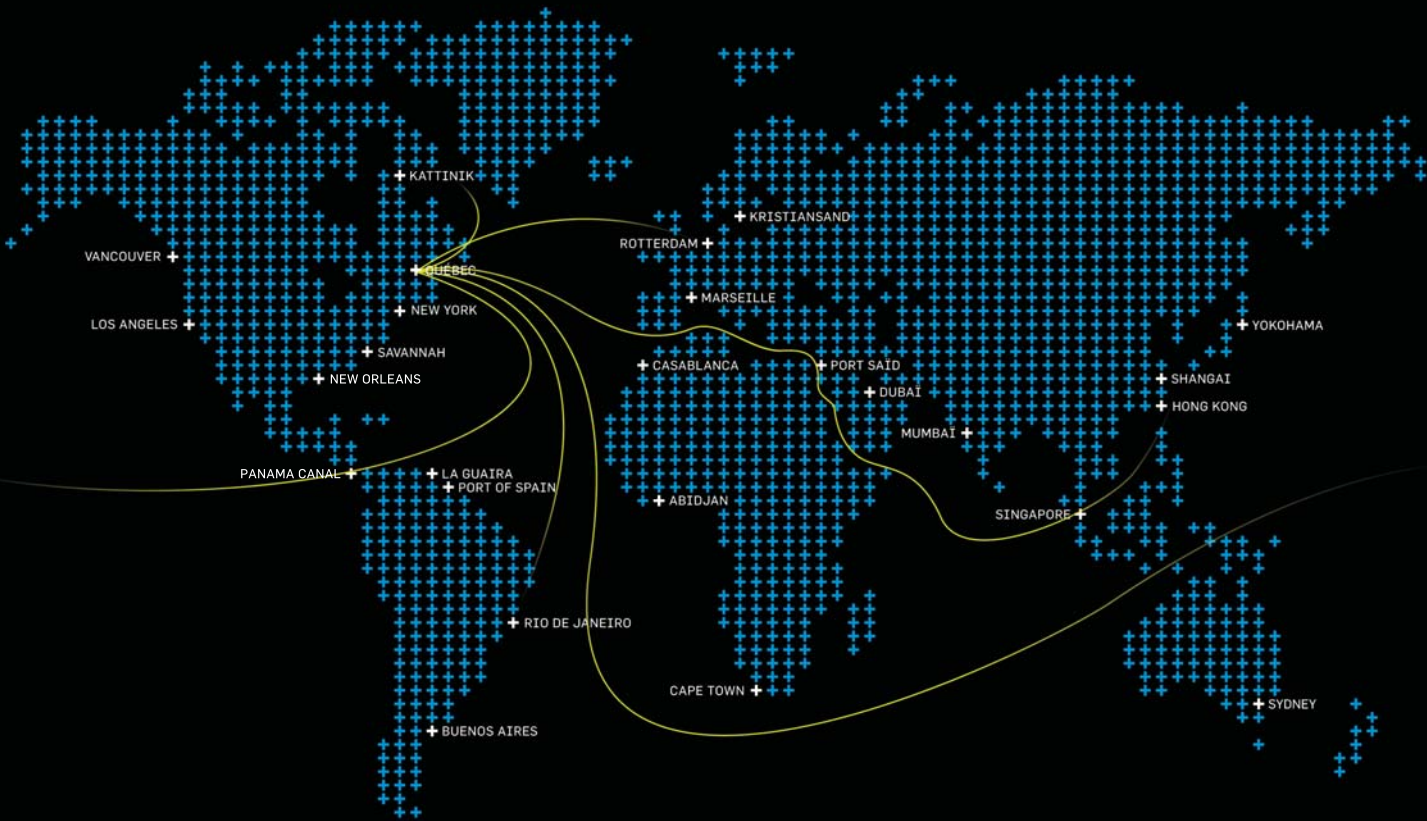
THE HISTORY OF THE PORT OF QUÉBEC IS A LOT MORE THAN THE WELCOMING OF SHIPS COMING FROM ALL OVER THE WORLD. BEHIND ALL THE SUCCESS THAT HAS COLORED THE MOST FASCINATING PAGES OF THE GREAT BOOK OF THE PORT OF QUÉBEC, THERE ARE MANY PEOPLE WHO, THROUGH THEIR EXPERTISE AND DEDICATION, HAVE BEEN ABLE TO MOULD THIS INSTITUTION WHICH CONSTITUTES AN IMPORTANT ECONOMIC GENERATOR FOR THE QUÉBEC REGION. IN OVER 400 YEARS OF EXISTENCE AND MORE THAN 150 YEARS OF INCORPORATION, THE PORT OF QUÉBEC HAS SUCCEEDED IN ADAPTING, REDEFINING AND DEVELOPING ITSELF. THIS IS HOW ITS HISTORY WAS WRITTEN AND IT IS THIS WAY THAT ITS FUTURE WILL BE TOLD.

The Port of Québec's growth remains, more than ever, essential to its operational and commercial health. To reach its goal, the QPA will continue to fulfill its mission, which means developing itself while taking into account sustainable development principles. In this regard, the QPA estimates it has shown its will to go beyond words. Be it through the quality of the commercial and urban landscaping it has realized over the last few years, the quality jobs thus created or its positive contribution to the environmental scene by supporting the use of maritime transportation, the QPA has demonstrated that it is a definite value added for the region and that it is part of the solutions for the future development of Québec City.





The Port of Québec is a lot more than ships...



The Port of Québec enjoys yearly commercial trade with approximately **60 different countries**.

Québec Port Authority

General Management / Marketing and Development
150 Dalhousie Street, P.O. Box 80, Station Haute-Ville
Québec City (Québec) G1R 4M8 Canada
Tel.: (418) 648-4956 Fax: (418) 648-4160
marketing@portquebec.ca

www.portquebec.ca

www.marinaportquebec.ca

www.espacesdalhousie.com