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Message from the Directors



It is our pleasure to present you with the *Annual Report 2000*. This document outlines the efforts undertaken by the STCUM to carry out its mission : to guarantee the trips of individuals travelling on its territory.

The arrival of a new millennium evokes a certain feeling of anticipation, but because we had planned the operation several months in advance, we were able to ensure the transition of our equipment to the 21st century with complete confidence. In the excitement of the moment, we decided to keep the métro stations open the night of December 31, 1999 to January 1, 2000 to enable those wanting to celebrate this momentous occasion to travel on our system with complete peace of mind.

The year 2000 was punctuated by several high points : renewal of the collective agreements with four of our principal unions, the drawing up of our Vision 2002 strategy, the development of projects to improve services and public transit, the solidifying of business partnerships with organizations in Montréal and France, and reflection on the future of the STCUM within the context of the debates surrounding municipal reform.

In terms of results, the year 2000 saw a 1.8 % growth in ridership, an increase of 6 million trips in comparison with 1999. This growth is significant as it took place in a context where the automobile continues to gain ground and to grab a greater share of the market.

The métro system distinguished itself by achieving superb results in the area of dependability. In fact, the figures show that 97.6 % of passengers who took the métro in 2000 reached their destination with less than a five-minute delay. This proves that the measures taken over the last few years to reduce the number of service outages are bearing fruit.

The 23% decrease in crime in the métro system was another achievement worthy of mention. This reduction is attributable, on one hand, to the awareness and prevention efforts undertaken by the Surveillance Service and, on the other hand, to the creation of a coordination team with the CUM police department, thanks to which interventions were handled much more effectively.

As for the bus network, the situation was more difficult as we were at times unable to deliver the scheduled service. The fleet is ageing; inspection, maintenance and repair of certain buses requires more time and, as the tendering process for the contract to purchase buses took longer than expected, the STCUM will not be able to count on new vehicles before 2001. To ease the situation, various measures were implemented in the maintenance area in order to have the greatest number of buses available for service. A major challenge requiring a great deal of energy.

The requests for trips from disabled individuals continue to increase, and the additional financial resources injected by the Québec Transport Department are not sufficient to meet the demand. This situation is of concern to us and is a call to action to the elected officials of the CUM who agreed to increase their contribution to 23.3 %, even though the *Programme d'aide au transport adapté* sets their share at 21 %. It is clear, however, that the municipalities alone cannot absorb the additional costs to meet the demand. This is why the STCUM is working closely with the MTQ to find solutions to improve the quality of services and promote a greater integration of disabled individuals.

Throughout the year, the STCUM continued its efforts to control expenses and maximize the sums allocated to provide a quality service. Its room to manoeuvre is more and more limited, and its investment needs are great. Aware that the decisions that will have to be made in the near future will be critical to the development and promotion of public transit, we will be trying to convince the decision-makers to recognize the predominant place that public transit must occupy in the new city and the importance of allocating more adequate and stable sources of financing. The STCUM very much welcomed the plan introduced by the Transport Minister, Mr. Guy Chevrette. The *Plan de gestion des déplacements* sends a clear signal for the relaunch of public transit, and gives a green light for its development.

The year 2000 saw the emergence of new ideas and projects that will result in more effective organization and mobilization. We are proud of the work accomplished by the STCUM and by the members of the Board of Directors who sat on 16 occasions to analyze more than 225 dossiers and to approve related resolutions. We sincerely thank one and all for their dedication and for their invaluable contribution.

Mr. Frank Zampino, C.A.

Chairman *

Mr. Pierre-Yves Melançon

Vice-Chairman *

Mr. Jacques Fortin

Director General

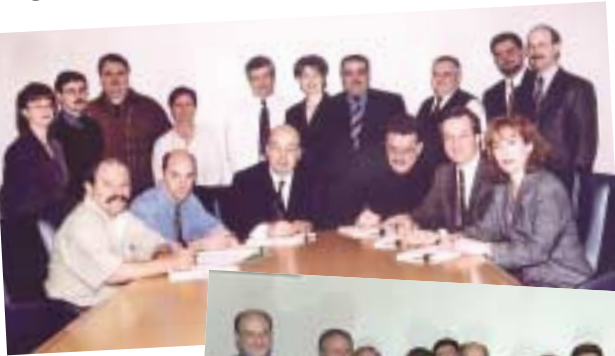
* Mr. Frank Zampino assumed the post of chairman of the Board of Directors until December 20, 2000. Since then, Mr. Pierre-Yves Melançon replaced him at the post.

The organization — Highlights of the period

Transition to the year 2000

The STCUM was well prepared to handle any difficulties involved in the transition of its computer equipment to the year 2000, and everything went very smoothly. In addition, in order to enable the population to participate in the festivities surrounding the arrival of the new millennium, the STCUM operated the métro and buses throughout the night of December 31, 1999, and services were offered for free. The STCUM system was extremely busy, with métro cars being added on certain lines to meet the demand. It was the second time in its history that the métro ran through the night. The first time was on March 4, 1971 during the snowstorm of the century.

Renewal of the collective agreements



A great deal of energy was expended during the first months of the year on negotiations surrounding the renewal of the collective agreements with the four unions. In March, two agreements were signed, the first with the *Syndicat des chauffeurs d'autobus, opérateurs de métro et employés de services connexes (SCFP)*, and the second with the *Syndicat des employé(e)s de bureau, technicien(ne)s et professionnel(le)s (SCFP)*. A holiday for employer-employee contributions to the pension fund, greater operating flexibility and salary increases equivalent to those given by the government of Québec were among the key points. The following month, it was the turn of

the division clerks, part of the *Syndicat des employés du transport en commun (SCFP)*, to reach an agreement with company management.

Negotiations with the *Syndicat du transport de Montréal (CSN)* took longer. The agreement reached in mid-June respected the overall context of the agreements already concluded with the other unions representing over 6,200 employees.

Réno-Station : mission accomplished !

The Réno-Station programme was completed by the deadline in spring 2000. Lasting three years, it consisted of improving the entrance areas and accessibility for customers and replacing architectural, structural, mechanical and electrical elements. Over and above the improvements to the 26 stations in the original system and the Control Centre, this major renovation project created 670 person-jobs per year. An excess of \$0.7 M was realized against the original budget



of \$60 M, 50% of which came from the Québec Transport Department (MTQ), 25% from the Metropolitan Transportation Agency (AMT) and 25% from the STCUM.

Vision 2002 : a promising undertaking

*Travailler ensemble
à devenir plus
performant*

Following 18 months of sustained effort, the STCUM found itself in a positive position for the first time with regard to the 1999-2001 plan of



action "Working together to increase performance". The company could maintain its course on dependability, punctuality, reduction in operating costs, adjusting service to meet the demand, security and courtesy. This change in direction, noticeable in the areas of both customer service and finances, led to the development of an integrated operations-oriented plan of action entitled "Vision 2002". Consisting of measurable objectives directly linked to the execution of its mission, "Vision 2002" revolves around four main themes:

- The STCUM assumes a leadership role in the development and promotion of public transit;
- 90% of customers are satisfied with the service provided;
- 90% of CUM taxpayers, customers and employees consider the STCUM to be an efficient and effective organization;
- 90% of the employees are mobilized.

A new addition for the management of major projects

The naming of an assistant director general for major projects confirms the significance of the stakes involved in the technical studies on the extensions of the métro, the replacement of fixed equipment and the relocation of the Saint-Denis Transportation Centre due to the construction of the *Centre hospitalier de l'Université de Montréal (CHUM)*.

Feasibility studies on métro extensions to Anjou and Longueuil and on the light rail system (SLR)

The STCUM, in collaboration with the AMT, carried out various studies related to the extensions of the orange line to Laval, the blue line to Anjou and the yellow line to Longueuil and Montréal. In addition, the STCUM's expertise was used to advantage in carrying out studies related to the light rail system (SLR) between the South Shore and the island of Montréal, on Park avenue and in Parc Jean-Drapeau.

Programme for replacement of fixed equipment

This new programme, known as *Réno-Systèmes*, will be carried out in partnership with the engineering firm *Dessau-Soprin*. The first phase of the programme will be to identify the work necessary to replace or renovate stationary equipment such as escalators, cabling, and telecommunications and ventilation systems. Covering a period of five years, this partnership is a first for the STCUM, as it will encourage technological exchanges between the partners as well as the emergence of innovative solutions. An amount of close to \$300M over five years will have to be allocated to the realization of this project.

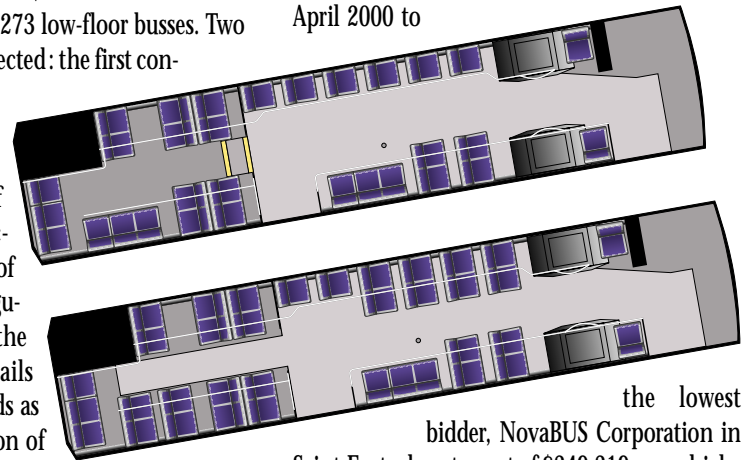
New repair shop at the Crémazie plant



Built at a cost of \$1.7 M, the new fibreglass repair shop has a surface area of 5,000 square feet. Since the end of December it has enabled the STCUM to carry out repair work on the bodies of the low-floor buses which are made of fibreglass.

Redesign of the low-floor buses

Slightly more than \$3 M has been allocated to the redesign of 273 low-floor busses. Two designs have been selected: the first consisting of 31 seats for the majority of the vehicles, and a second configuration of 36 seats. The reduction in the number of seats and the reconfiguration of the seats, the addition of handrails and vertical stop cords as well as the elimination of the raised area in the rear part of the vehicle are among the modifications designed to respond to the needs of passengers. This redesign will improve circulation within these vehicles and will also enable us to increase the load capacity while reducing the sense of crowding among passengers.



Group purchase of buses results in savings

In February, the STCUM's Board of Directors passed a resolution mandating a 14-member committee to analyze the factors related to the replacement of buses for the years 2000, 2001 and 2002. In addition to the bus requirements for the service offer, other factors include access to the regular system for those with reduced mobility and those in wheelchairs.

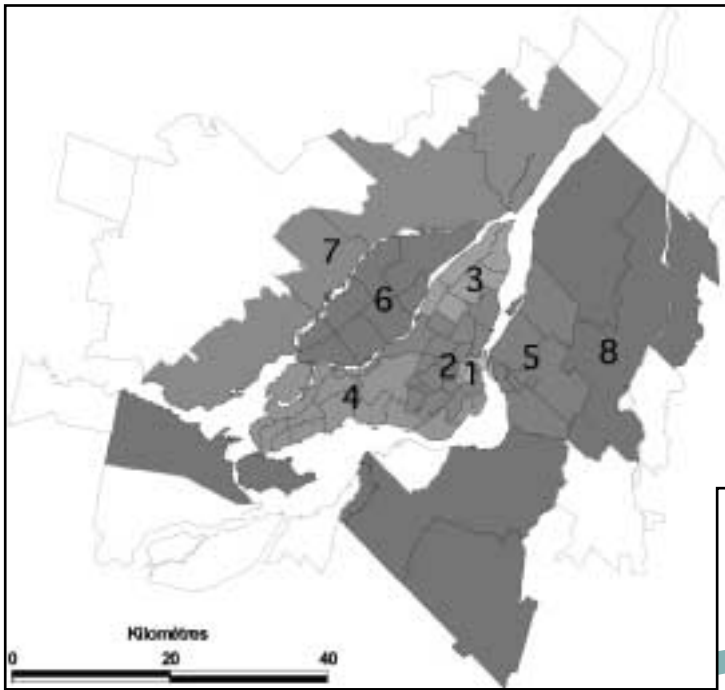
Following an exhaustive analysis and numerous consultations with the clientele, the drafting of an invitation to tender document for the purchase of buses for 2000-2002 was drawn up by the STCUM on behalf of the Association du transport urbain du Québec (ATUQ). As a result of the liberalizing of commercial trade, the STCUM sent an invitation to tender to three Canadian manufacturers. A first in its history!

The contract was awarded in April 2000 to

the lowest bidder, NovaBUS Corporation in Saint-Eustache, at a cost of \$349,319 per vehicle, a saving of \$10,000 per vehicle compared to the order placed in 1999.

This new series of vehicles will include several improvements that will better respond to the needs of passengers, particularly in the area of comfort. Adjustment in the suspension to lessen the rolling sensation, reduction in the level of ambient noise and the addition of touch-sensitive bars to facilitate the opening of the rear door are among the improvements planned. The STCUM will receive 300 of the 439 vehicles ordered, all featuring 31 seats.

Origin-Destination Survey: the key data



The results of the Origin-Destination Survey, conducted among 65,000 households in 1998, were released this year. The objective of this survey was to identify the mobility characteristics of individuals. Various phenomena were highlighted including the impact of urban sprawl, the ageing of the population, the degree of automobile use and the growing mobility of women. Examination of these data will lead to the emergence of strategies and options to be considered in the effort to recapture the market share lost by public transit in the Greater Montreal area.

The UCMU takes charge on Saturday April 15

Following an explosion in an access shaft located at the corner of Saint-Denis and boulevard Saint-Joseph, the electric cables controlling distribution for the ventilation and communications systems on the métro's blue and orange lines over-

heated and were heavily damaged. Because the resulting surcharge blew out certain circuits at the Control Centre and interrupted all communication, the STCUM was forced to stop service on the entire system. The Emergency Measures Coordination Unit (UCMU) - the crisis management team - went into action and demonstrated its value and its effectiveness.

The métro was paralyzed for 5 hours and 44 minutes, the longest outage in its history. According to a survey published later by La Presse, 70 % of passengers judged the emergency plan to be effective, a very positive response according to the experts. The close cooperation between all the participants, the special bus service set up in record time as well as the information made available to the general public all contributed to this result.

Creation of an STCUM - SPCUM coordination team

A coordination team involving the CUM Police Department and the STCUM was set up this year. Two SPCUM officers have been integrated into the workplace of the Surveillance Service. The mission of this team is to facilitate relations between the two services by centralizing information elements related to crime on public transit in one location.

This partnership, a first for the SPCUM, is one of a kind. The team's impact is already being felt, as there has been a 23% reduction in criminal acts in the métro, attributable in part to this initiative. In fact, 1,772 crimes against



individuals were committed in 2000, compared to 2,316 in 1999.

The fire prevention division celebrates its 25th anniversary

This year the employees in this group celebrated twenty-five years dedicated to ensuring and improving the security of passengers and personnel. The fire prevention division is dispatched in response to incidents in the métro, the buses, the service garages, the transportation centres or even the administrative offices. This anniversary provided the opportunity to present an account of the evolution in



equipment and training techniques which have changed greatly over the past quarter century.

The STCUM boasts the only underground training school, which enjoys an international reputation. It reproduces real-life fire-fighting conditions more than 25 metres underground, using three actual métro cars. More than 3,000 individuals, STCUM employees as well as firemen, policemen and ambulance technicians, have received training here over the years.

Installation of the SAP modules



Installation of the modules of the SAP integrated enterprise software system was completed according to the scheduled deadline last June. Introduced gradually over a 20-month period, this challenge was met head on with the exceptional contribution of the team in charge of its implementation, the solid and ongoing involvement of management, the cooperation of employees as well as the collaboration of the union partners. In addition, the systematic approach, the introduction of innovative concepts such as



change management and the deployment of appropriate resources were among the factors leading to the success of this project, the objective of which was to set up, among other things, the payroll module for active employees.

The STCUM-RATP partnership

A three-year renewable protocol was signed this fall between the STCUM and the *Régie autonome des transports parisiens (RATP)*. For some time these two transit organizations have wanted to take advantage of their respective expertise and experience. Research and development, replacement programmes for operating equipment and systems, real-time management (buses), paratransit and customer service are among the subjects covered.

First environmental assessment

Through the adoption of a new management policy on environmental protection, the STCUM undertook to produce an environmental assessment on an annual basis. Wishing to contribute to the long-term development and the quality of life on the territory of the Communauté urbaine de Montréal, the company has thus clearly demonstrated the importance it gives to respecting and protecting the environment.

The publication of this first assessment is, in some ways, a retrospective of the various actions taken over the last ten years. It provides as well a detailed picture of the work carried out to conform to environmental laws.

The year's financial side

Financial results for 2000

The financial results for 2000 show an excess of revenues over expenses of \$9.1 M. This is mainly attributable to the increase in ridership and to the efforts undertaken to respect the level of authorized expenses. In fact, STCUM ridership rose 1.6 % in comparison with the previous year, from 342 million trips in 1999 to 348 million in 2000. This translated into an increase of \$12 M in passenger revenue.

For its part, Paratransit continued to see an increase in demand, and the STCUM had trouble keeping up with the requests. The Québec Transport Department, which must subsidize 75 % of the eligible expenses, approved a supplementary budget of \$0.4 M for the year 2000. In view of the fact that the actual expenses were more than \$1 M, the municipalities of the CUM agreed to finance the excess of \$0.6 M. This decision enabled us to maintain the planned service despite a major increase in the cost of taxi transportation.

"A (High)" Rating

The Dominion Bond Rating Service (DBRS) once more gave the STCUM an "A (High)" rating. This rating is higher than that given to the government of Québec, Bombardier and Hydro-Québec. The agency thus recognizes the quality of the company's management.

Budget process for 2001

On November 15 the Board of Directors adopted the 2001 budget, a critical budget for the relaunch of public transit. It will allow for the addition of 20,000 hours of service. The 2001 budget will reach \$699 M, an increase of 3.5 % from the previous year. To deal with the increase in expenses, related primarily to the explosion in energy costs and the indexation of salaries, the municipalities of the CUM will inject an additional \$5 M into public transit, and some fares will increase slightly. In addition, the projected growth in ridership and the increase in fares will result in an increase of \$9 M in passenger revenue.

The STCUM plans to invest \$453 M in the maintenance and renewal of its equipment. The 2001-2003 three-year investment programme calls for the sum of \$392 M to carry out major projects and \$61 M for periodic major maintenance of equipment. Spread over some 100 projects, these amounts will be used primarily for purchasing buses, replacing fixed equipment in the métro and for a series of measures designed to improve customer service. Replacement of the Paratransit telephone reservation system, the implementation of preferential measures for buses, optimization of the terminuses and waiting areas and continuation of the escalator replacement programme are the priority projects for the coming years.

The increase in operating expenses will amount to \$25.7 M. Energy costs alone represent \$10 M of this amount. However, one must remember that the STCUM signed a swap agreement in August 1998, which ended in September 2000, an agreement that protected the STCUM against fluctuations in gas prices and enabled the company to save in excess of \$3.4 M over the market price.

The 2001 budget for Paratransit will amount to \$27.2 M. However, this sum is insufficient to meet the ever-growing customer demands which require expenditures in the order of \$29.3 M, \$3.4 M more than the budget authorized by the Transport Dept. in 2000. Aware that it cannot completely meet the demand, the STCUM is trying to maximize the sums allocated by Québec to this sector by implementing various measures including better planning and coordination of trips.



An ongoing investment of time to improve customer service

Reduced fare expanded

As of March 1, 2000, access to the reduced fare on the STCUM network was expanded. It was now available not only to residents of the CUM, but also to those eligible for reduced fares on the territories served by the STRSM, the STL and the CITs in the Greater Montréal area in possession of an authorized access card. The Board of Directors passed a resolution adopting a new bylaw that consolidated the usage guidelines for the various fares and the eligibility criteria for the reduced fare.

The CAM by Mail : easy and practical

As of October 2000, the STCUM has offered customers the option of obtaining the monthly pass (CAM) by mail. Almost half of customers questioned during a survey conducted in the fall of 1999 indicated interest in this option. They saw several advantages including not having to make a special trip to obtain their CAM, and avoiding waiting lines to purchase their passes at the beginning of each month.



Tourist card

As of May 1, the tourist card is sold in a greater number of stations during the high season. The card is now available in 28 stations and is offered for a period of one day or three days. Aimed primarily at tourists and conventioners, it is part of the over-all effort to promote the city of Montréal.



Reserved seats, a plus

The STCUM, like other large American and European cities, has, since 1991, directed its efforts towards more accessibility on the regular network for individuals with reduced mobility. Among the measures introduced are reserved seats. In each bus and métro car, two seats, identified by a predominantly yellow sign, are now reserved on a priority basis for individuals with reduced mobility. Customers are thus asked to give up these places if needed. An information campaign under the theme "Si vous voyez jaune, c'est un siège réservé!" made passengers aware of this measure and of the need to respect it.



The number of routes accessible to wheelchair-bound passengers continues to grow

On five occasions during the year, the STCUM increased the number of bus lines accessible to those travelling in a wheelchair, bringing the total number in the network to 33. The number of these routes will continue to increase as the STCUM acquires new low-floor vehicles. Based on the targeted objective, low-floor buses should represent almost 50% of the STCUM's bus fleet in 2002.

ACCES system

In the face of the significant growth in trips over 20 years - 175,000 trips in 1981 versus 1.3 million in 1999 - the STCUM would like to replace the existing ACCES 1 system with a more efficient tool, the ACCES 5 software. The STCUM is awaiting a decision from the MTQ regarding the financing of 75% of the estimated \$6.2 M cost of this project. In addition to the savings that should be generated from better coordination of trips, the STCUM's primary objective is to reduce the time for a customer to reach an agent and obtain confirmation for a trip request. The studies required for its implementation are continuing.



New bus routes

73 - Dalton

The STCUM launched this bus route in the Town of Mount-Royal industrial park. It replaces the public taxi service that had been serving this industrial area since January 1999. The growing demand as well as the financial participation of Town of Mount-Royal justified its creation.

74 - Bridge

This new bus route was put into service to respond to the specific needs of the Loto-Québec complex located near Cité du Havre. This new service is offered Monday through Friday during rush hour and is financed in large part by Loto-Québec.

Acquisition of 17 minibuses

The STCUM acquired 17 new vehicles, replacing those acquired in 1994. They are equipped with, among other things, a larger hydraulic lift to facilitate the boarding of individuals with a disability. The ease and speed with which the seat configuration can be changed enables us to maximize trips and to welcome additional passengers. These new vehicles also provide additional comfort, a much smoother ride and better ventilation.

Infobus in the stations

During the year, the STCUM proceeded with the installation of InfoBus panels to display bus schedules inside 24 métro stations. These panels prevent customers from having to go outside in bad weather to check the time of the next scheduled bus. During 2001, all 65 stations should be equipped with these customer information tools.



A full-time partner in the Montréal community

The STCUM continues to associate itself closely with many social and cultural activities. Modifications and additions in service were required for the major events taking place throughout the summer.

The Grand Prix

Special measures were taken, particularly on the yellow métro line during the Grand Prix on June 16, 17 and 18. This year, a record crowd of close to 145,000 used the métro to get to the site each day, compared with 80,000 in 1999.

The Montréal Alouettes

The partnership with the Alouettes was renewed for a third consecutive year. The free shuttle, set up by the STCUM, and financed in part by the football club, enabled 78,340 fans to go to Percival Molson stadium for the 11 matches scheduled from June to November 2000. This represented a 32% increase from the previous year.



The Fête des enfants

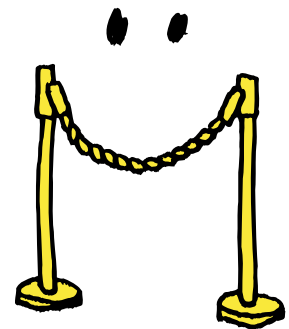
On the occasion of the Fête des enfants held at Parc Maisonneuve on August 20, the STCUM set up a shuttle service and thus became this event's "official transport". The organization also set up an information booth. A team of STCUM representatives listened closely and used a great deal of imagination to satisfy the



Museum Day

For a fourteenth consecutive year, the STCUM teamed up with the board of Montreal

Museums directors by offering a bus service covering four routes. More than 60,000 people participated in the event, a major portion of which used our services.



curiosity of the little ones who wanted to visit a low-floor bus and a chief of operations vehicle. More than 50,000 people attended this popular event.

Pure Air Day

Similarly, the STCUM is a major partner in Pure Air Day, an event that took place on the promenade of Place-des-Arts on June 7. On this occasion, employees were on site to host an information booth and provide tours of a low-floor bus.



The Canadian Centre of Architecture (CCA)

The STCUM also joined forces with the Canadian Centre of Architecture on the occasion of the "Cities in Motion" exhibition which took place from November 15, 2000 to April 1, 2001. This exhibition illustrated how transportation infrastructures have changed the urban fabric in Montréal over the last century. Of particular interest were the extraordinary visuals of the construction of the Montréal métro.

Giving of its time to fulfil its social role

The good works of employees : a huge success

The year 2000 ended on a positive note with *Les bonnes œuvres des employés*. A sum of more than \$41,600 was collected on a voluntary basis by the employees in the buses and métro on November 23, 24, and 25. Unbelievable! This exceeds the amount collected last year by 35 %. As a result, more than 450 Christmas baskets were distributed throughout the city, with a fair number going to the Little Burgundy area.

2000 fund-raising efforts bear fruit

The 2000 fund-raising campaign brought in donations totalling \$306,189.23, surpassing the objective of \$295,000 by 14 %. Worthy of mention is the 26% increase in participation by bus drivers this year. Three organizations shared in this amount: Centraide, which received \$88,211; the Red Cross, \$66,783 and Réchaud Bus, \$151,193.

Réchaud Bus is already 5 years old

Réchaud Bus celebrated its fifth anniversary on January 27.



The actor Michel Forget, associated with the project since its inception, joined us to mark the event. Over the years, the financial contribution and voluntary participation of active and retired employees of the STCUM have resulted in thousands of meals being provided to homeless youth. The number of hours



donated by the volunteers enabled us to maintain and expand the benefits of Réchaud Bus. This year Réchaud Bus provided snacks and complete meals to approximately fifteen schools fighting problems with hunger.

Renaissance Montréal

For an eighth consecutive year, the STCUM joined forces with Renaissance Montréal, a non-profit group, to organize a used clothing collection in eight métro stations. Opération Changement de Saison, held between October 16 and 20, resulted in the collection of close to 2,300 bags of clothing. Renaissance Montréal provides training and job preparation for individuals having difficulties integrating the workplace.



Taking time out to pay tribute to employees

Our heroes

The STCUM paid tribute to several employees during two special receptions held in their honour. These individuals performed exceptional acts of citizenship in the course of their duties in 1999-2000. They are ticket collector Pierre Colpron; bus drivers Jacinthe Vinet, Jean Benoît, Robert Brouillard, Normand Daigneault, Bernard Drouin, Gilles Galarneau, Daniel Richer, Guy Rivard, Serge Sauvageau and Richard Valiquette; Nathacha Berniqué, division clerk; Jean Charrette, electromechanical engineer; and station manager Michel Marchand. They each received a certificate recognizing their achievement from director general Jacques Fortin.

“Quart de siècle” night

On January 22 “Quart de siècle” night was held to celebrate the 25 years of service of the 413 employees invited for the occasion. More than 75% of them attended a cocktail party and dinner followed by very lively dancing.

QUART
DE
SIÈCLE



From left to right: Daniel Richer, Richard Valiquette, Bernard Drouin, Jacques Fortin, Michel Marchand et Guy Rivard.



From left to right: Jean Benoît, Serge Sauvageau, Normand Daigneault, Nathacha Berniqué, Gilles Galarneau, Jacques Fortin, Jean Charrette, Robert Brouillard et Jacinthe Vinet.

An effective workforce for the times

Technical training partnership

A work-study programme in heavy road vehicles adapted for buses and minibuses, in which the STCUM is a partner, enables the company to recruit candidates who will have received made-to-measure training. Thanks to internships in the workplace, these students will have the opportunity to take advantage of their knowledge in the area of diesel mechanics. As of next year, the STCUM will welcome twelve students who will be assigned to “coach-mechanics” who will supervise them and give them the advantage of their experience.

Suicide prevention / Fondation québécoise des maladies mentales

The suicide prevention committee formed in 1999 put forward an action plan in 2000. Its primary objective was to educate employees on suicide prevention. The first phase was aimed at demystifying the subject of suicide in the métro. A letter was sent to all employees with their pay, and an article in the in-house newsletter was designed to change certain perceptions.

In the fall, communications efforts were undertaken to make employees aware of the importance of suicide prevention, and a folder was also handed out to employees. In addition, meetings were organized with métro employees directly affected by this subject. This approach has brought results.

In 2000, employees identified more than 350 individuals who seemed to be in distress. Of these, 179 resulted in direct intervention with suicidal individuals by surveillance agents. Finally, it should be mentioned that suicide attempts in the Montréal métro have decreased, from 29 in 1999 to 21 in 2000.

The STCUM also took part in a suicide prevention campaign entitled *La dépression, c'est une maladie et ça se soigne* organized by the Fondation québécoise des maladies mentales. This campaign, consisting of posters and customer information stands, ran in the métro from September 11 to October 20.

Really popular jobs!

The STCUM sent out 7,100 job request forms last March 27 and 28 during a recruitment blitz for bus drivers, 2,900 more than the previous year. Thanks to this operation, the STCUM renewed its bank of candidates with a view to hiring in the area of 150 drivers over the next two years.



A look back in time — Remembering our heritage

Prix Orange from Héritage Montréal

Héritage Montréal, an organization dedicated to the protection of Montréal's heritage, this year gave its Prix Orange heritage award to the STCUM for the restoration of the stained-glass wall by Marcelle Ferron, located at the Champ-de-Mars métro station. According to Héritage Montréal, the STCUM enthusiastically assumed its financial responsibilities by undertaking the restoration of this mural integrated into the outside of the building.

The Île-Sainte-Hélène station changes its name

The members of the Board of Directors adopted a resolution to change the name of the Île-Sainte-Hélène station to Jean-Drapeau. This decision pays homage to this great innovator, thanks to whom the métro saw the light of day in 1966. The choice of this station can be explained by the fact that it was the port of entry to the site of Expo '67, which was among his most illustrious achievements.

The STCUM welcomes the statue of Émilie Gamelin

The STCUM welcomed the statue of Mère Émilie Gamelin, founder of the Sœurs de la Providence, to the Sainte-Catherine street entrance of the Berri-UQAM métro station. The first statue to be erected in the Montréal métro, this work of approximately two metres in height, created by the sculptor Raoul Hunter, enriches the métro's art gallery.



The STCUM's numbers



Revenue (in millions of dollars) \$ 678 011

| | |
|--|---------|
| A. Contribution from the municipalities of the CUM | 231 600 |
| B. Passengers | 296 956 |
| C. Miscellaneous contributions | 68 036 |
| D. Subsidies from the government of Québec | 64 583 |
| E. Other | 16 836 |



Expenses (in millions of dollars) 675 364

| | |
|---------------------------------|---------|
| A. Bus and métro | 530 397 |
| B. Debt servicing and financing | 65 143 |
| C. Sinking fund | 37 557 |
| D. Paratransit | 24 987 |
| E. Maintenance of fixed assets | 11 271 |
| F. Capital expenditures fund | 5 614 |
| G. Unanticipated expenses | 395 |

In touch with customers

Comments and complaints

Written comments, telephone calls and comments made via the internet.

Number of comments and complaints

| | |
|------|--------|
| 1998 | 16,396 |
| 1999 | 15,904 |
| 2000 | 19,481 |

We note an increase of more than 22 % compared to 1999, which is attributable, in part, to the addition of personnel and to the growing number of comments sent by electronic messengerie.

TELBUS

TELBUS, the automated telephone system providing bus schedules, responded to 11,840,496 calls during the year, an average of close to 32,351 calls per day. This represents an increase of 10% from 1999.

| | |
|------|------------|
| 1996 | 7,531,339 |
| 1997 | 8,655,807 |
| 1998 | 9,957,392 |
| 1999 | 10,795,550 |
| 2000 | 11,840,496 |

Planibus

Planibus is a folder providing information on the schedule and route of a bus route. More than three million and a half Planibus folders were distributed to passengers during the three distribution periods in January, June and September.

Infobus

Infobus panels indicate the schedule and route of a bus line at a given location. The some 3,300 Infobus panels spread across STCUM territory are updated three times a year.

A-U-T-O-B-U-S information centre

In 2000, the information centre responded to 3,264,125 calls, an increase of 10.3 % from the previous year. Agents handled 16 % of these calls, with the balance being handled by the automated telephone system.

Web site

Traffic on the web site reached 1,575,591, an average of more than 4,300 visitors per day. The government programme to connect families as well as a new and more accurate tool for measuring web site traffic were the principal reasons for the increase in the number of visitors to the web site.



Dependability of the métro *

(Number of incidents lasting 5 minutes or more)

| | 1998** | 1999 | 2000 |
|---------------------|--------|------|------|
| Rolling stock | 249 | 303 | 358 |
| Fixed equipment | 72 | 51 | 46 |
| Crimes, illnesses | 333 | 441 | 408 |
| Operation of trains | 42 | 47 | 58 |
| Personnel, various | 4 | 4 | 5 |
| External causes | 8 | 9 | 8 |
| All causes | 708 | 855 | 883 |

Delays (in minutes) *

| | 1998** | 1999 | 2000 |
|---------------------|--------|-------|-------|
| Rolling stock | 2,318 | 2,564 | 3,036 |
| Fixed equipment | 1,115 | 724 | 826 |
| Crimes, illnesses | 4,030 | 4,390 | 4,282 |
| Operation of trains | 291 | 349 | 412 |
| Personnel, various | 29 | 55 | 52 |
| External causes | 200 | 208 | 96 |
| All causes | 7,983 | 8,290 | 8,704 |

* The methods of calculation have been changed this year. Thus, the data vary in comparison with those published in previous annual reports. The new method provides more precise information.

** An additional 3,016 minutes and 9 incidents should be added to the data in the category of external causes to take the ice storm into account.

Punctuality of the buses

Performance expressed in %

| | 1997 | 1998 | 1999 | 2000 |
|----------------------|-------|-------|-------|------|
| On time (-1,+3 min.) | 78.33 | 78.22 | 72.19 | 76.8 |
| Early (-5,-2min.) | 13.47 | 12.59 | 19.89 | 14.6 |
| Late (+4,+5 min.) | 8.20 | 9.19 | 7.92 | 9.6 |

Vehicles and the system

The fleet of vehicles

| | | |
|----------------------|----------------|--------------------------|
| 1,600 buses | 759 métro cars | 89 Paratransit minibuses |
| 1,144 standard buses | 336 MR-63 | 7 regular minibuses |
| 456 low-floor buses | 423 MR-73 | |

The system

176 bus routes (including 20 on the night service)

11 reserved lanes covering 45.5 km

4 métro lines totalling 65 km of track and serving 65 stations

Accidents with damages involving a bus or minibus

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|-------|-------|-------|-------|-------|
| | 2,781 | 2,986 | 2,844 | 2,897 | 3,153 |

Kilometres travelled in 2000

| | |
|---------------------|------------|
| Bus | 73,625,998 |
| Métro | 58,000,471 |
| Paratransit minibus | 3,093,201 |

Fare structure

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------------------|---------|--------|--------|---------|---------|
| CAM | | | | | |
| Regular fare | \$44.50 | \$45 | \$45 | \$46 | \$47 |
| Reduced fare | \$18.50 | \$19 | \$19 | \$19.50 | \$20 |
| Weekly CAM | | | | | |
| Regular fare | - | - | \$12 | \$12.25 | \$12.50 |
| Reduced fare | - | - | \$6 | \$6.25 | \$6.50 |
| Strip of six tickets | | | | | |
| Regular fare | \$7.75 | \$8 | \$8 | \$8.25 | \$8.25 |
| Reduced fare | \$3.75 | \$4 | \$4 | \$4.25 | \$4.25 |
| Cash | | | | | |
| Regular fare | \$1.85 | \$1.85 | \$1.85 | \$1.90 | \$2 |
| Reduced fare | \$1 | \$1 | \$1 | \$1 | \$1 |
| Tourist card | | | | | |
| 1 day | \$5 | \$5 | \$5 | \$5 | \$7 |
| 3 days | \$12 | \$12 | \$12 | \$12 | \$14 |

Sales of fares

| Number of fares sold | Regular fare | Reduced fare |
|----------------------|--------------|--------------|
| CAM | 2.3 millions | 1.1 million |
| Weekly CAM | 2.8 millions | 168 000 |
| Strip of six tickets | 6.1 millions | 2 millions |
| Cash payment | 24 millions | 3 millions |
| Tourist card | | |
| 1 day | 98,546 | |
| 3 days | 27,494 | |

Métro system

The busiest stations

(entries)

| | |
|----------------|------------|
| McGill | 11,149,026 |
| Berri-UQAM | 10,007,535 |
| Henri-Bourassa | 7,949,365 |
| Longueuil | 7,358,875 |
| Guy-Concordia | 7,136,028 |

The busiest day Thursday, December 14, 2000, with 828,226 entries.

Bus system

The busiest routes

(average weekday ridership)

| | |
|--|--------|
| 80-Avenue du Parc | 15,900 |
| 165-Côte-des-Neiges | 19,200 |
| 535-Voies réservées du Parc/Côtes-des-Neiges | 32,700 |
| | 67,800 |
| 139-Pie-IX | 32,600 |
| 505-Voie réservée Pie-IX | 7,000 |
| | 39,600 |
| 67-Saint-Michel | 39,200 |
| 121-Sauvé/Côte-Vertu | 35,300 |
| 69-Gouin | 29,700 |

Annual ridership

Approximately 348 million trips were recorded, 6 million more than in 1999, representing an increase of close to 1.8%. It should be noted that the above total includes 1,261,744 trips taken on Paratransit.

The workforce at December 31, 2000

| Area of activity | 1998 | 1999 | 2000 |
|--|-------|-------|-------|
| Upper level operations management | 287 | 299 | 297 |
| Foremen | 112 | 116 | 116 |
| Managers | 151 | 154 | 167 |
| Professionals and non-unionized office employees | 108 | 104 | 96 |
| Unionized professionals | 165 | 182 | 184 |
| Divisional clerks | 203 | 204 | 185 |
| Surveillance officers | 150 | 139 | 146 |
| Unionized office employees | 569 | 568 | 592 |
| Drivers, operators and employees in related services | 3,571 | 3,551 | 3,617 |
| Maintenance employees | 1,778 | 1,801 | 1,869 |
| Total | 7,094 | 7,118 | 7,269 |

Representation of women

Women form 16 % of the company's workforce, an increase of 1 % from 1999.

Unions and company associations

Syndicat des chauffeurs d'autobus, opérateurs de métro et employés des services connexes au transport de la STCUM (section locale 1983 – SCFP)

Syndicat du transport de Montréal (Employés d'entretien - CSN)

Syndicat des employé(e)s de bureau, technicien(ne)s et professionnel(le)s de la STCUM (section locale 2850 – SCFP)

Syndicat des employés du transport en commun (section locale 2551 – SCFP)

Fraternité des constables et agents de la paix de la STCUM

Syndicat des professionnelles et professionnels de la STCUM

Association des chefs d'opérations – Bus network

Association des chefs d'opérations – Métro network

Association des contremaîtres

Association des cadres – STCUM

The Board of Directors

From left to right

Mr. Achille Polcaro, Montréal municipal councillor

Ms. Vera Danyluk, president of the Executive Council of the Communauté urbaine de Montréal

Mr. John W. Meaney, mayor of the city of Kirkland

Mr. Pierre-Yves Melançon, vice-chairman, Montréal municipal councillor

Mr. Jean-Guy Deschamps, Montréal municipal councillor

Mr. Frank Zampino, C.A., chairman, mayor of the city of Saint-Léonard*

Mr. Ovide T. Baciú, mayor of the city of Roxboro

Ms. Ginette Marotte, citizens' representative for the Montréal suburbs

Mr. Yves Leblanc, citizens' representative for Montréal

* Nomination

On December 20, 2000, Mr. Pierre-Yves Melançon was appointed chairman of the board of the STCUM replacing Mr. Frank Zampino who assumed the post of vice-chairman.



Audit Committee

Mr. Frank Zampino, C.A. chairman, mayor of Saint-Léonard

Mr. Jacques Fortin, director general of the STCUM

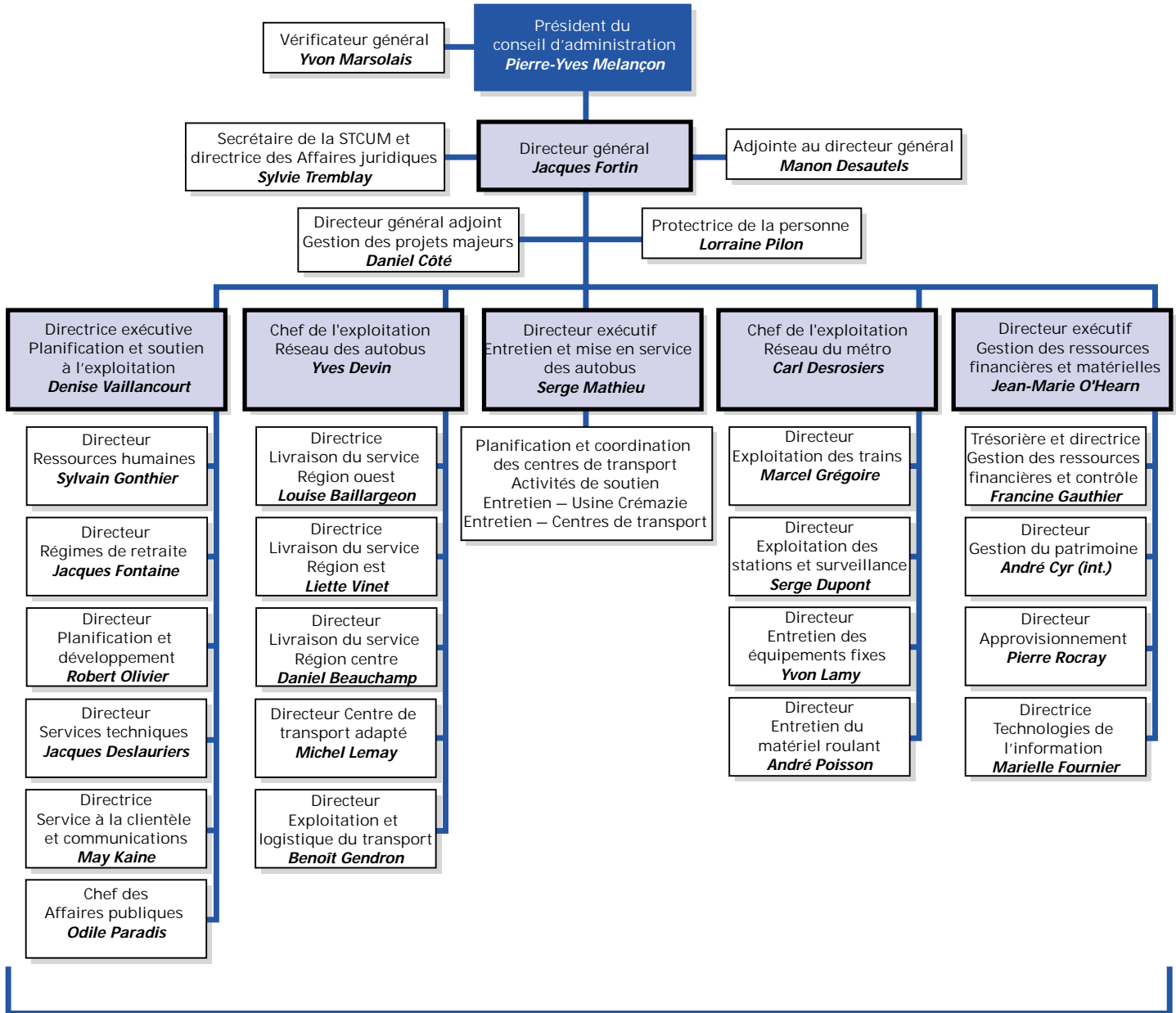
Mr. Ovide T. Baciú, mayor of the city of Roxboro

Mr. Jean-Guy Deschamps, Montréal municipal councillor

Mr. Michel Bélanger, F.C.A.

Mr. L. André Poirier, C.A.

The STCUM structure



The employees in support of the company

Financial Statements

As at December 31, 2000



Société de transport de la Communauté urbaine de Montréal

Financial statements

December 31, 2000

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Auditors' report

To the Members of the Board of Directors of the Société de transport de la Communauté urbaine de Montréal

We have audited the balance sheet of the Société de transport de la Communauté urbaine de Montréal as at December 31, 2000, and the statements of financial activities, investment activities, reserved funds, net investment in long-term assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Société's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted Canadian auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at December 31, 2000, and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted principles in municipal accounting in Quebec.

Raymond Chabot Grant Thornton

General Partnership
Chartered Accountants

Montreal
March 13, 2001

Statement of financial activities

Year ended December 31, 2000

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|--|-----------------|----------------|-----------------|
| Revenue | | | |
| Passenger (note 4) | 289,635 | 296,956 | 285,145 |
| Contribution from the municipalities served in the MUC (note 5) | 231,600 | 231,600 | 254,600 |
| Government of Quebec subsidies (note 6) | 69,097 | 64,583 | 57,877 |
| Contribution from the Agence métropolitaine de transport (note 7) | 64,800 | 66,233 | 70,030 |
| Contribution from the Société de transport de la Rive-Sud de Montréal (note 8) | 1,803 | 1,803 | 831 |
| Other revenue | 13,548 | 16,836 | 14,160 |
| | <u>670,483</u> | <u>678,011</u> | <u>682,643</u> |
| Revenue from investment activities (note 9) | — | 4,131 | 6,973 |
| Return on sinking fund investments | — | 5,037 | 2,553 |
| | <u>670,483</u> | <u>687,179</u> | <u>692,169</u> |
| Expenditure | | | |
| Bus and metro service | 523,181 | 530,397 | 541,893 |
| Transportation for the disabled | 24,036 | 24,987 | 24,085 |
| Debt servicing and financing costs (note 10) | 40,191 | 38,077 | 36,328 |
| Unexpected expenditures | 5,848 | 395 | 850 |
| Assets maintenance | 11,500 | 11,271 | 9,232 |
| | <u>604,756</u> | <u>605,127</u> | <u>612,388</u> |
| Other financial activities | | | |
| Principal reimbursement | 31,951 | 25,966 | 29,604 |
| Debt repayment provided by sinking fund | — | 35,731 | 21,273 |
| Transfer to statement of investment activities | | | |
| Contribution from general revenue | 3,407 | 5,614 | 4,570 |
| Contribution from specific revenue | — | 4,131 | 6,973 |
| | <u>35,358</u> | <u>71,442</u> | <u>62,420</u> |
| | <u>640,114</u> | <u>676,569</u> | <u>674,808</u> |
| Surplus of financial activities Before appropriations | | | |
| | <u>30,369</u> | <u>10,610</u> | <u>17,361</u> |
| Appropriations | | | |
| Surplus deferred from previous year appropriated to current year | 5,000 | 6,487 | 538 |
| Transfer to reserved funds | | | |
| Contribution from general revenue | (35,369) | (38,657) | (30,132) |
| Contribution from specific revenue | — | (5,037) | (2,553) |
| Debt repayment transfer provided by reserved funds | — | 35,731 | 21,273 |
| | <u>(35,369)</u> | <u>(7,963)</u> | <u>(11,412)</u> |
| Surplus | <u>—</u> | <u>9,134</u> | <u>6,487</u> |

Statement of investment activities

Year ended December 31, 2000

(in thousands of dollars)

| | 2000 | 1999 |
|--|----------------|----------------|
| Source of financing | | |
| Long-term loan issued | 21,338 | 105,000 |
| Transfer from financial activities | | |
| Contribution from general revenue | 5,614 | 4,570 |
| Contribution from specific revenue | 4,131 | 6,973 |
| Reserved funds | 2,600 | 4,904 |
| | <u>33,683</u> | <u>121,447</u> |
| Investment expenditures | | |
| Buildings | 804 | — |
| Initial system and metro extensions | 53 | 97 |
| Improvements to metro infrastructure | — | 403 |
| Rolling stock - buses | 880 | — |
| Rolling stock - other | 3,216 | 951 |
| Office equipment and software | 7,121 | 9,741 |
| Machinery, tools and equipment | 226 | — |
| Capital assets in progress | 31,225 | 70,825 |
| | <u>43,525</u> | <u>82,017</u> |
| Financing carried out (to be carried out) during the year | <u>(9,842)</u> | <u>39,430</u> |

Balance sheet

December 31, 2000

(in thousands of dollars)

December 31,
2000

January 1,
2000

Assets

Short-term assets

| | | |
|--|----------------|----------------|
| Cash | 8,599 | 13,041 |
| Bank acceptance, at cost, due in January 2001 | 1,995 | 2,992 |
| Deposit certificates, at cost, due in January 2001 | 7,797 | — |
| Restricted cash and investments (note 11) | 82,423 | 75,560 |
| Government of Quebec subsidies receivable (note 12) | 11,409 | 13,394 |
| Contribution from the Agence métropolitaine de transport receivable | 13,465 | 14,982 |
| Contribution from the Société de transport de la Rive-Sud de Montréal receivable | 901 | 911 |
| Other receivables (note 13) | 36,491 | 19,150 |
| Refinancing in progress | — | 10,570 |
| Inventories of supplies and replacement parts | 14,609 | 15,254 |
| Payment due in the short term on long-term debts (note 16) | 22,385 | 25,192 |
| | <u>200,074</u> | <u>191,046</u> |

| | | |
|--------------------------------|------------------|------------------|
| Capital expenditures (note 14) | 888,169 | 906,550 |
| Deferred charges (note 15) | 3,286 | — |
| Long-term debts (note 16) | 210,257 | 232,941 |
| | <u>1,301,786</u> | <u>1,330,537</u> |

Liabilities and equity

Short-term liabilities

| | | |
|--|----------------|----------------|
| Short-term borrowing | 65,021 | 43,909 |
| Accounts payable and accrued liabilities (note 17) | 87,089 | 93,365 |
| Income deferred to next year | 9,134 | 6,487 |
| Current portion of long-term debt (note 18) | 57,828 | 71,836 |
| | <u>219,072</u> | <u>215,597</u> |

| | | |
|--------------------------|----------------|----------------|
| Long-term debt (note 18) | 417,742 | 433,570 |
| Deferred subsidies | 223,446 | 238,395 |
| | <u>860,260</u> | <u>887,562</u> |

Equity

| | | |
|---|------------------|------------------|
| Amounts to provided for in the future (note 19) | (28,259) | (30,376) |
| Reserved funds | 47,990 | 52,469 |
| Net investment in long-term assets | 421,795 | 420,882 |
| | <u>441,526</u> | <u>442,975</u> |
| | <u>1,301,786</u> | <u>1,330,537</u> |

Statement of reserved funds

Year ended December 31, 2000

(in thousands of dollars)

| | Balance at beginning of year | Transfer from financial activities | Transfer to financial activities | Transfer to investment activities | Balance at end of year |
|--|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------|
| Sinking fund | 75,560 | 42,594 | (35,731) | — | 82,423 |
| Working capital fund | 1,500 | 1,100 | — | (2,600) | — |
| Financing of projects in progress | (24,814) | — | — | (9,850) | (34,664) |
| Balance on hand of closed loan by-laws | 223 | — | — | 8 | 231 |
| | <u>52,469</u> | <u>43,694</u> | <u>(35,731)</u> | <u>(12,442)</u> | <u>47,990</u> |

Statement of net investment in long-term assets

Year ended December 31, 2000

(in thousands of dollars)

| | 2000 |
|--|-----------------------|
| Balance at beginning of year | <u>420,882</u> |
| Plus | |
| Acquisition of capital assets | 43,525 |
| Long-term debt repayment | 71,836 |
| Deferred subsidies amortization | <u>14,949</u> |
| | <u>130,310</u> |
| Less | |
| Capital assets depreciation | 61,906 |
| Long-term debt reduction | 25,491 |
| Long-term debt issuance investment activities | 21,338 |
| financial activities | <u>20,662</u> |
| | <u>129,397</u> |
| Balance at end of year | <u><u>421,795</u></u> |

Statement of changes in financial position

Year ended December 31, 2000

(in thousands of dollars)

2000

Operating activities

| | |
|--|---------------|
| Surplus | 9,134 |
| Transactions not affecting cash | |
| Appropriation of prior year surplus | (6,487) |
| Transfer to reserved funds | <u>1,100</u> |
| | 3,747 |
| Transactions not affecting operations | |
| Transfer to the statement of investment activities | 5,614 |
| Payment of principal | 25,966 |
| Transfer to reserved funds | <u>37,557</u> |
| | 72,884 |
| Net change of non cash components | |
| Subsidies and contributions receivable | 3,512 |
| Accounts receivable | (17,341) |
| Refinancing in progress | 10,570 |
| Inventories | 645 |
| Accounts payable and accrued liabilities | (6,276) |
| Deferred charges | (3,286) |
| Amounts to provide for in the future | <u>2,117</u> |
| Cash flows from operating activities | <u>62,825</u> |

Investment activities

| | |
|---|-----------------|
| Acquisition of capital assets and cash flows from investment activities | <u>(43,525)</u> |
|---|-----------------|

Financing activities

| | |
|--|-----------------|
| Long-term debt issuance | 42,000 |
| Long-term debt repayment | (61,697) |
| Portion of issuance attributed to refinancing | (20,662) |
| Subsidies, contributions and others related to investment activities | 4,131 |
| Sinking fund investment income | <u>5,037</u> |
| Cash flows from investment activities | <u>(31,191)</u> |
| Decrease in cash | (11,891) |
| Cash position, beginning of year | <u>47,684</u> |
| Cash position, end of year | <u>35,793</u> |

Cash consists of cash on hand, bank acceptances, deposit certificates, and short-term borrowings.

Notes to financial statements

December 31, 2000

1- Governing statutes and nature of operations

The Société de transport de la Communauté urbaine de Montréal (hereafter the Société) is incorporated under the Act respecting the Communauté urbaine de Montréal and has responsibility for organizing and providing public transportation services, principally to the 28 municipalities on the territory of the Island of Montreal.

2- Changes in accounting policies

Effective January 1, 2000, the Société has prospectively adopted the new recommendations issued in the municipal reporting handbook. The main changes are the elimination of fund accounting, the replacement of all financial statements, the adoption of the accrual method for revenue and expenditure and the depreciation of capital assets, and their presentation in the balance sheet. Furthermore, the balance sheet for the year ended December 31, 2000, is not in comparison with the 1999 balance sheet. The overall effect of these changes on equity is presented under *Amounts to provide for in the future*.

The effect of these accounting changes on the statement of financial activities and the balance sheet of the Société is as follows:

(in thousands of dollars)

2000

Expenditure

| | |
|--------------------------|----------------|
| Increase in expenditures | |
| Bus and metro service | |
| Vacation benefits | 1,448 |
| Sick days | 231 |
| | <u>1,679</u> |
| Decrease in surplus | <u>(1,679)</u> |

Balance sheet

| | |
|--|--------------------|
| Increase (decrease) in assets | |
| Capital assets | (1,503,112) |
| Long-term debts | 232,642 |
| | <u>(1,270,470)</u> |
| Increase (decrease) in liabilities | |
| Accounts payable and accrued liabilities | 29,938 |
| Subsidies deferred | 223,446 |
| Revenue deferred to next year | (1,679) |
| | <u>251,705</u> |
| Decrease in equity | |
| Amounts to provide for in the future | (28,259) |
| Net investment in long-term assets | (1,493,916) |
| | <u>(1,522,175)</u> |

Notes to financial statements

December 31, 2000

3- Significant accounting policies

Accounting principles

The financial statements are prepared according to the accounting principles generally accepted in municipal accounting in Quebec outlined in the municipal reporting handbook in Quebec published by the ministère des Affaires municipales et de la Métropole.

Combined financial statements

The financial statements of the Société are produced on a combined basis so as to represent all activities and transactions irrespective to its accounting structure.

Revenue and expenditure

The Société uses the accrual accounting method under which revenue and expenditure are accounted for in the year in which the transactions or events occur.

Revenue and expenditure are accounted for on a gross basis with the following exception :

Expenditures related to employees pension plans are recorded on a cash basis.

Inventories

Inventories of supplies and replacement parts are valued at the lower of average cost and replacement cost.

Reserved funds

Sinking fund

This fund is used to accumulate amounts for the repayment of certain long-term debts.

Working capital fund

This fund is used for capital expenditures. The amounts used have to be repaid over a maximum period of five years.

Capital assets

Capital assets are recorded according to the straight-line method of depreciation according to the following periods:

| | |
|--------------------------------------|---|
| Land | 40 years |
| Buildings | 40 years |
| Initial system and metro extensions | 40 and 100 years |
| Improvements to metro infrastructure | 40 and 100 years |
| Leasehold improvements | Duration of lease |
| Rolling stock - buses | 16 years |
| Rolling stock - other | 5 and 10 years |
| Regional infrastructures | 15 and 25 years |
| Office equipment and software | 5 and 10 years |
| Machinery, tools and equipment | 15 and 25 years |
| Capital assets in progress | According to capital assets (10, 15, 16, 20, 25 and 40 years) |

Depreciation expenditure is not recorded in the statement of financial activities. This expenditure is charged to the statement of net investment in long-term assets.

Deferred subsidies are amortized on the same basis as the related capital assets. Capital assets in progress are depreciated as soon as they are put into service, irrespective of the loan by-law's termination date.

Depreciation of amounts to provide for in the future

The amount to provide for in the future for sick days and vacation benefits accrued before January 1, 2000, is amortized over a period of 20 years according to the straight-line method of amortization. The expenditure recorded in the statement of financial activities is the higher of the amortization or the annual cash disbursement.

Statement of cost for municipal services

No statement of cost for municipal services was prepared since it would provide no additional information to the reader.

Notes to financial statements

December 31, 2000

4- Passenger revenue

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|---------------------------------|----------------|----------------|----------------|
| Bus and metro service | 272,157 | 277,947 | 266,045 |
| Transportation for the disabled | 940 | 926 | 920 |
| Regional revenue ⁽¹⁾ | 16,538 | 18,083 | 18,180 |
| | <u>289,635</u> | <u>296,956</u> | <u>285,145</u> |

⁽¹⁾ Regional revenue attributable to the Société are derived from the sharing of bus and metro tickets sold.

5- Contribution from municipalities of the MUC territory

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|---|----------------|----------------|----------------|
| Contribution paid during the year | 231,600 | 231,600 | 231,600 |
| Transfer of a portion of the 1998 surplus (in conformity with the 1999 budget) | - | - | 23,000 |
| | <u>231,600</u> | <u>231,600</u> | <u>254,600</u> |

6- Government of Quebec subsidies

Government of Quebec subsidies are as follows:

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|--|---------------|---------------|---------------|
| Capital assets ^(a) | 48,734 | 45,375 | 38,878 |
| Transportation for the disabled ^(b) | 19,063 | 19,394 | 17,556 |
| Compensation for the ice storm | - | (186) | 1,443 |
| Implementation of low-floor buses | 1,300 | - | - |
| | <u>69,097</u> | <u>64,583</u> | <u>57,877</u> |

a) Public transportation assistance program:

Pursuant to the Quebec government's public transportation assistance program and special agreements, the Société is eligible to receive subsidies for admissible expenditures (purchase of buses, construction of buildings, renovation of metro stations and cars and other specific expenditures) incurred during the year 2000 at rates ranging from 50% to 75%.

These subsidies are paid in the form of a contribution to debt service costs or a cash payment, according to the terms of the assistance program and special agreements.

b) Transportation for the disabled:

In accordance with the powers granted to the Transportation Minister by order in council 2071-79, the Société is eligible to receive a subsidy equivalent to 75% of the costs incurred for transportation for the disabled which have been deemed eligible and preapproved by the Transportation Minister.

Notes to financial statements

December 31, 2000

7- Contribution from the Agence métropolitaine de transport

Contribution from the Agence métropolitaine de transport are as follows:

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|---|---------------|---------------|---------------|
| For metro usage ^(a) | 40,420 | 41,800 | 41,190 |
| For metropolitan bus usage ^(a) | 6,169 | 6,102 | 6,077 |
| For equipment and infrastructure ^(b) | 2,493 | 2,532 | 2,432 |
| | <u>49,082</u> | <u>50,434</u> | <u>49,699</u> |
| | 15,718 | 15,799 | 20,331 |
| Debt financing - Commuter trains ^(c) | <u>64,800</u> | <u>66,233</u> | <u>70,030</u> |

a) Bus and metro:

The Société receives a financial contribution from the Agence to offset the cost of metropolitan transportation and operating the metro.

This amount is based on the number of passengers carried on metro and buses throughout the metropolitan transportation system.

b) Regional equipment and infrastructure:

The Agence is required to acquire from the Société the equipment and infrastructure required for the metropolitan transportation system. As at December 31, 2000, the contract stipulating the transfer date, terms and conditions was not signed. The Société will continue to be liable for servicing the debt for the financing of such property even though it will be transferred in the future. However, the Agence will refund operating costs and debt servicing costs, net of the government subsidy, to the Société.

c) Commuter trains:

Since January 1, 1996, the Agence has assumed the debts and obligations of the Société in respect of the commuter train system.

Rolling stocks and all other assets relating to the operation of the commuter train system are the property of the Agence. However, the Société retains the long-term debt for this property. The Agence refunds the principal and interest to the Société and in the event of default has secured the payment of the servicing of the debt relating to commuter trains.

8- Contribution from the Société de transport de la Rive-Sud de Montréal

This contribution, prescribed by an order in council, corresponds to the share of the Société de transport de la Rive-Sud de Montréal of the operating and capital costs of the metro line linking its territory to that of the Société. The contribution for the year was \$1,802,598 (\$831,193 in 1999).

9- Revenue related to investment activities

(in thousands of dollars)

| | 2000 | 1999 |
|--|--------------|--------------|
| Contribution from the Agence métropolitaine de transport related to the renovation of metro stations | 1,411 | 5,231 |
| Subsidy related to the implementation of low-floor buses | 1,767 | 1,645 |
| Proceeds from the disposal of buildings | 900 | — |
| Transfer of metro assets in accordance with legal requirements | 53 | 97 |
| | <u>4,131</u> | <u>6,973</u> |

Notes to financial statements

December 31, 2000

10- Debt servicing and financing costs

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|----------------------------|---------------|---------------|---------------|
| Short-term financing costs | 2,136 | 4,033 | 4,412 |
| Debt servicing - interest | 39,386 | 36,381 | 35,699 |
| Interest income | (1,331) | (2,337) | (3,783) |
| | <u>40,191</u> | <u>38,077</u> | <u>36,328</u> |

11- Restricted cash and investments

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|---|----------------------|--------------------|
| Cash | 298 | 2,400 |
| Deposit certificates, at cost | 6,262 | 3,520 |
| Treasury bills, at amortized cost | — | 10,408 |
| Bank acceptances | — | 15,071 |
| Debentures and bond coupons, at unamortized cost (market value \$75,297, \$42,259 as at January 1, 2000) | 74,839 | 43,484 |
| Interest receivable | 1,024 | 677 |
| | <u>82,423</u> | <u>75,560</u> |

12- Government of Quebec subsidies receivable

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|-----------------------------------|----------------------|--------------------|
| Capital assets | 2,165 | 3,895 |
| Transportation for the disabled | 6,307 | 6,035 |
| Compensation for the ice storm | 1,030 | 2,349 |
| Implementation of low-floor buses | 1,907 | 1,115 |
| | <u>11,409</u> | <u>13,394</u> |

13- Other receivables

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|---|----------------------|--------------------|
| Regional revenue receivable | 3,671 | 4,108 |
| Occupational accident payments to recover | 3,540 | 4,861 |
| Tax claims submitted to governments | 983 | 972 |
| General accounts receivable | 8,318 | 5,418 |
| Deposit on purchase of buses | 17,452 | — |
| Other | 2,527 | 3,791 |
| | <u>36,491</u> | <u>19,150</u> |

Notes to financial statements

December 31, 2000

14- Capital assets

(in thousands of dollars)

2000

| | Cost | Depreciation | Net value | Cost on January 1 |
|--------------------------------------|----------------|---------------|----------------|----------------------|
| Land | 4,591 | 163 | 4,428 | 4,591 |
| Buildings | 87,567 | 3,181 | 84,386 | 84,148 |
| Initial system and metro extensions | 320,325 | 16,834 | 303,491 | 320,272 |
| Improvements to metro infrastructure | 19,174 | 971 | 18,203 | 18,322 |
| Leasehold improvements | 4,104 | 483 | 3,621 | 4,104 |
| Rolling stock - buses | 119,593 | 14,926 | 104,667 | 118,713 |
| Rolling stock - other | 13,713 | 2,375 | 11,338 | 10,497 |
| Regional infrastructure | 11,065 | 3,961 | 7,104 | 3,040 |
| Office equipment and software | 70,686 | 8,336 | 62,350 | 59,017 |
| Machinery, tools and equipment | 6,718 | 570 | 6,148 | 6,492 |
| Capital assets in progress | 292,539 | 10,106 | 282,433 | 277,354 |
| | <u>950,075</u> | <u>61,906</u> | <u>888,169</u> | <u>906,550</u> |

As at December 31, 1999, the Society owned capital assets in the amount of \$2,372,603,000 before depreciation in accordance with the new municipal accounting standards which came into effect as of January 1, 2000.

| | | | | |
|--------------------|----------------|---------------|----------------|----------------|
| Subsidies deferred | <u>238,395</u> | <u>14,949</u> | <u>223,446</u> | <u>238,395</u> |
|--------------------|----------------|---------------|----------------|----------------|

15- Deferred charges

During the year, the Société undertook an extensive program to renovate the installed equipment in the metro. Costs under this program were \$3,286,362 for 2000, mainly for carrying out preliminary studies for the project.

These capitalizable expenditures will be funded through a loan by-law and will be eligible for a subsidy under the transportation assistance program. However, as of December 31, 2000, the ministère des Affaires municipales et de la Métropole had not yet approved the loan by-law.

16- Long-term debt

(in thousands of dollars)

December 31,
2000

January 1,
2000

| | | |
|---|----------------|----------------|
| Amounts recoverable for the repayment of the long-term debt (note 18) | | |
| Government of Quebec | 184,266 | 193,816 |
| Agence métropolitaine de transport | 48,376 | 64,317 |
| | <u>232,642</u> | <u>258,133</u> |
| Current portion | (22,385) | (25,192) |
| | <u>210,257</u> | <u>232,941</u> |

Notes to financial statements

December 31, 2000

17- Accounts payable and accrued liabilities

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|---------------------------------|----------------------|--------------------|
| Trade accounts | 13,519 | 9,286 |
| Accrued expenses | 4,283 | 5,012 |
| Salaries and employee benefits | 23,142 | 28,048 |
| Sickness benefits payable | 11,775 | 12,605 |
| Vacations payable | 18,163 | 17,771 |
| Holdbacks and security deposits | 2,592 | 3,920 |
| Accrued interest | 7,214 | 8,172 |
| Other | 6,401 | 8,551 |
| | <u>87,089</u> | <u>93,365</u> |

18- Long-term debt

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|---|----------------------|--------------------|
| Debentures and bank loans, at interest rates varying from 5,00% to 9,6% (4,85% to 11,50% in 1999) maturing from March 2001 to February 2010 | 475,570 | 505,406 |
| Current installments on long-term debt | <u>(57,828)</u> | <u>(71,836)</u> |
| | <u>417,742</u> | <u>433,570</u> |

Long-term debt is comprised of debentures and bank loans which are a direct and general obligation of the municipalities on the Société's territory. These municipalities are jointly and severally liable with the Société for the principal of the debentures and interest thereon.

The installments on long-term debt for the next years are as follows:

(in thousands of dollars)

| | |
|---------------------------|----------------|
| 2001 | 57,828 |
| 2002 | 29,959 |
| 2003 | 55,574 |
| 2004 | 77,772 |
| 2005 | 58,759 |
| 2006 and subsequent years | <u>195,678</u> |
| Total minimum payments | <u>475,570</u> |

The apportionment of the long-term debt is as follows:

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|--|----------------------|--------------------|
| Amounts accumulated in the sinking fund | <u>82,423</u> | <u>75,560</u> |
| Amounts to recover for the repayment of the long-term debt | | |
| From the municipalities of the MUC territory | 160,505 | 171,713 |
| From the Government of Quebec | 184,266 | 193,816 |
| From the Agence métropolitaine de transport | 48,376 | 64,317 |
| | <u>393,147</u> | <u>429,846</u> |
| | <u>475,570</u> | <u>505,406</u> |

Notes to financial statements

December 31, 2000

19- Amounts to provide for in the future

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|------------------|----------------------|--------------------|
| Vacation benefit | 16,716 | 17,771 |
| Sick leaves | 11,543 | 12,605 |
| | <u>28,259</u> | <u>30,376</u> |

The \$2,117 variation between January 1, 2000, and December 31, 2000, is charged to the statement of financial activities.

20- Commitments

a) Long-term leases:

The Société has entered into long-term leases expiring from December 31, 2001 to October 31, 2010, which call for lease payments aggregating \$33,654,637 for office space. Minimum lease payments for the next five years are \$4,694,653 in 2001, \$4,521,840 in 2002, \$4,670,691 in 2003, \$4,582,834 in 2004 and \$4,505,037 in 2005

One of the leases contains a renewal option for an additional five-year period which the Société may exercise by giving an advance notice.

b) Outsourcing of computer centre:

The Société is committed to pay a total amount of \$4,279,356, i.e. \$2,139,678 annually in 2001 and 2002 for the outsourcing of its computer centre.

c) Foreign currencies:

The Société has committed itself to a banking institution for the purchase in the next two years of 17,741,000 French francs at a predetermined rate for a total cost of \$4,459,890 Canadian dollars. This agreement was negotiated to protect the Société against market currency fluctuations, considering that a contract signed with a supplier is payable in part in French francs.

d) Heritage maintenance program of the installed equipment of the metro:

Through a contract with an engineering firm, the Société is committed to a maximum amount of \$21,000,000 for the years 2001 to 2005 in order to establish and run a project office responsible for carrying out the Heritage maintenance program for the installed equipment of the metro.

21- Pension plans

The pension plans of the Société are contributory defined benefits plans. Actuarial valuations were conducted in 1998 to determine the benefits' present value prorated to years of service. The valuations showed a surplus of \$297,243,000. Pension plan assets are based on fair value with variations phased over a three-year period. As of December 31, 2000, pension plan assets and the present value of accrued pension plan benefits were not available. As an indication, the extrapolated values respectively amounted to \$2,303,887,000 and \$1,882,680,000 as at December 31, 1999. During the year 2000, no expenses were accounted for in the statement of financial activities as the Société benefitted from a premium holiday.

22- Contingencies

Amounts claimed by plaintiffs total \$13,144,240 (\$17,065,338 in 1999). These claims are comprised of class action suits, individual suits, bodily injuries, damages to equipment and other litigation. The Société has made a provision for these claims that is deemed sufficient as at December 31, 2000.

Supplementary information

Year ended December 31, 2000

Transfer to the statement of investment activities

(Contribution taken from general revenue)

(in thousands of dollars)

| | Budget | 2000 | 1999 |
|---------------------------------|--------------|--------------|--------------|
| Bus and metro service | 1,411 | 4,090 | 4,570 |
| Transportation for the disabled | 1,496 | 1,524 | — |
| Maintenance of assets | 500 | — | — |
| | <u>3,407</u> | <u>5,614</u> | <u>4,570</u> |

Capital assets

(in thousands of dollars)

| | Balance at January 1, 2000 | Additions | Reclassification | Depreciation 2000 | Balance at December 31, 2000 |
|--------------------------------------|-------------------------------|---------------|------------------|----------------------|---------------------------------|
| Land | 4,591 | — | — | 163 | 4,428 |
| Buildings | 84,148 | 804 | 2,615 | 3,181 | 84,386 |
| Initial sytem and metro extentions | 320,272 | 53 | — | 16,834 | 303,491 |
| Improvements to metro infrastructure | 18,322 | — | 852 | 971 | 18,203 |
| Leasehold improvements | 4,104 | — | — | 483 | 3,621 |
| Rolling stock - buses | 118,713 | 880 | — | 14,926 | 104,667 |
| Rolling stock - other | 10,497 | 3,216 | — | 2,375 | 11,338 |
| Regional infrastructures | 3,040 | — | 8,025 | 3,961 | 7,104 |
| Office equipment and software | 59,017 | 7,121 | 4,550 | 8,336 | 62,352 |
| Machinery, tools and equipment | 6,492 | 226 | — | 570 | 6,148 |
| Capital assets in progress | 277,354 | 31,225 | (16,042) | 10,106 | 282,431 |
| | <u>906,550</u> | <u>43,525</u> | <u>—</u> | <u>61,906</u> | <u>888,169</u> |

As at December 31, 1999, the Society owned capital assets in the amount of \$2,372,603,000 before depreciation in accordance with the new municipal accounting standards which came into effect as of January 1, 2000.

Supplementary information

Year ended December 31, 2000

Long-term debt

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|---|----------------------|--------------------|
| <hr/> | | |
| Debentures, \$30,000,000 | | |
| 11,50%, due on July 17, 2000 | — | 19,140 |
| Debentures, \$39,500,000 | | |
| 11,50%, due on December 14, 2000 | — | 16,591 |
| Debentures, \$48,000,000 | | |
| 9,50%, due on December 5, 2001 ^(a) | 22,626 | 22,626 |
| Debentures, \$70,000,000 | | |
| 7,75%, due on September 30, 2000 | — | 6,300 |
| 8,00%, due on September 30, 2001 | 6,300 | 6,300 |
| 8,00%, due on September 30, 2002 | 6,300 | 6,300 |
| 8,75%, due on September 30, 2007 | 7,000 | 7,000 |
| Debentures, \$60,000,000 | | |
| 8,15%, due on June 2, 2003 ^(b) | 18,500 | 18,500 |
| Debentures, \$52,000,000 | | |
| 7,50%, due on September 23, 2003 ^(b) | 19,550 | 19,550 |
| Debentures, \$50,000,000 | | |
| 6,90%, due on March 3, 2004 ^(b) | 26,200 | 26,200 |
| Debentures, \$50,000,000 | | |
| 9,60%, due on December 9, 2004 ^(b) | 19,460 | 19,460 |
| Debentures, \$40,000,000 | | |
| 8,40%, due on May 12, 2000 | — | 7,770 |
| 9,10%, due on May 12, 2005 ^(c) | 20,195 | 20,195 |
| Debentures, \$30,000,000 | | |
| 7,50%, due on July 19, 2000 | — | 9,062 |
| 8,40%, due on July 19, 2005 ^(c) | 11,242 | 11,242 |
| Debentures, \$10,500,000 | | |
| 6,10%, due on March 12, 2000 | — | 2,255 |
| 6,50%, due on March 12, 2001 | 2,435 | 2,435 |
| Debentures, \$30,000,000 | | |
| 7,10%, due on July 18, 2001 ^(a) | 14,940 | 14,940 |
| 8,10%, due on July 18, 2006 ^(c) | 15,060 | 15,060 |

Supplementary information

Year ended December 31, 2000

Long-term debt (cont'd)

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|--|----------------------|--------------------|
| Debtures, \$30,000,000 | | |
| 5,25%, due on June 5, 2000 | — | 3,150 |
| 5,65%, due on June 5, 2001 | 3,400 | 3,400 |
| 6,00%, due on June 5, 2002 | 3,675 | 3,675 |
| 6,25%, due on June 5, 2003 | 2,415 | 2,415 |
| 6,50%, due on June 5, 2004 | 2,605 | 2,605 |
| 6,60%, due on June 5, 2005 | 2,815 | 2,815 |
| 6,75%, due on June 5, 2006 | 3,040 | 3,040 |
| 6,85%, due on June 5, 2007 | 3,280 | 3,280 |
| Debtures, \$40,000,000 | | |
| 4,85%, due on June 4, 2000 | — | 5,293 |
| 5,10%, due on June 4, 2001 | 5,717 | 5,717 |
| 5,20%, due on June 4, 2002 | 6,174 | 6,174 |
| 5,25%, due on June 4, 2003 | 6,668 | 6,668 |
| 5,70%, due on June 4, 2008 ^(c) | 11,248 | 11,248 |
| Debtures, \$35,000,000 | | |
| 5,00%, due on April 8, 2002 ^(c) | 11,250 | 11,250 |
| 5,10%, due on April 8, 2004 | 14,745 | 14,745 |
| 5,40%, due on April 8, 2009 ^(c) | 9,005 | 9,005 |
| Debtures, \$30,000,000 | | |
| 4,85%, due on August 6, 2000 | — | 2,275 |
| 5,10%, due on August 6, 2001 | 2,410 | 2,410 |
| 5,30%, due on August 6, 2002 | 2,560 | 2,560 |
| 5,40%, due on August 6, 2003 | 2,710 | 2,710 |
| 5,50%, due on August 6, 2004 | 12,575 | 12,575 |
| 5,90%, due on August 6, 2009 ^(c) | 7,470 | 7,470 |
| Debtures, \$25,000,000 | | |
| 6,30%, due on February 16, 2003 ^(c) | 5,731 | — |
| 6,40%, due on February 16, 2004 | 2,187 | — |
| 6,50%, due on February 16, 2005 | 7,507 | — |
| 6,60%, due on February 16, 2006 | 1,662 | — |
| 6,70%, due on February 16, 2007 | 1,780 | — |
| 6,80%, due on February 16, 2008 | 1,906 | — |
| 6,85%, due on February 16, 2009 | 2,041 | — |
| 6,85%, due on February 16, 2010 | 2,186 | — |

Supplementary information

Year ended December 31, 2000

Long-term debt (cont'd)

(in thousands of dollars)

| | December 31, 2000 | January 1, 2000 |
|--|----------------------|--------------------|
| | | |
| Debentures, \$17,000,000 | | |
| 5,60%, due on December 20, 2005 ^(c) | 17,000 | — |
| Bank loan \$30,000,000 ^(d) | | |
| 8,04%, due on January 24, 2006 ^(a) | 30,000 | 30,000 |
| Bank loan \$30,000,000 ^(d) | | |
| 6,75%, due on December 9, 2006 ^(a) | 30,000 | 30,000 |
| Bank loan \$30,000,000 ^(d) | | |
| 6,09%, due on December 12, 2007 ^(a) | 30,000 | 30,000 |
| Bank loan \$40,000,000 ^(d) | | |
| 6,77%, due on December 9, 2009 ^(c) | 40,000 | 40,000 |
| Total | <u>475,570</u> | <u>505,406</u> |

^(a) Sinking Fund portion already outstanding.

^(b) Portion for which the Société began contributing to the Sinking Fund during the year.

^(c) Portion for which a Sinking Fund is expected.

^(d) This agreement is subject to a currency and interest rate swap.

The only amount shown as outstanding is the amount for which the Société is ultimately liable.