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Michel Bélanger, FCA
External member
Financial management adviser

Robert Desforges, CA, Adm. A
External member
Desforges, Germain, Gendron, CA

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Highlights

Meaningful results

In accordance with Bill 24 covering public transit authorities adopted June 21, 2001 by the Quebec National Assembly, the STCUM officially became the Société de transport de Montréal on January 1, 2002. This name change, having become necessary to reflect the new Montreal reality, has not changed our mission in any way, which is to promote and organize public transportation for those travelling on our territory.

Therefore, it is our pleasure to present you with the first financial report for the Société. This report was conceived in order to give an account of the performance of our enterprise as appropriately as possible. It includes our financial statements as at December 31, 2001 and brings together a wealth of supplementary information that we hope will satisfy the needs of our partners and clients.

We ended the financial year with a surplus of revenues over expenditures of \$15.9 million, \$ 0.1 million more than we were counting on to balance our 2002 budget. This surplus comes primarily from passenger revenue, which showed a budget surplus of more than \$14.0 million as a result of a 3% increase in ridership.

These results are all the more positive as they were achieved despite the fact that the Agence métropolitaine de transport could not pay us the full contribution amounts that it should have paid for the metropolitan trips taken on our territory, representing a loss of revenue of \$ 3.5 million. These results, moreover, indicate the efforts undertaken by the Montreal Urban Community municipalities to promote public transit with their agreement to increase their contribution to \$236.6 million in 2001, an increase of \$5.0 million from 2000.

Among the highlights in 2001, we must emphasize the considerable effort that was expended to find solutions to the problem of non-availability of buses. The board of directors approved a supplementary budget of \$5.6 million. This enabled us to put in place methods to minimize the impact on customer service and ensure that the enterprise would never again find itself in such a vulnerable situation. We have to admit, however, that this supplementary budget was offset in great part by a budget surplus in the area of unforeseen expenditures (\$ 5.0 million) and by the deferring of certain debenture issues used to reduce the Société's debt servicing.

This financial report gives an account of our management efforts and is testimony to the rigorous financial practices that we apply to control our expenditures. But, even more, it is the fruit of the labour of hundreds of men and women who contributed day in and day out to make our enterprise more successful. We sincerely thank them.



JACQUES FORTIN
Director General



FRANCINE GAUTHIER, CA
Treasurer and Director
Gestion des ressources financières et contrôle

Management's responsibility regarding the presentation of the financial information

In accordance with Article 306.41 of the Act respecting the Communauté urbaine de Montréal, the financial report of the Société de transport de la Communauté urbaine de Montréal for the fiscal year ending December 31, 2001, was prepared by the Société's treasurer and director of the Service de la gestion des ressources financières et contrôle and was deposited with the Société's board of directors on April 3, 2002.

The financial statements presented in this report were drawn up taking into account the Société's acts of incorporation and in accordance with generally accepted municipal accounting practices in Quebec, as outlined in the Manuel de présentation de l'information financière municipale, published by the Department of Municipal Affairs, as described in note 2 of these financial statements.

The financial statements contain certain amounts that are based on the use of professional judgement and projections and whose presentation derives from an assessment of their relative importance. Management has established these amounts in a reasonable manner in order to ensure that the financial statements are presented accurately in all material respects. The supplementary information presented in the financial report is in agreement with the information contained in the financial statements.

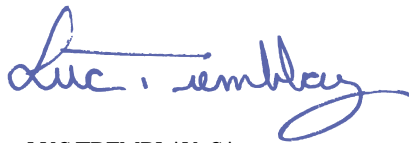
The Société maintains quality internal administrative and accounting control systems. The objective of these systems is to provide a reasonable degree of certainty that the financial information is pertinent, dependable and exact, that the policies of the enterprise are adhered to, that the operations are carried out in accordance with the appropriate authorizations and that the assets of the Société are well protected.

The board of directors is charged with ensuring that management assumes its responsibilities with regard to the presentation of the financial information and has ultimate responsibility for the examination and approval of the financial statements. The board fulfils this responsibility primarily through its audit committee.

The financial statements have been verified by the Société's external auditors whose services were retained by the board of directors on the recommendation of the audit committee.



FRANCINE GAUTHIER, CA
Treasurer and director
Gestion des ressources financières
et contrôle



LUC TREMBLAY, CA
Interim division head
Gestion financière

Auditor's 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, 2001, 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 that 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, 2001, 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.



General Partnership
Chartered Accountants

Montréal
March 12, 2002

Financial Statements

December 31, 2001

Statement of financial activities

Year ended December 31, 2001

(in thousands of dollars)

	Budget	2001	2000
REVENUE			
Passengers (note 3)	304 568	318 265	296 956
Contribution from the municipalities of the MUC	236 600	236 600	231 600
Government of Quebec subsidies (note 4)	68 496	63 938	64 583
Contribution from the Agence métropolitaine de transport (note 5)	64 737	61 716	66 233
Contribution from the Société de transport de la Rive-Sud de Montréal (note 6)	1 803	1 844	1 803
Other revenue	14 830	16 312	16 836
	<u>691 034</u>	<u>698 675</u>	<u>678 011</u>
Revenue from investment activities	—	3 595	4 131
Return on sinking fund investments	—	5 628	5 037
	<u>691 034</u>	<u>707 898</u>	<u>687 179</u>
EXPENDITURES			
Bus and metro service	550 909	554 542	530 402
Paratransit service	25 535	26 243	24 987
Debt servicing and financing costs (note 7)	37 781	33 814	38 077
Unforeseen expenditures	6 096	1 024	395
Asset maintenance	12 000	11 681	11 271
	<u>632 321</u>	<u>627 304</u>	<u>605 132</u>
OTHER FINANCIAL ACTIVITIES			
Repayment of long-term debt (note 8)	24 995	57 828	61 697
Transfer to the statement of investment activities (note 9)	3 828	6 100	9 745
	<u>28 823</u>	<u>63 928</u>	<u>71 442</u>
	<u>661 144</u>	<u>691 232</u>	<u>676 574</u>
SURPLUS FROM FINANCIAL ACTIVITIES			
BEFORE INCIDENTAL ACTIVITIES			
Incidental activities (note 10)	—	531	5
	<u>—</u>	<u>531</u>	<u>5</u>
SURPLUS FROM FINANCIAL ACTIVITIES BEFORE APPROPRIATIONS			
	<u>29 890</u>	<u>17 197</u>	<u>10 610</u>
APPROPRIATIONS			
Accumulated surplus from previous year appropriated to current year	8 000	9 134	6 487
Reserved funds			
Transfer to sinking fund and working capital	(37 890)	(47 935)	(43 694)
Transfer from sinking fund	—	37 566	35 731
	<u>(37 890)</u>	<u>(10 369)</u>	<u>(7 963)</u>
SURPLUS	<u>—</u>	<u>15 962</u>	<u>9 134</u>

Statement of investment activities

Year ended December 31, 2001

(in thousands of dollars)

	2001	2000
SOURCES OF FINANCING		
Long-term loan issued	60 000	21 338
Transfer from financial activities (note 9)		
General revenue	2 505	5 614
Specific revenue	3 595	4 131
Reserved funds	1 400	2 600
	<u>67 500</u>	<u>33 683</u>
INVESTMENT EXPENDITURES		
Buildings	3 260	968
Initial system and metro extensions	2 204	53
Improvements to metro infrastructure	8 468	12 322
Local infrastructure	—	926
Rolling stock - buses	24 500	15 593
Rolling stock - minibuses	—	836
Rolling stock - other	1 796	2 766
Office equipment and software	5 026	3 699
Machinery, tools and equipment	717	4 098
Capital assets in progress	4 233	2 264
	<u>50 204</u>	<u>43 525</u>
Financing carried out (to be carried out) during the year	<u>17 296</u>	<u>(9 842)</u>

Balance sheet

December 31, 2001

(in thousands of dollars)

	2001	2000
ASSETS		
Short-term assets		
Cash	9 787	8 599
Banker's acceptances, at cost	—	1 995
Deposit certificates, at cost, due in January 2002	9 839	7 797
Restricted cash and investments (note 11)	—	29 593
Government of Quebec subsidies receivable (note 12)	13 498	11 409
Contribution from the Agence métropolitaine de transport receivable	21 732	13 465
Contribution from the Société de transport de la Rive-Sud de Montréal receivable	1 844	901
Other receivables (note 13)	34 986	36 491
Financing receivable (note 18)	660	—
Inventories of supplies and replacement parts	13 111	14 609
Current portion of long-term debt (note 16)	17 085	22 385
	<u>122 542</u>	<u>147 244</u>
Capital assets (note 14)	895 955	912 170
Deferred charges (note 15)	10 194	3 286
Restricted cash and investments (note 11)	91 392	52 830
Long-term debts (note 16)	204 393	210 257
	<u>1 324 476</u>	<u>1 325 787</u>
LIABILITIES AND EQUITY		
Short-term liabilities		
Short-term loans	51 320	65 021
Accounts payable and accrued liabilities (note 17)	91 461	87 089
Surplus deferred to following year	15 962	9 134
Current portion of long-term debt (note 18)	29 959	57 828
	<u>188 702</u>	<u>219 072</u>
Long-term debt (note 18)	448 443	417 742
Deferred subsidies	210 730	223 446
	<u>847 875</u>	<u>860 260</u>
Equity		
Provision for future amounts (note 19)	(25 955)	(28 259)
Reserved funds	74 255	47 990
Net investment in long-term assets	428 301	445 796
	<u>476 601</u>	<u>465 527</u>
	<u>1 324 476</u>	<u>1 325 787</u>

Statement of reserved funds

Year ended December 31, 2001

(in thousands of dollars)

2001

	Balance at start of year	Transfer from financial activities	Transfer to financial activities	Transfer to investment activities	Balance at end of year
Sinking fund	82 423	46 535	(37 566)	—	91 392
Working capital	—	1 400	—	(1 400)	—
Financing of projects in progress	(34 664)	—	—	17 215	(17 449)
Balance on hand from closed loan by-laws	231	—	—	⁽¹⁾ 81	312
	<u>47 990</u>	<u>47 935</u>	<u>(37 566)</u>	<u>15 896</u>	<u>74 255</u>
(1) Balance on hand following closing of loan by-laws				632	
Use of balance on hand for financing				(551)	
				<u>81</u>	

2000

	Balance at start 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	1 500	1 100	—	(2 600)	—
Financing of projects in progress	(24 814)	—	—	(9 850)	(34 664)
Balance on hand from 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, 2001

(in thousands of dollars)

	2001	2000
Balance at beginning of year	445 796	420 882
Prior-year adjustment of capital assets (note 14)	—	24 001
Plus		
Acquisition of capital assets	50 204	43 525
Long-term debt repayment	57 828	71 836
Amortization of deferred subsidies	12 716	14 949
	<u>120 748</u>	<u>130 310</u>
Less		
Disposal of capital assets	8 172	—
Capital asset depreciation	58 247	61 906
Long-term debt reduction	11 164	25 491
Long-term debt issuance		
investment activities	60 000	21 338
financial activities	—	20 662
Debt being refinanced	660	—
	<u>138 243</u>	<u>129 397</u>
Balance at end of year	<u>428 301</u>	<u>445 796</u>

Statement of changes in financial position

Year ended December 31, 2001

(in thousands of dollars)

	2001	2000
Operating activities		
Surplus	15 962	9 134
Transactions not affecting cash		
Appropriation of prior year surplus	(9 134)	(6 487)
Transfer to reserved funds	1 400	1 100
	<u>8 228</u>	<u>3 747</u>
Transactions not affecting operations		
Transfer to the statement of investment activities	2 505	5 614
Repayment of long-term debt	20 262	25 966
Transfer to reserved funds	40 907	37 557
	<u>71 902</u>	<u>72 884</u>
Net change in non cash components		
Subsidies and contributions receivable	(11 299)	3 512
Other accounts receivable	1 505	(17 341)
Financing receivable	(660)	10 570
Inventories of supplies and replacement parts	1 498	645
Accounts payable and accrued liabilities	4 372	(6 276)
Provisions for future amounts	2 304	2 117
	<u>2 304</u>	<u>2 117</u>
Cash flow from operating activities	<u>69 622</u>	<u>66 111</u>
Investment activities		
Acquisition of capital assets	(50 204)	(43 525)
Deferred charges	(6 908)	(3 286)
Acquisition of restricted investments	(38 562)	(4 967)
	<u>(95 674)</u>	<u>(51 778)</u>
Cash flow used for investment activities	<u>(95 674)</u>	<u>(51 778)</u>
Financing activities		
Long-term debt issuance	60 000	42 000
Long-term debt repayment	(57 828)	(61 697)
Portion of issuance attributed to refinancing	—	(20 662)
Subsidies, contributions and other items related to investment activities	3 595	4 131
Sinking fund investment income	5 628	5 037
	<u>11 395</u>	<u>(31 191)</u>
Cash flow from (used for) financing activities	<u>11 395</u>	<u>(31 191)</u>
Decrease in cash	(14 657)	(16 858)
Cash position, beginning of year	(17 037)	(179)
Cash position, end of year	<u>(31 694)</u>	<u>(17 037)</u>

Cash consists of cash on hand, banker's acceptances, deposit certificates, restricted investments and short-term loans.



Notes to financial statements

December 31, 2001

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. SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

The financial statements are prepared in accordance with generally accepted principles in municipal accounting in Quebec as outlined in the Manuel de présentation de l'information financière municipale published by the Department of Municipal Affairs.

Combined financial statements

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

Accounting projections

To prepare financial statements in accordance with the generally accepted accounting principles of Canada, the management of the Société must make projections and pose hypotheses that have an effect on the amounts presented in the financial statements and their accompanying notes. These projections are based on management's knowledge of the events in progress and the measures that the Société might take in the future. The actual results could differ from these projections.

Revenue and expenditures

The Société uses the accrual method of accounting under which revenue and expenditures are accounted for in the year in which the transactions or events occur. Expenditures related to employee pension plans are recorded on a cash basis.

Inventories of supplies and replacement parts

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

Working capital, having a fixed limit set at \$ 7,000,000, is used for the acquisition of capital assets. The amounts used have to be repaid over a maximum period of five years.

2. SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Capital assets

Capital assets are recorded at cost and depreciated over their useful life using the straight-line method over the following periods:

Land	40 years
Buildings	40 years
Initial system and metro extensions	40 and 100 years
Improvements to metro infrastructure	25, 40 and 100 years
Local infrastructure	20 and 40 years
Regional infrastructure	20 and 40 years
Rolling stock - buses	16 years
Rolling stock - minibuses	5 years
Rolling stock - other	5 and 10 years
Leasehold improvements	Duration of lease
Office equipment and software	5 and 10 years
Machinery, tools and equipment	15 years

The depreciation expense 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 in service, irrespective of the loan by-law's termination date.

Charging the provision for future amounts to financial activities

The provision for future amounts for sick leaves and vacation days accrued prior to January 1, 2000, is charged to the statement of financial activities according to the higher of the straight-line depreciation of the said balance over a period of twenty years, or the annual expenditures.

Statement of cost for municipal services

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

3. PASSENGER REVENUE

(in thousands of dollars)

	Budget	2001	2000
Bus and metro service	285 317	295 319	277 947
Paratransit service	1 050	1 138	926
Regional revenue ^(a)	18 201	21 808	18 083
	<u>304 568</u>	<u>318 265</u>	<u>296 956</u>

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

4. GOVERNMENT OF QUEBEC SUBSIDIES

(in thousands of dollars)

	Budget	2001	2000
Capital assets ^(a)	48 121	43 200	45 375
Paratransit service ^(b)	20 375	19 749	19 394
Other	—	989	(186)
	<u>68 496</u>	<u>63 938</u>	<u>64 583</u>

a) Public transit assistance programme:

Pursuant to the Quebec government's public transit assistance programme and special agreements, the Société is eligible to receive subsidies, at rates ranging from 50% to 75%, for admissible expenditures (purchase of buses, construction of buildings, renovation of metro stations, renovation of metro cars and other specific expenses) incurred during the year 2001.

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 programme and special agreements.

b) Paratransit:

In accordance with the powers granted to the Transport Minister by order in council 2071-79, the Société is eligible to receive a subsidy equal to 75% of the costs incurred for the paratransit service that have been deemed eligible and pre-approved by the Transport Minister.

5. CONTRIBUTION FROM THE AGENCE MÉTROPOLITAINE DE TRANSPORT

(in thousands of dollars)

	Budget	2001	2000
For trips on the metro system ^(a)	41 600	39 047	41 800
For trips on metropolitan buses ^(a)	6 600	5 841	6 102
For equipment and infrastructure ^(b)	1 695	1 765	2 532
	<u>49 895</u>	<u>46 653</u>	<u>50 434</u>
Debt financing - commuter trains ^(c)	14 842	15 063	15 799
	<u>64 737</u>	<u>61 716</u>	<u>66 233</u>

a) Buses and metro:

The Société receives a financial contribution from the l'Agence for trips taken on the metropolitan transportation system by metro and by bus. In 2001, due to its limited financial resources, the Agence had to cap its metropolitan assistance, representing a loss of income for the Société in the order of \$ 3,500,000.

b) Regional equipment and infrastructure:

The Agence must acquire from the Société the equipment and infrastructure necessary for the metropolitan bus transportation system. As at December 31, 2001, the contract stipulating the transfer date, terms and conditions was not signed. The Société continues to be liable for servicing the debt for the financing of such property even though it will eventually be transferred. However, the Agence will refund operating costs and debt servicing costs to the Société, net of any government subsidy.

c) Commuter trains:

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

Rolling stock 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, is guaranteed repayment of the debt servicing related to the commuter trains.

6. CONTRIBUTION FROM THE SOCIÉTÉ DE TRANSPORT DE LA RIVE-SUD DE MONTRÉAL

Article 50 of the Act respecting l'Agence métropolitaine de transport (AMT) stipulates that the Société and the Société de transport de la Rive-Sud de Montréal (STRSM) agree to share the fixed asset and operating costs for the metro linking their respective territories. Following negotiations, the Government of Quebec adopted decree 725-99 on June 23, 1999, fixing the STRSM's share for 1997 to 2000 inclusively. As of December 31, 2001, the Société is still awaiting the signature of a new cost-sharing agreement. The contribution for the year has been increased based on the consumer price index and rises to \$ 1,844,040 (\$ 1,802,598 in 2000).

7. DEBT SERVICING AND FINANCING COSTS

(in thousands of dollars)

	Budget	2001	2000
Financing costs			
short-term	4 810	4 303	4 033
attributed to the loan by-laws	(3 310)	(2 856)	(2 337)
	<u>1 500</u>	<u>1 447</u>	<u>1 696</u>
Debt servicing - interest	<u>36 281</u>	<u>32 367</u>	<u>36 381</u>
	<u><u>37 781</u></u>	<u><u>33 814</u></u>	<u><u>38 077</u></u>

8. REPAYMENT OF LONG-TERM DEBT

(in thousands of dollars)

	Budget	2001	2000
Repayment of principal			
from financial activities	24 995	20 262	25 966
from sinking fund	—	37 566	35 731
	<u>24 995</u>	<u>57 828</u>	<u>61 697</u>

9. TRANSFER TO THE STATEMENT OF INVESTMENT ACTIVITIES

(in thousands of dollars)

	Budget	2001	2000
Specific revenue			
Contribution from the Agence métropolitaine de transport relating to renovations of metro stations	—	—	1 411
Subsidy relating to the implementation of low-floor buses	—	480	1 767
Proceeds from the disposal of a building	—	800	900
Proceeds from the disposal of buses	—	111	—
Transfer of metro assets in accordance with legal requirements	—	2 204	53
	<u>—</u>	<u>3 595</u>	<u>4 131</u>
General revenue			
Bus and metro service	2 200	2 212	4 090
Paratransit service	1 628	131	1 524
Asset maintenance	—	162	—
	<u>3 828</u>	<u>2 505</u>	<u>5 614</u>
	<u><u>3 828</u></u>	<u><u>6 100</u></u>	<u><u>9 745</u></u>

10. INCIDENTAL ACTIVITIES

(in thousands of dollars)

	2001	2000
Metro extension		
Revenue	3 992	1 211
Expenditures	<u>(3 481)</u>	<u>(1 367)</u>
	511	(156)
Other projects		
Revenue	928	823
Expenditures	<u>(908)</u>	<u>(662)</u>
	20	161
Surplus of revenues over expenditures	<u>531</u>	<u>5</u>

11. RESTRICTED INVESTMENTS

(in thousands of dollars)

	2001	2000
Cash	1 160	298
Deposit certificates, at cost	—	6 262
Debentures and bond coupons, at unamortized cost (market value \$ 93,360 \$ 75,297 in 2000)	89 183	74 839
Interest receivable	<u>1 049</u>	<u>1 024</u>
	91 392	82 423
Short-term portion	—	(29 593)
	<u>91 392</u>	<u>52 830</u>

12. GOVERNMENT OF QUEBEC SUBSIDIES RECEIVABLE

(in thousands of dollars)

	2001	2000
Capital assets	4 244	2 165
Paratransit service	6 419	6 307
Other	<u>2 835</u>	<u>2 937</u>
	<u>13 498</u>	<u>11 409</u>

13. OTHER RECEIVABLES

(in thousands of dollars)

	2001	2000
Regional revenue receivable	7 243	3 671
Occupational accident payments to recover	695	3 540
Tax claims submitted to governments	1 274	996
General accounts receivable	8 205	8 305
Deposit on purchase of buses	13 147	17 452
Other	<u>4 422</u>	<u>2 527</u>
	<u>34 986</u>	<u>36 491</u>

14. CAPITAL ASSETS

(in thousands of dollars)

	2001			2000
	Cost	Depreciation	Net Book Value	Net Book Value
Land	7 352	5 788	1 564	1 646
Buildings	143 431	56 773	86 658	86 500
Initial system and metro extensions	1 436 584	1 147 727	288 857	303 491
Improvements to metro infrastructure	186 134	33 256	152 878	149 063
Local infrastructure	11 702	1 674	10 028	10 359
Regional infrastructure	11 499	4 927	6 572	7 168
Rolling stock - buses	492 453	232 902	259 551	261 539
Rolling stock - minibuses	7 144	5 111	2 033	2 976
Rolling stock - other	25 926	14 352	11 574	12 304
Leasehold improvements	7 170	4 032	3 138	3 621
Office equipment and software	52 824	23 076	29 748	30 317
Machinery, tools and equipment	58 458	19 867	38 591	42 656
Capital assets in progress	4 763	—	4 763	530
	<u>2 445 440</u>	<u>1 549 485</u>	<u>895 955</u>	<u>912 170</u>

	2001			2000
	Opening balance	Depreciation	Closing balance	Closing balance
Deferred subsidies	<u>223 446</u>	<u>12 716</u>	<u>210 730</u>	<u>223 446</u>

Prior year adjustment on capital assets

The prior year adjustment on capital assets presented in the statement of net investment in long-term assets is comprised of fixed assets acquired during previous years which were capitalized during the year 2000, and changes in categories for certain fixed assets that modify the length of their useful life.

15. DEFERRED COSTS

During the year 2000, the Société undertook an extensive programme to renovate the installed equipment in the metro. This programme resulted in costs of approximately \$ 10,194,183, primarily for carrying out preliminary studies for the project.

These capitalizable expenses will be funded through a loan by-law and will be eligible for a subsidy from the Quebec Transport Department and the Agence métropolitaine de transport. As the Quebec Transport Minister had not authorized the subsidy as of December 31, 2001, the Department of Municipal Affairs has not yet approved the loan by-law.

16. LONG-TERM DEBT

(in thousands of dollars)

	2001	2000
Amount to be recovered for the repayment of the long-term debt (note 18)		
Government of Quebec	184 435	184 266
Agence métropolitaine de transport	37 043	48 376
	<u>221 478</u>	<u>232 642</u>
Current portion of long-term debt	(17 085)	(22 385)
	<u>204 393</u>	<u>210 257</u>

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of dollars)

	2001	2000
Trade accounts	11 858	13 519
Accrued liabilities	2 266	2 920
Salaries and employee benefits	29 750	24 505
Sickness benefits payable	10 494	11 775
Vacations payable	20 759	18 163
Holdbacks and security deposits	1 551	2 592
Accrued interest	6 517	7 214
Other	8 266	6 401
	<u>91 461</u>	<u>87 089</u>

18. LONG-TERM DEBT

(in thousands of dollars)

	2001	2000
Debentures and bank loans, at interest rates varying from 3.70% to 9.60% (5.00% to 9.60% in 2000) maturing from April 2002 to November 2011	478 402	475 570
Current installments on long-term debt	<u>(29 959)</u>	<u>(57 828)</u>
	<u>448 443</u>	<u>417 742</u>

Long-term debt is comprised of debentures and bank loans that 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 payment of the principal and interest on the debentures.

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

2002	29 959
2003	55 574
2004	130 015
2005	63 272
2006	95 611
2007 and subsequent years	<u>103 971</u>
Total minimum payments	<u>478 402</u>

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

(in thousands of dollars)

	2001	2000
Amounts accumulated in the sinking fund	<u>91 392</u>	<u>82 423</u>
Amounts to be recovered for the repayment of the long-term debt		
From the municipalities on the territory of the MUC	165 532	160 505
From the Government of Quebec	184 435	184 266
From the Agence métropolitaine de transport	37 043	48 376
	<u>387 010</u>	<u>393 147</u>
	<u>478 402</u>	<u>475 570</u>

At December 31, 2001, the Société had a debt in the process of being refinanced in the amount of \$ 660,637 relative to by-law CA-78.

19. PROVISION FOR FUTURE AMOUNTS

(in thousands of dollars)

	2001	2000
Vacation benefits	15 964	16 716
Sick leaves	9 991	11 543
	<u>25 955</u>	<u>28 259</u>

The variation of \$ 2,304,000 between December 31, 2000 and December 31, 2001 has been charged to the statement of financial activities.

20. COMMITMENTS

a) Long-term leases:

The Société has entered into long-term leases expiring from February 28, 2002 to October 31, 2010 that call for lease payments of \$ 30,689,703 for office space. Minimum lease payments for the next five years are \$ 4,788,160 in 2002, \$ 4,937,011 in 2003, \$ 4,839,228 in 2004, \$ 4,765,180 in 2005 and \$ 4,342,886 in 2006.

One of the leases includes a renewal option for an additional five-year period that the Société can exercise by giving advance notice one year prior to the expiry date.

b) Outsourcing of computer centre:

The Société is committed to paying a total amount of \$ 2,317,984, \$ 2,139,678 in 2002 and \$178,306 in 2003, 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 year of 388,440 Euros at a predetermined rate for a total cost of \$ 640,539 CAN. This agreement was negotiated to protect the Société against market currency fluctuations, given that a contract with a supplier is payable, in part, in Euros.

d) Heritage maintenance programme for installed equipment in the metro:

The Société is committed through a contract with an engineering firm for an amount of approximately \$ 21,000,000 for the years 2001 to 2005 to establish and operate a project office responsible for carrying out the heritage maintenance programme for the installed equipment in the metro. At December 31, 2001, approximately \$13,877,000 in expenditures were still to come prior to 2005.

e) Contract for supply of diesel fuel

The Société has negotiated an agreement with a financial institution in order to protect itself against market fluctuations in the price of diesel fuel until November 30, 2003. This agreement enables the Société to pay for a total quantity of 105,210,000 litres of diesel fuel at a fixed price, representing an amount of approximately \$ 28,608,703. As of December 31, 2001, there remained 98,830,000 litres of diesel fuel to be used before the end of the contract, for an approximate total of \$ 26,873,853.

21. PENSION PLANS AND PENSION OBLIGATIONS

The Société's pension plans are contributory defined benefit plans. Actuarial valuations were carried out December 31, 1998, in order to determine the present value of the benefits prorated to years of service. These valuations indicated a surplus in the order of \$ 297,243,000. Pension plan assets are based on fair value with fluctuations phased over a three-year period. As of December 31, 2001, pension plan assets and the present value of accrued pension plan benefits were not available. As an indication, these extrapolated values increased to \$ 2,442,499,000 and \$ 2,000,561,000 respectively at December 31, 2000 and do not necessarily reflect the state of the surplus in the plans at December 31, 2001, given the economic changes that took place during the years 1999, 2000 and 2001. In 2000 and 2001 no expenses were recorded in the statement of financial activities as the Société benefited from a premium holiday.

At December 31, 2001, the Société was committed in virtue of various pension agreements over and above the obligations ensuing from the above-mentioned pension plans. According to an actuarial valuation, these commitments represent a sum of \$ 4,669,200 and result primarily from a retirement compensation agreement put in place for employees of the Société whose annual remuneration exceeds the ceiling for contributions to the Pension Plan as set by the tax authorities. The Société made a provision at December 31, 2001 for these commitments that is deemed sufficient.

22. CONTINGENCIES

Amounts claimed by plaintiffs total \$ 6,570,000 (\$ 13,144,240 in 2000). These claims are comprised of class action suits, individual suits, bodily injuries, damages to equipment and other litigation. The Société made a provision at December 31, 2001 for these claims that is deemed sufficient.

23. EVENTS SUBSEQUENT TO THE DATE OF THE BALANCE SHEET

a) Adoption of Bill 24 covering public transit authorities:

On June 21, 2001, the Government of Quebec adopted Bill 24 covering public transit authorities in accordance with which the Société de transport de la Communauté urbaine de Montréal became the Société de transport de Montréal as of January 1, 2002. It remains an autonomous entity that evolves with the new city of Montreal rather than with the Montreal Urban Community whose mandate ended December 31, 2001.

b) Long-term debt

On January 9, 2002, the Société completed a debenture issue in the amount of \$ 47,130,000 to finance certain loan by-laws.

24. COMPARATIVE FIGURES

Certain figures from the 2000 financial statement have been reclassified in the presentation of the 2001 financial statements.

25. OPINION OF THE AUDITORS

The opinion of the auditors does not cover the supplementary information.



Supplementary Information



Revenue by type

(in thousands of dollars)

	Budget	2001	2000
PASSENGER REVENUE			
BUS AND METRO SERVICE			
Regular			
Cash	47 080	51 091	48 518
Strip of tickets	52 554	52 930	50 714
CAM	106 435	114 927	106 381
Weekly CAM	37 325	36 927	34 439
	<u>243 394</u>	<u>255 875</u>	<u>240 052</u>
Reduced			
Cash	3 199	3 782	3 062
Strip of tickets	9 663	8 649	8 309
CAM	24 532	23 660	21 814
Weekly CAM	1 148	1 387	1 092
	<u>38 542</u>	<u>37 478</u>	<u>34 277</u>
Tourist cards	548	757	961
Allocation of revenues from the AMT train	2 833	1 209	2 657
	<u>285 317</u>	<u>295 319</u>	<u>277 947</u>
OTHER REVENUE			
Advertising	9 481	8 531	8 546
Rentals	3 046	3 148	2 912
Recoveries	1 195	1 407	1 063
Sale of assets	475	265	312
Fines	170	250	206
Other	463	2 711	3 797
	<u>14 830</u>	<u>16 312</u>	<u>16 836</u>

Expenses by type

(in thousands of dollars)

	Budget	2001	2000
OPERATING EXPENDITURES			
Remuneration	441 104	449 788	433 862
Goods and services			
Major expenditures	5 390	4 848	2 911
Energy costs, taxes and licences	56 029	53 091	49 504
Professional services	2 413	2 697	3 534
Technical and other services	18 563	18 062	16 459
Material and supplies	34 105	35 790	34 242
Rentals	6 534	6 558	7 519
Financing of operations	1 500	1 447	1 695
Miscellaneous expenditures	10 934	8 464	7 183
	<u>135 468</u>	<u>130 957</u>	<u>123 047</u>
	<u>576 572</u>	<u>580 745</u>	<u>556 909</u>
INVESTMENT EXPENDITURES			
Asset maintenance	12 000	11 681	11 271
Special projects	5 200	3 992	5 790
Debt servicing - buses and metro	82 924	78 473	84 105
Transfers to working capital	1 400	1 400	1 100
	<u>101 524</u>	<u>95 546</u>	<u>102 266</u>
DEBT SERVICING - COMMUTER TRAIN	14 842	15 063	15 799
UNFORESEEN EXPENDITURES	6 096	1 024	395
INCIDENTAL ACTIVITIES	—	(531)	(5)
	<u>699 034</u>	<u>691 847</u>	<u>675 364</u>

Expenditures by operation

(in thousands of dollars)

	Budget ^(a)	2001	2000
System operations			
Bus system			
Remuneration	226 176	232 348	225 011
Goods and services	19 908	21 171	20 182
	<u>246 084</u>	<u>253 519</u>	<u>245 193</u>
Metro system			
Remuneration	112 895	114 045	110 504
Goods and services	14 201	13 829	13 212
	<u>127 096</u>	<u>127 874</u>	<u>123 716</u>
Paratransit ^(b)			
Remuneration	14 851	15 011	14 203
Goods and services	10 684	9 834	10 889
	<u>25 535</u>	<u>24 845</u>	<u>25 092</u>
Energy costs	51 425	49 203	45 433
	<u>450 140</u>	<u>455 441</u>	<u>439 434</u>
Support services			
Management of material and information resources			
Remuneration	36 135	36 328	36 436
Goods and services	14 145	13 834	13 245
	<u>50 280</u>	<u>50 162</u>	<u>49 681</u>
Management of financial resources			
Remuneration	10 914	10 972	10 856
Goods and services	4 860	4 753	4 343
	<u>15 774</u>	<u>15 725</u>	<u>15 199</u>
Operations support			
Remuneration	29 265	31 666	31 258
Goods and services	6 471	2 856	2 862
	<u>35 736</u>	<u>34 522</u>	<u>34 120</u>
	<u>101 790</u>	<u>100 409</u>	<u>99 000</u>
Corporate services			
Remuneration	4 006	4 183	4 733
Goods and services	1 692	1 606	2 435
	<u>5 698</u>	<u>5 789</u>	<u>7 168</u>

Expenditures by operation (continued)

(in thousands of dollars)

	Budget ^(a)	2001	2000
Asset maintenance			
Remuneration	—	7 404	6 783
Goods and services	12 000	4 277	4 488
	<u>12 000</u>	<u>11 681</u>	<u>11 271</u>
Special projects and other expenditures			
Remuneration	6 862	8 587	2 999
Goods and services	15 782	13 064	12 403
	<u>22 644</u>	<u>21 651</u>	<u>15 402</u>
Debt servicing and financing costs	99 266	94 983	101 599
Unforeseen expenditures	6 096	1 024	395
Incidental activities	—	(531)	(5)
Appropriations			
Repayment from working capital	1 400	1 400	1 100
	<u>699 034</u>	<u>691 847</u>	<u>675 364</u>
(a) Original budget			
(b) Paratransit			
Total according to the expenditures by operation		24 845	25 092
Other centres of responsibility		1 529	1 419
Transfer to the statement of investment activities		(131)	(1 524)
Total according to the statement of financial activities		<u>26 243</u>	<u>24 987</u>

Restated statement of financial activities

(in thousands of dollars)

	2001	2000	1999	1998	1997
REVENUE					
Passengers	318 265	296 956	285 145	276 098	271 512
Contribution from the municipalities on the territory of the MUC	236 600	231 600	^(a) 254 600	254 600	269 600
Subsidies from the Government of Quebec	63 938	64 583	57 877	61 183	51 845
Contribution from the Agence métropolitaine de transport	61 716	66 233	70 030	70 447	70 224
Contribution from the Société de transport de la Rive-Sud de Montréal	1 844	1 803	831	1 589	1 205
Other revenue	16 312	16 836	14 160	14 181	11 909
	<u>698 675</u>	<u>678 011</u>	<u>682 643</u>	<u>678 098</u>	<u>676 295</u>
EXPENDITURES					
Bus and metro service	558 154	535 592	541 893	544 973	543 460
Paratransit service	26 374	26 511	28 655	23 387	22 045
Debt servicing and financing costs	94 983	101 600	96 064	95 558	87 263
Unforeseen expenditures	1 024	395	850	3 353	1 632
Asset maintenance	11 843	11 271	9 232	8 628	9 091
	<u>692 378</u>	<u>675 369</u>	<u>676 694</u>	<u>675 899</u>	<u>663 491</u>
Incidental activities	(531)	(5)	—	—	—
	<u>691 847</u>	<u>675 364</u>	<u>676 694</u>	<u>675 899</u>	<u>663 491</u>
SURPLUS FOR THE YEAR	6 828	2 647	5 949	2 199	12 804
Surplus deferred from previous year	9 134	6 487	538	21 339	8 535
SURPLUS	<u>15 962</u>	<u>9 134</u>	<u>6 487</u>	<u>^(a)23 538</u>	<u>21 339</u>

(a) Contribution paid during the 1999 year in the amount of \$231.6 million plus the transfer of a portion of the surplus from the 1998 year (in accordance with the 1999 budget) of \$ 23 million.

(in thousands of dollars)

231 600
23 000
254 600

Analysis of Projects in Progress

(in thousands of dollars)

By-Law no	Authorized date	Description	Authorized amount	Balance as at 2000-01-01
CA-31	08/06/90	Renovation of metro cars	68 800	65 131
CA-50	16/03/93	Vault renovation	1 287	1 270
CA-52	07/04/93	Replacement and renovation of metro fixed assets	6 535	400
CA-58	16/08/93	Purchase and installation of 79 escalators in the metro	38 900	12 290
CA-61	16/08/93	Purchase of specialized rail vehicles	2 660	—
CA-67	25/05/94	Design and/or construction of bus terminal	5 500	2 923
CA-71	08/11/94	Purchase of 60 city buses (1995)	22 200	19 895
CA-75	18/08/95	Miscellaneous capital expenditures 1996	7 200	5 430
CA-78	18/12/95	Purchase of 160 low-floor buses (1996)	57 195	57 195
CA-80	29/04/96	Purchase of 140 low-floor buses (1997)	58 500	53 088
CA-81	29/04/96	Purchase of 20 low-floor buses (1996)	7 075	7 075
CA-82	22/05/96	Miscellaneous capital expenditures 1996	2 700	1 235
CA-83	22/05/96	Renovation to various buildings	4 220	3 045
CA-85	10/01/97	Miscellaneous capital expenditures 1997	3 369	3 369
CA-86	14/03/97	Metro renovation	4 272	3 916
CA-87	14/03/97	Metro renovation	1 680	1 680
CA-89	01/05/97	Purchase of 96 low-floor buses (1998)	53 750	41 379
CA-90	10/06/97	Metro renovation	886	886
CA-92	16/06/97	Metro renovation	7 296	6 698
CA-93	16/06/97	Metro renovation	24 726	14 964
CA-94	16/06/97	Metro renovation	13 825	9 670
CA-95	16/06/97	Metro renovation	7 973	7 356
CA-96	16/06/97	Metro renovation	6 429	5 506
CA-97	04/05/98	Miscellaneous capital expenditures 1998	4 100	2 465
CA-100	06/07/99	Miscellaneous capital expenditures 1999	6 870	2 453
CA-101	12/07/99	Miscellaneous capital expenditures	1 700	715
CA-102	28/05/99	On-rail vacuum cleaner	1 245	—
CA-103	05/07/99	Purchase of 300 low-floor city buses (2000-2002)	135 970	—
CA-104	05/01/00	Purchase of scrubbing-cleaning machines and service vehicles at less than \$50 000	1 410	913
CA-106	10/05/00	Replacement of Accès software and repaving at the St-Michel bus depot	9 265	816
CA-107	02/06/00	Miscellaneous capital expenditures 2000	2 034	—
CA-108	02/06/00	Service vehicles - surface	2 075	—
CA-109	15/08/00	Renovation programme for fixed assets in metro	23 326	—
CA-110	29/03/01	SCAD and updating of telecommunication servers and equipment	3 991	—
CA-111	08/06/01	Improvement to heritage capital assets	5 000	—
CA-112	12/07/01	Capital expenditures	1 980	—
CA-114	06/07/01	Service vehicles	2 142	—
			608 086	331 763
		Capital assets provided by appropriations - 1993	—	900
		Capital assets provided by appropriations - 1994	—	—
		Capital assets provided by appropriations - 1995	—	195
		Capital assets provided by appropriations - 1998	—	77
		Capital assets provided by appropriations - 1999	—	614
		Capital assets from 2001 general revenue	—	—
		Working capital	—	—
		Initial metro system and extensions	—	—
			—	1 786
			608 086	333 549

Permanent financing				Expenditures				
Financing for the year	Balance available	Closed projects	Balance as at 2000-12-31	Balance as at 2000-01-01	Expenditures for the year	Closed projects	Balance as at 2000-12-31	Overfinancing (under-financement)
—		—	65 131	64 301	—	—	64 301	830
—	17	—	1 287	1 287	—	—	1 287	—
2 968		—	3 368	2 912	564	—	3 476	(108)
17 592		—	29 882	23 863	7 938	—	31 801	(1 919)
2 577		—	2 577	2 401	259	—	2 660	(83)
—		—	2 923	2 917	—	—	2 917	6
—		—	19 895	19 885	(8)	—	19 877	18
—		—	5 430	5 385	222	—	5 607	(177)
—		—	57 195	57 195	—	—	57 195	—
—		—	53 088	53 050	(11)	—	53 039	49
—		—	7 075	7 075	—	—	7 075	—
—		—	1 235	1 240	(1)	—	1 239	(4)
—		—	3 045	3 046	—	—	3 046	(1)
—	(632)	(2 737)	0	2 509	228	(2 737)	0	0
356		—	4 272	4 272	—	—	4 272	—
—		—	1 680	1 680	1	—	1 681	(1)
5 958		—	47 337	48 722	620	—	49 342	(2 005)
—		—	886	879	—	—	879	7
578		—	7 276	7 276	—	—	7 276	—
3 779		—	18 743	18 274	659	—	18 933	(190)
1 873		—	11 543	11 316	227	—	11 543	—
618		—	7 974	7 970	3	—	7 973	1
858		—	6 364	6 339	47	—	6 386	(22)
—		—	2 465	3 120	30	—	3 150	(685)
—		—	2 453	4 943	472	—	5 415	(2 962)
—	534	—	1 249	976	365	—	1 341	(92)
—		—	—	—	—	—	—	—
23 434		—	23 434	525	25 682	—	26 207	(2 773)
—		—	913	927	338	—	1 265	(352)
—		—	816	801	123	—	924	(108)
—		—	—	459	445	—	904	(904)
—		—	—	—	1 432	—	1 432	(1 432)
—		—	—	968	268	—	1 236	(1 236)
—		—	—	—	920	—	920	(920)
—		—	—	—	2 467	—	2 467	(2 467)
—		—	—	—	69	—	69	(69)
—		—	—	—	50	—	50	(50)
60 591	(81)	(2 737)	389 536	366 513	43 409	(2 737)	407 185	(17 649)
462	—	(1 362)	—	1 362	—	(1 362)	—	—
338	—	(338)	—	338	—	(338)	—	—
—	—	5	200	—	(5)	5	—	200
—	—	(77)	—	—	77	(77)	—	—
(165)	—	(449)	—	—	449	(449)	—	—
2 670	—	(2 670)	—	—	2 670	(2 670)	—	—
1 400	—	(1 400)	—	—	1 400	(1 400)	—	—
2 204	—	(2 204)	—	—	2 204	(2 204)	—	—
6 909	—	(8 495)	200	1 700	6 795	(8 495)	—	200
67 500	(81)	(11 232)	389 736	368 213	50 204	(11 232)	407 185	(17 449)

Long-term debt

(in thousands of dollars)

	2001	2000
Debtures, \$ 48,000,000		
9.50%, due December 5, 2001	—	22 626
Debtures, \$ 70,000,000		
8.00%, due September 30, 2001	—	6 300
8.00%, due September 30, 2002	6 300	6 300
8.75%, due September 30, 2007 ^(c)	7 000	7 000
Debtures, \$ 60,000,000		
8.15%, due June 2, 2003 ^(a)	18 500	18 500
Debtures, \$ 52,000,000		
7.50%, due September 23, 2003 ^(a)	19 550	19 550
Debtures, \$ 50,000,000		
6.90%, due March 3, 2004 ^(a)	26 200	26 200
Debtures, \$ 50,000,000		
9.60%, due December 9, 2004 ^(a)	19 460	19 460
Debtures, \$ 40,000,000		
9.10%, due May 12, 2005 ^(b)	20 195	20 195
Debtures, \$ 30,000,000		
8.40%, due July 19, 2005 ^(b)	11 242	11 242
Debtures, \$ 10,500,000		
6.50%, due March 12, 2001	—	2 435
Debtures, \$ 30,000,000		
7.10%, due July 18, 2001	—	14 940
8.10%, due July 18, 2001 ^(c)	15 060	15 060
Debtures, \$ 30,000,000		
5.65%, due June 5, 2001	—	3 400
6.00%, due June 5, 2002	3 675	3 675
6.25%, due June 5, 2003	2 415	2 415
6.50%, due June 5, 2004	2 605	2 605
6.60%, due June 5, 2005	2 815	2 815
6.75%, due June 5, 2006	3 040	3 040
6.85%, due June 5, 2007	3 280	3 280
Debtures, \$ 40,000,000		
5.10%, due June 4, 2001	—	5 717
5.20%, due June 4, 2002	6 174	6 174
5.25%, due June 4, 2003	6 668	6 668
5.70%, due June 4, 2008 ^(c)	11 248	11 248

Long-term debt (continued)

(in thousands of dollars)

	2001	2000
Debtures, \$ 35,000,000		
5.00%, due April 8, 2002 ^(a)	11 250	11 250
5.10%, due April 8, 2004	14 745	14 745
5.40%, due April 8, 2009 ^(c)	9 005	9 005
Debtures, \$ 30,000,000		
5.10%, due August 6, 2001	—	2 410
5.30%, due August 6, 2002	2 560	2 560
5.40%, due August 6, 2003	2 710	2 710
5.50%, due August 6, 2004	12 575	12 575
5.90%, due August 6, 2009 ^(c)	7 470	7 470
Debtures, \$ 25,000,000		
6.30%, due February 16, 2003 ^(b)	5 731	5 731
6.40%, due February 16, 2004	2 187	2 187
6.50%, due February 16, 2005	7 507	7 507
6.60%, due February 16, 2006	1 662	1 662
6.70%, due February 16, 2007	1 780	1 780
6.80%, due February 16, 2008	1 906	1 906
6.85%, due February 16, 2009	2 041	2 041
6.85%, due February 16, 2010	2 186	2 186
Debtures, \$ 17,000,000		
5.60%, due December 20, 2005 ^(b)	17 000	17 000
Debtures, \$ 60,000,000		
3.70%, due November 15, 2004 ^(c)	12 243	—
4.15%, due November 15, 2005	4 513	—
4.60%, due November 15, 2006	15 849	—
4.95%, due November 15, 2007	4 120	—
5.25%, due November 15, 2008	4 334	—
5.50%, due November 15, 2009	4 559	—
5.70%, due November 15, 2010	4 796	—
5.75%, due November 15, 2011	9 586	—

Long-term debt (continued)

(in thousands of dollars)

	2001	2000
Bank loan \$ 30,000,000 ^(d) 8.04%, due January 24, 2006 ^(a)	30 000	30 000
Bank loan \$ 30,000,000 ^(d) 6.75%, due December 9, 2006 ^(a)	30 000	30 000
Bank loan \$ 30,000,000 ^(d) 6.09%, due December 12, 2007 ^(a)	30 000	30 000
Bank loan \$ 40,000,000 ^(d) 6.087%, due December 9, 2004 ^{(a) (e)}	40 000	40 000
Debt being refinanced	660	—
Total	<u>478 402</u>	<u>475 570</u>

(a) Portion in existing sinking fund

(b) Portion for which the Société began contributing to the sinking fund during the year.

(c) Portion for which a sinking fund is anticipated.

(d) Contract forming part of a currency exchange and tax rate agreement. Only the amount for which the Société is ultimately responsible is shown as the current balance.

(e) Loan renewable at the lender's request for an additional five-year term at the rate of 6.769%, due December 9, 2009.

Total net long-term indebtedness

(in thousands of dollars)

	2001	2000	1999	1998	1997
LONG-TERM DEBT					
Debentures and bank loans	477 742	475 570	505 406	461 853	480 331
Debt being refinanced	660	—	10 570	—	—
	<u>478 402</u>	<u>475 570</u>	<u>515 976</u>	<u>461 853</u>	<u>480 331</u>
Amounts accumulated in sinking fund	(91 392)	(82 423)	(75 560)	(64 297)	(38 267)
Amounts recoverable for the payment of long-term debt					
From the Government of Quebec	(184 435)	(184 266)	(193 816)	(241 295)	(281 627)
From the Agence métropolitaine de transport	(37 043)	(48 376)	(64 317)	—	—
	<u>165 532</u>	<u>160 505</u>	<u>182 283</u>	<u>156 261</u>	<u>160 437</u>
Investment expenditures to be financed	18 563	36 560	28 888	69 170	32 190
Amounts not used from contracted long-term loans	(914)	(1 811)	(856)	(101)	(1 010)
	<u>17 649</u>	<u>34 749</u>	<u>28 032</u>	<u>69 069</u>	<u>31 180</u>
Subsidies relating to investment expenditures to be financed	^(a) (5 178)	(21 192)	(12 662)	(35 599)	(14 535)
Subsidies relating to the debt being refinanced	—	—	(6 505)	—	—
	<u>12 471</u>	<u>13 557</u>	<u>8 865</u>	<u>33 470</u>	<u>16 645</u>
TOTAL NET LONG-TERM INDEBTEDNESS	<u>178 003</u>	<u>174 062</u>	<u>191 148</u>	<u>189 731</u>	<u>177 082</u>

In 2001 the amount authorized by loan by-laws was \$ 608,086, of which \$ 407,185 has been expended. The balance of \$ 200,901 to be financed is eligible for a subsidy in the order of \$ 100,952.

- (a) This amount is calculated based on the expenditures to be financed according to the rates for the subsidies related to the investment expenditures. However, this amount is not recorded in the Société's books as the subsidy takes effect when the long-term debt is actually issued.

Maturity of long-term debt

(in thousands of dollars)

Debentures and notes

Years	Value on the books in Canadian dollars ^(d)		
	Maturity ^(a)	To be refinanced ^(b)	Net Maturity
2001	660	660	—
2002	29 959	—	29 959
2003	55 574	1 450	54 124
2004	130 015	27 891	102 124
2005	63 272	12 486	50 786
2006	95 611	18 310	77 301
2007	46 180	3 609	42 571
2008	17 488	3 202	14 286
2009	23 075	11 422	11 653
2010	6 982	—	6 982
2011	9 586	4 541	5 045
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015	—	—	—
2016	—	—	—
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020	—	—	—
	<u>478 402</u>	<u>83 571</u>	<u>^(c) 394 831</u>

- (a) These amounts represent the loans reaching maturity during each of the indicated years.
- (b) These amounts are included in the Maturity column.
- (c) Of the total amount of \$ 394,831 million, \$ 91,392 million was already accumulated in the sinking fund as at December 31, 2001 (market value of \$ 95,569 million).
- (d) No foreign currency debt exists at December 31, 2001.

Provision for future amounts

In accordance with new accounting standards that went into effect on January 1, 2000, the provisions recorded as of this date can be amortized using the straight-line method over a maximum of 20 years, unless the annual disbursements are higher. However, in 2000 and 2001, the annual disbursements were higher than the amortization. At this rate, the provisional amounts will be completely amortized in 2013 instead of 2019.

(in thousands of dollars)

	Disbursements	Amortization
Provisions at January 1, 2000	30 376	30 376
The higher of the disbursements or the amortization		
2000	(2 463)	27 913
2001	(1 959)	25 954
2002 ^(a)	(2 211)	23 743
2003	(2 211)	21 532
2004	(2 211)	19 321
2005	(2 211)	17 110
2006	(2 211)	14 899
2007	(2 211)	12 688
2008	(2 211)	10 477
2009	(2 211)	8 266
2010	(2 211)	6 055
2011	(2 211)	3 844
2012	(2 211)	1 633
2013	(1 633)	—
2014	—	(1 519)
2015	—	(1 519)
2016	—	(1 519)
2017	—	(1 519)
2018	—	(1 519)
2019	—	(1 515)
	<u>(30 376)</u>	<u>(30 376)</u>

(a) This amount was established by averaging the 2000 and 2001 disbursements.



Financial ratios

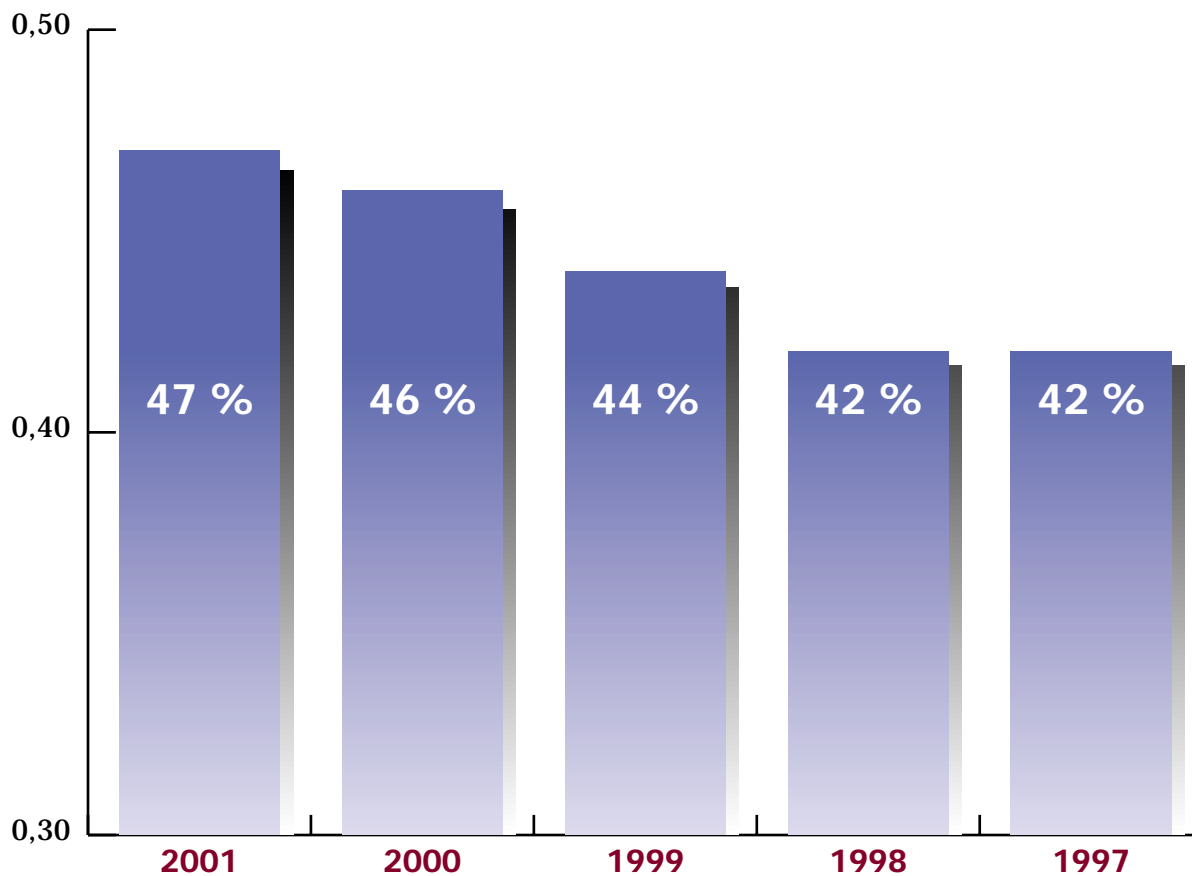
While respecting the budget is an important financial objective for the STCUM and a revealing gauge of its performance, it is not sufficient on its own to evaluate the financial health of the Société and the quality of its management.

Evolution in financial performance necessitates the analysis of all the financial statements through the calculation of certain financial ratios. These ratios, once established, compared over time and with the ratios of other enterprises in the same sector, validate the financial decisions made by the Société and permit assessment of their relevance.

The following pages present the following financial ratios:

- Autonomous revenue
- Interest coverage
- Working capital
- Liquidity
- Long-term indebtedness

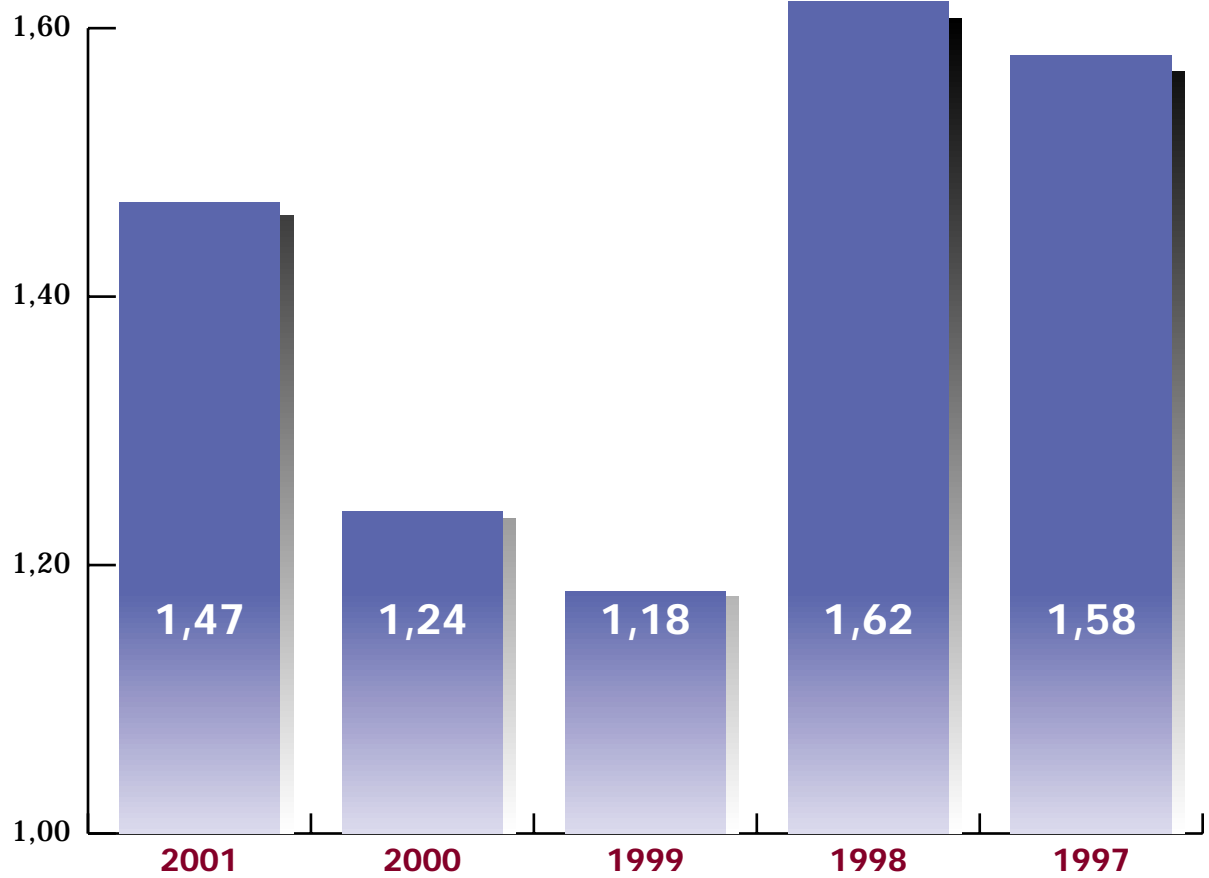
Autonomous revenue



This ratio makes it possible to determine what proportion of revenue is generated directly from the operations of the Société. As at December 31, 2001, 47% of the STCUM's total revenue was comprised of autonomous revenue.

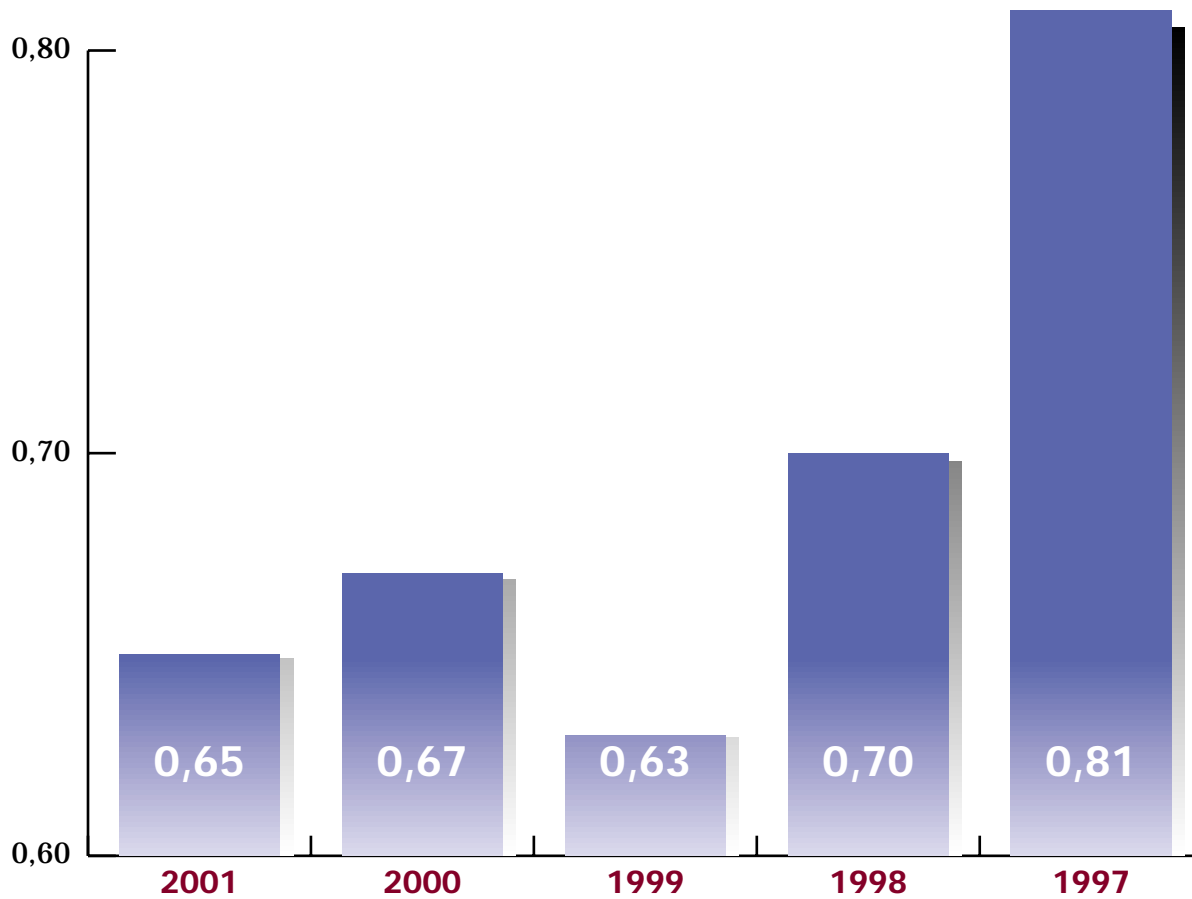
Autonomous revenue includes passenger revenue and other commercial revenue. The increase in this type of revenue over recent years makes up for the drop in the contribution from the municipalities on the MUC territory from 1997 through 1999.

Interest coverage



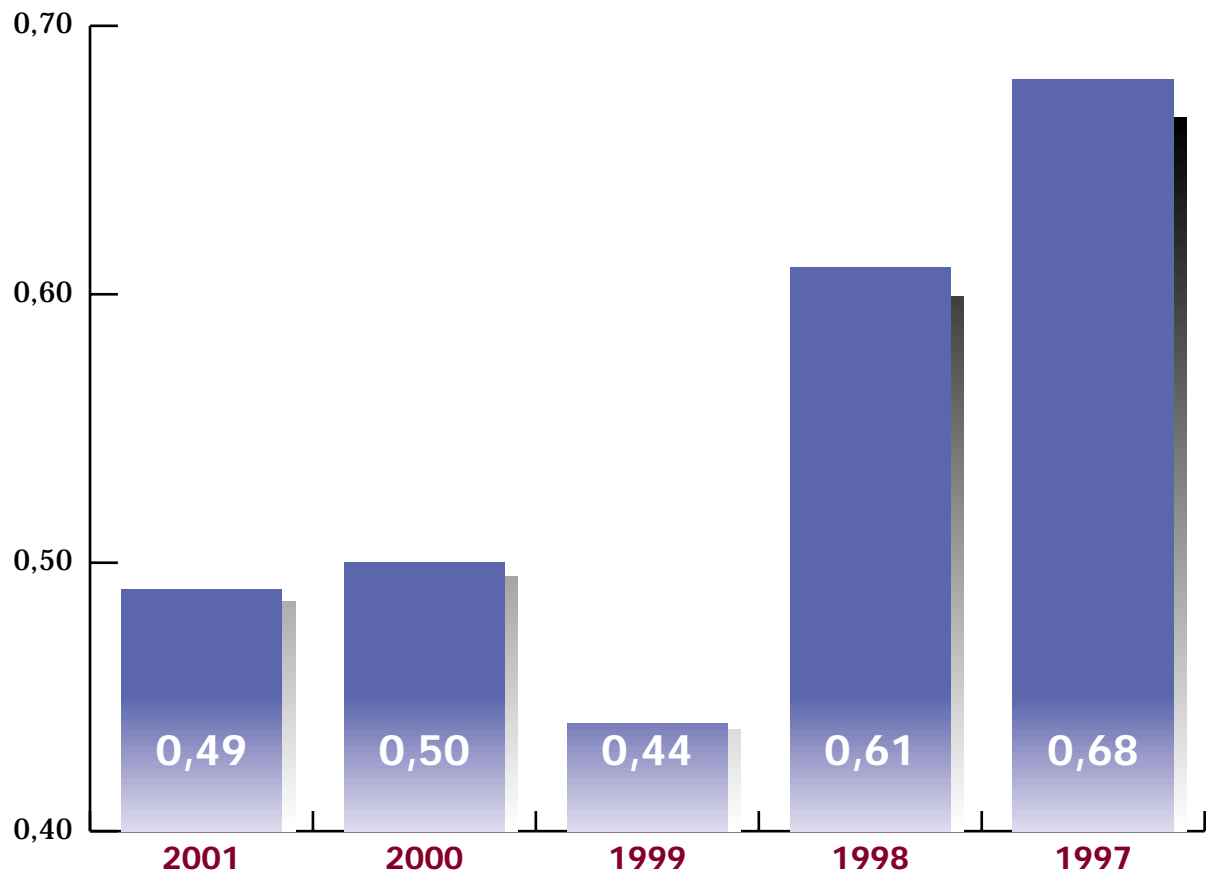
This ratio makes it possible to determine in what proportion the creditors can receive the interest due to them with regard to the surplus calculated before the recording of interest. Thus, the STCUM's surplus before interest for the year ended December 31, 2001 enables it to cover 1.47 times the interest expense for the year.

Working capital



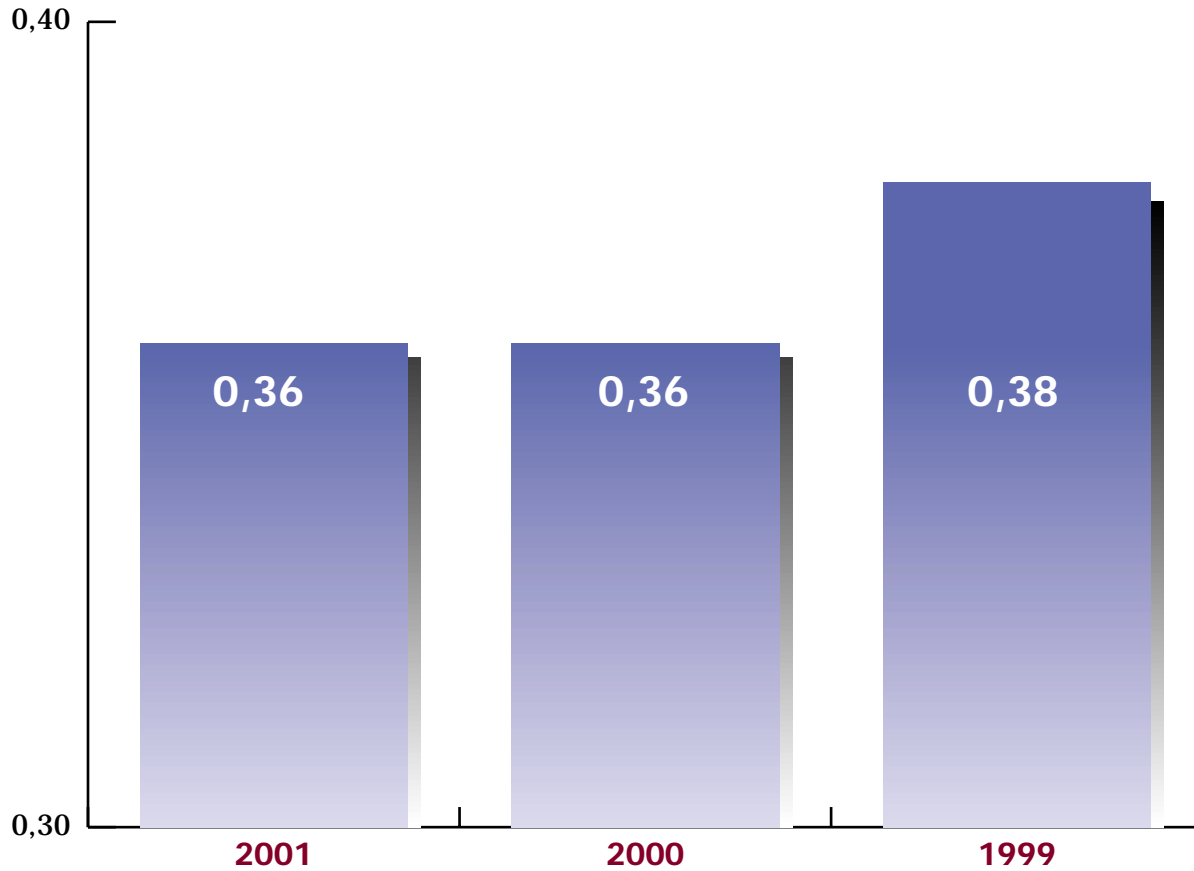
The working capital ratio indicates the ease with which the Société will be able to meet its short-term obligations. Thus, at December 31, 2001, the STCUM had \$ 0.65 of short-term assets for each dollar of short-term liabilities. This can be explained by, among other things, the delay in the long-term financing of certain capital assets, as can be seen in the financing of projects in progress (\$ 17,449,000 in underfinancing). This delay will be made up for during 2002 (an issue of \$ 47,130,000 took place January 9, 2002).

Liquidity



The liquidity ratio is derived from that of the working capital and excludes short-term assets not affecting cash. At December 31, 2001, the company had \$ 0.49 in liquidity to repay each dollar of short-term debt.

Long-term indebtedness



This ratio indicates in what proportion the assets of the Société are financed by long-term loans. As at December 31, 2001, only 36% of the Société's assets were financed long-term.

Note: There is no data available for the years 1997 and 1998, as the financial statements were drawn up according to the fund accounting method.

Acknowledgements

The drawing up of the 2001 financial report is the fruit of the labours of a large number of employees in the Service de la gestion des ressources financières et contrôle

I would like to thank all those who contributed to it, in particular the Division - gestion financière, which is proud to present you with the " 2001 Financial Report ".

Treasurer and Director

*Service de la gestion des ressources
financières et contrôle*

