

Solidarity Fund QFL Invests a Record \$665 Million in Québec Companies

Montréal, June 5, 2007 – Yvon Bolduc, President and CEO of the Solidarity Fund QFL (the “Fund”), accompanied by members of the organization’s management team, held a press conference today to announce the Fund’s solid performance in terms of venture and development capital investments.

“The Fund has been breaking its own investment record for two years now. For the year ended May 31, we invested over \$665 million in more than 140 companies including over 90 new partners. This amount also includes investments in our regional network. The Fund is clearly a major player in Québec’s economic development,” said Yvon Bolduc.

With net assets of over \$6.8 billion, long-term investment strategies, an approach that seeks to enhance SME value, and specialized multi-sector teams, the Fund is a solid organization that is firmly committed to helping fuel the growth of companies in all sectors and regions of Québec.

The Fund also backs innovative start-ups that target promising niches. “In the last four years, the Fund and its network have invested \$587 million either directly or indirectly in start-ups,” added Mr. Bolduc.

Private funds to help SMEs

In the last few years, the Fund has played a particularly active role in structuring Québec’s venture capital industry. “In the IT and life sciences sectors, we’ve spent over \$325 million both here and abroad to help create some 20 private funds specializing in start-ups. We also invest in foreign specialized funds, which are chosen for their powerful international business network and strong ability to help grow our local companies. For each dollar we invest in a foreign fund, Québec benefits from economic spin-offs that are at least equivalent, and that’s not counting the advantage of market access. We’re especially proud of our success with this strategy, which since its implementation, has raised more than \$1.2 billion in new capital for our IT and life sciences firms,” stated the Fund’s chief executive.

Sector-based strategies

Thanks to its specialized teams, the Fund has an investment strategy for each economic sector.

Despite the major issues confronting the **manufacturing industry**, such as the rising Canadian dollar and competition from emerging markets, the Fund continues to support companies backed by a strong management team, distinctive technology, and a desire to grow. This past year, the Fund played an important role in the automobile industry, helping Spectra Premium with a management buyout and its subsequent privatization. This transaction allowed the company to keep its head office and some 950 jobs in Québec. In the textile industry, the Fund partnered with Stedfast, which is responding to the industry’s challenges by developing high-tech products such as fabric for manufacturers of fire- and bacteria-resistant clothing in the medical, industrial, maritime and civil sectors.

In **natural resources**, more specifically, mining, Québec is carving out a favourable position in the geology segment. A few years ago, the Fund and the Québec government created Sidex, which has invested in more than 110 exploration projects to date, helping diversify Québec’s mining production.

This past year, the Fund also helped launch two mining companies, Exploration Midland and Ressources Cartier, with a view to securing the industry's future.

In **recreational tourism**, the Mont Tremblant's Le Scandinave SpaTM concept is another fitting example of the Fund's confidence in a strong management team with a strategic vision for its company's development. The Fund is proud to be associated with this growth project, which seeks to expand the banner in North America and Europe while creating some 100 direct and indirect jobs in Québec.

On the **aerospace** front, Québec suppliers must adapt to a new reality, namely, that integrators will have to take on more financial risk by building complete aircraft sections and funding R&D, design and production before reaping the benefits of sales. To help aerospace firms make the shift, the Fund has created the risk-sharing loan. During the year, the Fund also increased its investment in Mecachrome, a supplier for the Boeing 787, to help the company stake a position as an integrator in North America.

The non-traditional sectors of **information technology** and **life sciences** accounted for 17% of the Fund's investments last year. On the life sciences side, the Fund will back promising companies with a view to creating a world-class biotech sector in Québec. To this end, it invested in Victhom Human Bionics, a company headquartered in Québec City, so it could complete clinical trials of some products and register them with the European and American regulatory authorities before moving on to the commercialization stage. On the IT side, the Fund backed firms that had penetrated promising niches such as Cellfish Media and BlueStreak Network, both specializing in wireless technology.

A smart partnership with MIT

Towards its fiscal year-end, the Fund initiated an important training program with MIT Sloan School of Management, one of the world's leading business schools, located in Boston, conducting research in science and technology. Thanks to a joint effort of the ministère du Développement économique, de l'Innovation, de l'Exportation et du Tourisme and the Pôle Québec Chaudière-Appalaches economic development agency, 10 Québec technology firms will be coached and trained by the renowned university, which set up this program to help step up their growth.

Message to SMEs

The Fund ended the press conference by inviting Québec business leaders to boost their competitiveness. "If they are to hold onto their position in today's fiercely competitive markets, Québec entrepreneurs must grow organically or through acquisitions. They must develop a promising market segments and improve their productivity by leveraging their technology and optimizing their processes. The Fund's Productivity LoanTM was designed specifically for this purpose. We also encourage them to develop and promote strong trademarks, which is why we created the Trademark Loan.TM Lastly, worker training and succession planning are also a must to successfully fend off international competition," said Gaétan Morin, the Fund's Executive Vice-President, Investments.

Key investment figures, as at May 31, 2007

- A **record investment** year: **Over \$665 million**
- In over 140 companies, including more than 90 new partners, and in the regional network.
- Investments in **start-ups** (in the last 4 years): **\$587 million**
- Investments in **specialized funds**: **\$158 million**
- Investments by sector:
 - Traditional sectors:** **\$533 million** 80%
(Natural resources, industries and consumer goods, aeronautics, construction, services and transport, real estate)
 - IT and life sciences:** **\$134 million** 20%
(Information technology, telecommunications, industrial innovations, life sciences)

About the Solidarity Fund QFL

With net assets of over \$6.8 billion, the Solidarity Fund QFL is a development capital company that through its RRSP channels the savings of Quebecers into investments in all sectors of the economy to help create and maintain jobs and to further Québec's economic growth. The Fund is a partner, either directly or through its network members, in 1,681 companies. It currently has nearly 570,000 shareholders and has helped, on its own or with other financial partners, to create, maintain and support over 116,000 jobs. For more information, visit www.fondsftq.com

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Note: *The telephone number provided below is for the exclusive use of journalists and other media representatives.*

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