



On its 25th anniversary, the Solidarity Fund QFL sets a new record, investing \$730 millions for the benefit of Québec businesses

Montréal, June 11, 2008 – For the fiscal year ended May 31, the Solidarity Fund QFL (“Fund”) announced a new investment record – \$730 million. One hundred forty partner companies benefited from investments by the Fund or its network of regional Funds.

“We are very proud of how much we invested this past year, which marks the Fund’s 25-year anniversary. This performance is a testimony to the expertise of our teams and to our reputation in Québec’s business community. Over the past fiscal year, we met the needs of businesses in all sectors of activity and at various stages of growth as well as maintained a presence across Québec through our network of regional Funds and SOLIDES,” said Gaétan Morin, the Fund’s Executive Vice-President, Investments.

Backing promising sectors

The Fund continued to play a major role across all the sectors of the economy, a number of which have a promising outlook. The **mining sector**, which has been buoyed by the increase in metal prices, is a case in point. As such, the Fund invested \$20 million in each of the following two mining companies: Osisko Exploration, to support the company’s development of the Canadian Malartic gold-bearing deposit in Abitibi, and Canadian Royalties for its nickel mining project in Ungava Bay, which will create some 270 jobs in 2010.

In the **financial services** sector, where the Fund provides strategic support, Addenda Capital secured a \$45 million investment, used to take the company private and keep its head office in Montréal. By merging with Co-Operator’s Group, Addenda Capital will have the benefit of a pan-Canadian network that should fuel its growth in Canada

The **aerospace sector** continues to thrive in Québec. The Fund plays a major role as a patient investor in this industry, where a long-term strategy is the most suitable course of action. Over the past fiscal year, the Fund continued to support the development of Québec integrator Mecachrome International, with funding of \$20 million. Mecachrome is a supplier of Bombardier and Boeing and has the necessary expertise to participate in the development of the Airbus A350. The Fund also reinvested \$6 million in Sonaca NMF Canada, which was used to enlarge the company’s Mirabel plant and to purchase cutting-edge equipment. Sonaca is the subsidiary of a Belgian group specializing in the manufacture and assembly of wing panels for such companies as Bombardier and Embraer.

Contributing to business growth

The Fund also made substantial investments in larger companies. For example, TFI

Holdings Limited Partnership, a company belonging to transportation leader TransForce group, received an unsecured loan of \$100 million for its acquisition projects. The Fund also boosted its investment in Stella Jones – a manufacturer of industrial wood structures for the telecom and railway ties industries – by \$25 million. The proceeds were used to make an important acquisition in the U.S. The Fund injected \$15 million in GLV, a global provider of processes and technologies designed

for the treatment of wastewater and pulp and paper production to help the company with its international expansion and development projects.

Supporting businesses of the new economy

The Fund continued to uphold its commitment to Québec enterprises operating in the new economy, investing \$235 million in IT, telecom and life sciences firms. For example, Atrium Innovations, which develops and markets value-added products for the cosmetic and nutrition industries, secured \$37 million from the Fund to back its growth, which it plans to achieve through acquisitions, among other things.

Building a strong venture capital industry

The Fund continued with the investment strategy developed in 2004, which seeks to structure the venture capital industry by investing in local specialized funds that back businesses at the seed and start-up stage, and that attract foreign capital to Québec. Accordingly, this past year, the Fund invested \$109 million in five funds, bringing its investment in specialized funds to \$495 million since 2004. Today, the Fund is a partner in 32 private VC funds, including four specializing in start-up. Of the 14 private funds located outside Québec, eight now have a business office in Montréal and invest in Québec SMEs.

Ensuring the continuity of Québec businesses

Because it understands that Québec enterprises need help with the succession issue, the Fund recently appointed a vice-president for business succession matters and updated its offer in this regard. As such, in May, the Fund and its network of regional Funds launched the *SME Transfer Solution* aimed at providing buyers with financial and strategic support and coaching owners selling their business. The Fund also teamed with the Chair of SMB Development and Succession at HEC Montréal to create a Web site (www.fromsuccesstosuccession.com) geared to entrepreneurs contemplating buying or selling a business.

“The current economic context poses major challenges for Québec businesses, particularly in the manufacturing industry. We do our utmost to meet the needs of partner companies that have successfully responded to these challenges, for example, by investing in equipment to boost productivity and competitiveness. A great example is Trimag, a subsidiary of Spectra Premium, which services the auto industry. This company purchased modern equipment that helped it increase production capacity. I’m always impressed to see how resilient Québec entrepreneurs are and how quickly they adapt. We believe that many opportunities will open up for them next year, such as expansion into new markets, mergers and acquisitions. In keeping with our mission, we will therefore continue offering patient capital to help them grow and by extension, create and maintain quality jobs in Québec,” concluded Mr. Morin.

Highlights (as at May 31, 2008)

Annual investment volume: 2008 = \$730 million

2007 = \$668 million

2006 = \$643 million

2005 = \$492 million

2004 = \$405 million (11 months)

Start-up and seed investments (2004 to 2008)

\$768 million

Attracting foreign capital to technology funds in Québec (2004 to 2008)

\$314 million

Economic training since 2000

11,773 workers trained as a result of the initiatives of the Fondation de la formation économique

About the Solidarity Fund QFL

With net assets of over \$7.4 billion as at November 30, 2007, 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 1,696 companies. It currently has more than 575,000 shareholders and has helped, on its own or with other financial partners, to create, maintain and protect over 122,000 jobs. For more information, visit www.fondsftq.com.

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