

2008 ACTIVITY REPORT

# INVEST IN QUÉBEC TO SHAPE OUR DESTINY.



**Desjardins**  
Capital régional  
et coopératif

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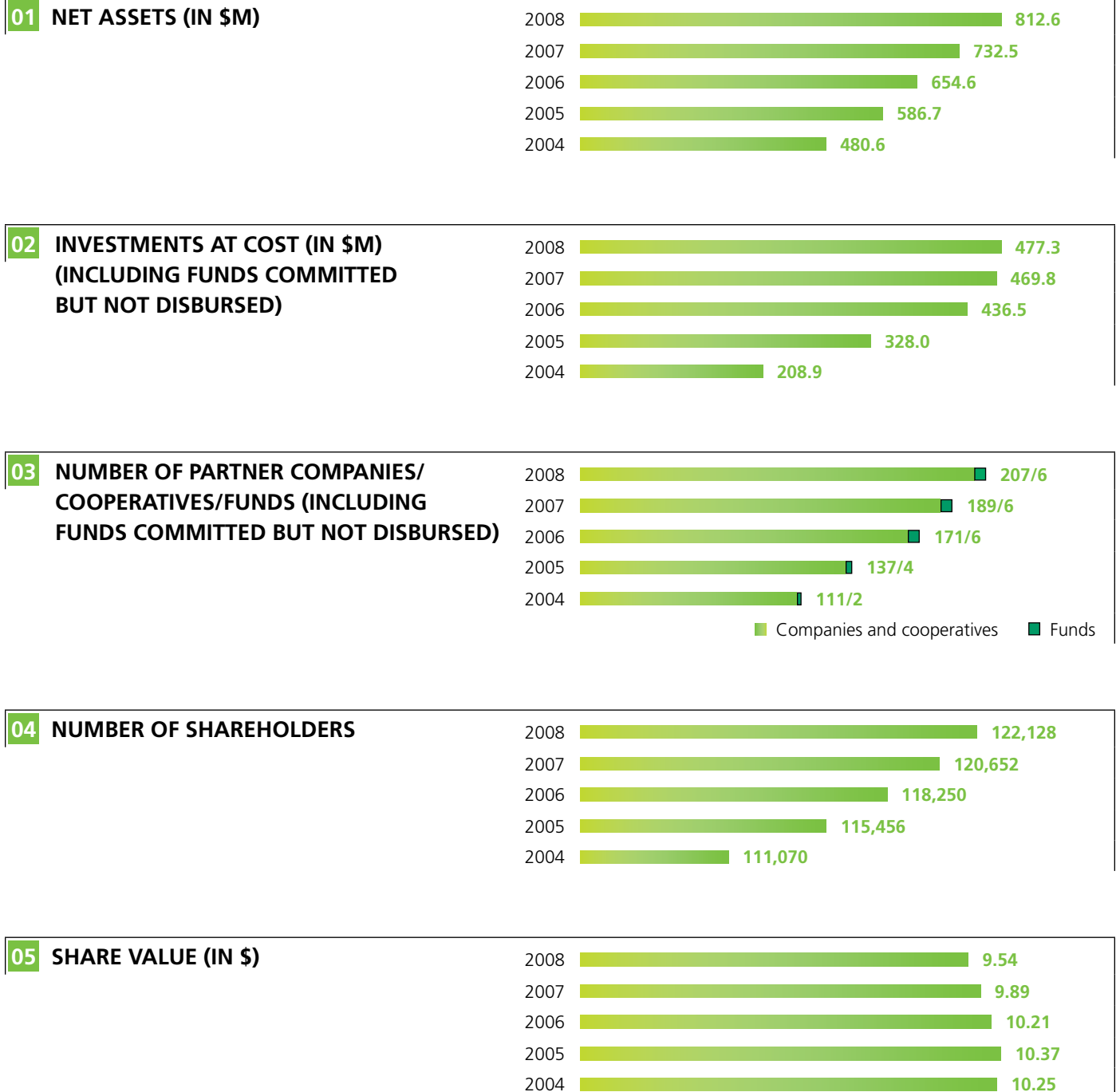
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# MISSION

- Contribute to Québec's economic development and take an active part in the growth of the following regions: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie – Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay – Lac-Saint-Jean (the "resource regions").
- Inject venture capital into companies and cooperatives and provide expert advice to support their start-up, growth and expansion.
- Generate returns that will encourage shareholders to reinvest.

# HIGHLIGHTS

(AS AT DECEMBER 31)





ANDRÉ LACHAPELLE

## MESSAGE FROM THE CHAIRMAN OF THE BOARD

### Significant support for Québec companies and cooperatives

Economic and financial conditions were tough in 2008, particularly through the second half of the year, and credit became tight. In this type of climate, Capital régional et coopératif Desjardins whose mission is to support regional economic development through patient capital investment in Québec businesses and cooperatives plays a more fundamental role than ever.

Since the inception of Capital régional in 2001, our manager – Desjardins Venture Capital – has made highly insightful management decisions that are well suited to this difficult period. It has chosen to channel that portion of the investment portfolio not currently allocated to partner companies into secure investment vehicles. This allows us to combine creating shareholder value with continuing our support to our partner companies during these troubled times. Also, during 2008 we

created the Financial Asset Management Committee with the objective of ensuring that our financial asset strategies mesh perfectly with the Company's overall mission.

I look with pride at what we accomplished in 2008. Against the backdrop of an overall market slowdown in the investment world, at year-end our Company's commitments totalled \$477.3 million and targeted 213 cooperatives, companies and funds to create and retain more than 30,000 jobs.

In fact, since its creation, Capital régional has been making concrete contributions to the economic development of Québec, particularly in the resource regions where the economic spinoffs are significant. In addition, we surpassed our minimum target for investments that must be made in eligible entities – 60% of net assets. And we have done the same for our obligation to invest 21% of net assets (35% of 60% of net assets) in the resource regions and cooperatives.

I am pleased to be able to underscore the crucial role our Company plays in developing cooperatives in Québec by – among others – setting up employee shareholder cooperatives (ESC) that often allow a business to be transferred while keeping ownership right in the region. With this tool, Capital régional dovetails its mission with that of Desjardins Group and builds on the vision of founder Alphonse Desjardins by allowing workers to share in both the management and the profits of the businesses that employ them.

While 2009 looks like it will be a difficult year for the economy and most financial institutions will continue to limit their financing activities, Capital régional will forge ahead with its investments. This will mean support to our partner companies as well as new investments in the different regions of Québec.

And we are convinced that the sale of shares will continue to supply us with the capital we need to successfully carry through on our mission. The 50% income tax credit the government of Québec grants to investors who purchase the Company's shares allowed us to offer our first shareholders an annual after-tax return of over 9%, which makes us optimistic for the success of our 2009 capital raising campaign.

Capital régional et coopératif Desjardins is a story of partnerships. And it's for that reason that I want to thank the star players that contribute to its success. First of all – the Québec Government, which gives us the means to secure capitalization from a host of investors. Next – Mr. Louis L. Roquet and the entire team at Desjardins Venture Capital, whose thoughtful management allows us to support Québec business people and fulfil our mission of economic development. And finally – the whole Desjardins caisse network that handles the sale of our shares year after year.

In closing, I wish to applaud the solid work of the members of our Board of Directors in managing our Company. I am proud to work with them, and I salute their commitment.

**André Lachapelle**  
Chairman of the Board



BRUNO MORIN

# GENERAL MANAGER'S REPORT BUSINESS REVIEW

## Strategic performance

Capital régional et coopératif Desjardins reported results for 2008 that, while negative, greatly outperformed most Canadian investment funds. Annual return totalled -3.6%, a net loss of \$29.3 million. This is due in large part to particularly challenging conditions in the second half of the year.

These results, which compare so favourably with capital market indexes, are no accident. They arise directly from the asset allocation strategy of our manager – Desjardins Venture Capital – that consisted in investing a large portion of our Other investments portfolio in secure, liquid vehicles. This approach contributed to balancing the profile of our overall portfolio and limiting its volatility. Other investments represents the portion of assets that is not reserved for investments impacting the Québec economy. That being said, the Company was successful in limiting its losses through some most challenging economic times and continued to fulfil its economic development mission through direct investments in Québec companies and cooperatives.

As at December 31, 2008, the share value, which is determined twice per year, was set at \$9.54 compared with \$9.89 at the end of the previous fiscal year. In spite of this reduction, our shareholders who obtained an income tax credit when they invested seven years earlier, i.e. on December 31, 2001, enjoyed an annual after-tax return of more than 9.2%, which is an excellent return on investment.

At year-end, net assets totalled \$812.6 million, up 10.9% compared with the \$732.5 million reported at the end of fiscal 2007. New investments authorized in 2008 in Québec companies and cooperatives totalled \$65.0 million while disbursements reached \$68.5 million, which reduced the balance of funds committed but not disbursed. Authorized investments in resource regions and cooperatives amounted to \$18.4 million during the course of 2008. As at December 31, 2008, \$477.3 million was committed in 213 companies, cooperatives and funds creating or retaining more than 30,000 jobs. These investments, which present a higher degree of risk, generated a return of -6.5% in 2008. The Other investments portfolio, which helps to protect the capital invested by our shareholders and balance the overall portfolio, produced a return of 4.7%. At year-end, this portfolio represented 55% of net assets and its weighting should be stable between 35% and 40% once the fund reaches its maximum size.

As regards capitalization, subscriptions in 2008 benefited from the return of the income tax credit to 50%, raising \$126.4 million from 32,301 investor shareholders. The total number of shareholders was 122,128. Some shareholders completed their minimum statutory holding period of seven years and were in a position to choose to redeem their shares in 2008. Consequently, less than 20% of the \$79.0 million in shares issued in 2001 has been redeemed, for total redemptions of \$17.0 million. In this regard, I wish to underscore that Capital régional et coopératif Desjardins has the necessary liquidities to cover all potential redemption requests. Shareholders must remember, however, that this eliminates the possibility of claiming the income tax credit subsequently. For example, if they opt to redeem their shares in 2009, they will no longer be eligible for the tax benefit for the 2009 and later issues.

I would like to take this opportunity to thank the many shareholders of Capital régional who, by choosing to invest the maximum \$5,000 per year for a minimum of seven years, contribute to driving the Québec economy. I would also like to salute the excellent work of the teams who power our Company's success: our manager, Desjardins Venture Capital; the Desjardins Business Centres that support us in identifying potential investments; the various teams within the Fédération for their constant cooperation; the Desjardins caisse network; and our trustee, Desjardins Trust.

**Bruno Morin**  
General Manager



LOUIS L. ROQUET

## MANAGER'S REPORT

### Patient capital – driving the Québec economy for the long term

2008 was the scene of unprecedented turmoil. The liquidity crisis – the source of all the troubles – literally destroyed investor confidence with even the financial institutions no longer trusting each other, and caused credit conditions to tighten. This situation ultimately led to an economic slowdown in many industrialized countries, swelling considerably in size towards the end of the year. Because confidence is difficult to rebuild, and will be heavily dependent on a recovery to rise again, the economy must stabilize first – it will likely be many months before the crisis gives way to recovery.

This is why, when we invest in a Québec company or cooperative as Manager for Capital régional et coopératif Desjardins, we make a commitment to back it for at least five years. We are convinced that this way of doing business creates stronger companies that then have the ability to survive through the different cycles of the economy. In the coming months, it is highly likely that some of the Québec companies we have invested in will experience hardship. We will be there to support them, working with the government agencies that have put assistance tools in place for that purpose. But, it remains true that backing a healthy business in difficult times is made less risky by the very assets that made it successful in the first place, such as its management team, its sales and its customer base.

Performance of our Other investments portfolio and our source of supply of new capital are optimized by an attractive income tax credit that the government of Québec grants our shareholders. This gives us the resources we need to continue making investments in 2009 – either supporting our partner companies or carrying out new transactions in the different regions of Québec.

We will also continue to promote business ownership transfers that ensure companies remain present and deeply rooted in their regions. The many entrepreneurs who wish to retire should factor the present situation into their plans. Losing the expertise of an entire generation of employers at the height of a crisis could prove disastrous for the economy. Putting off retirement or phasing retirement, using tools that progressively involve a new management team while remaining at the helm, are two avenues to bear in mind, and we are in the right position to provide concrete support through a phased retirement.

In short, as the management arm of Capital régional, our teams will strive more than ever to put their talent and creativity at the service of Québec business people by providing patient capital to drive the economy sustainably. This will be carried out through our four business lines – venture capital to support technology innovation, development capital to promote company growth, capital earmarked for cooperatives and the resource regions, and buyouts to secure business ownership transfers – to create a solid, diversified Québec economy with roots that got deep in all regions.

In closing, I want to salute the very high level of synergy among the different entities of Desjardins Group, especially with the Desjardins Business Centres. It is what makes us a true one-stop experience for entrepreneurs in all regions of Québec!

**Louis L. Roquet**  
President and COO  
Desjardins Venture Capital

# INVESTMENTS

## COOPERATING TO REGIONS' GROWTH

On track with its mission, Capital régional et coopératif Desjardins has maintained its support for the different regions of Québec through its resource deployment and its investment activities. As at December 31, 2008, its portfolio included more than \$477 million in authorized investments in 213 companies, cooperatives and funds. Investments through the year totalled \$65.0 million allocated across 69 companies. Among those paid out during the year are:

- Acema Importations in Longueuil
- Frima Studio in Québec City
- Groupe Soucy in Trois-Rivières
- J.L. Brissette in Sainte-Agathe-des-Monts
- Leblanc Environnement in Rivière-du-Loup
- Les Pétroles O. Archambault et Fils in Saint-Denis-sur-Richelieu
- Metalus in Drummondville
- Services Nolitrex in Jonquière
- Transport scolaire R.N. in Rouyn-Noranda

Investment activities are carried out in various sectors including agri-food, construction, energy and the environment, printing and publishing, machinery and equipment, services and information technology. As loans or as equity interests, these investments contribute to growing companies and cooperatives, to consolidating sector positions, developing new markets, ensuring business continuity, and to maintaining regional economic momentum.

Certain reinvestments were arranged during the year to support expansion projects – 3CI in Saint-Bruno, a builder and operator of renewable energy projects, specifically wind energy; Demtec in Princeville, a manufacturer of pre-fab houses and panels; and Reproductions BLB in Boucherville, an industrial screen-printing business.

## BREAKDOWN OF PORTFOLIO COMPANIES AS AT DECEMBER 31, 2008

REGION	NUMBER OF COMPANIES	AUTHORIZED INVESTMENTS (\$M) <sup>(1)</sup>	AUTHORIZED INVESTMENTS (%) <sup>(1)</sup>	JOBS
Abitibi-Témiscamingue *	8	2.7	0.6	355
Bas-Saint-Laurent *	19	22.8	4.8	1,133
Capitale-Nationale	18	32.7	6.9	1,120
Centre du Québec	11	24.7	5.2	1,247
Chaudière-Appalaches	19	18.2	3.8	3,400
Côte-Nord *	2	0.9	0.2	131
Eastern Townships	18	54.5	11.4	1,617
Gaspésie – Îles-de-la-Madeleine *	8	5.2	1.1	298
Lanaudière	4	2.1	0.4	787
Laurentians	3	3.1	0.6	442
Laval	4	8.0	1.7	819
Mauricie *	8	9.4	2.0	2,313
Montréal	13	22.0	4.6	6,818
Montréal	36	154.3	32.3	3,269
Nord-du-Québec *	-	-	-	6
Outaouais	6	2.0	0.4	193
Saguenay – Lac-Saint-Jean *	30	17.4	3.6	2,143
Funds	6	97.3	20.4	4,910
<b>Total</b>	<b>213</b>	<b>477.3</b>	<b>100.0</b>	<b>31,001</b>

\*Resource regions

<sup>(1)</sup> Including funds committed but not disbursed

## BACKING COOPERATIVES – THE ENDURING DIFFERENCE

Capital régional continued to be highly visible in its support to the cooperative sector throughout 2008. Making several targeted investments and reinvestments, forging closer ties with regional development cooperatives and establishing an employee shareholder cooperative were the year's main activities.

We made an investment with the Côte-du-Sud Desjardins Business Centre in Horisol, a worker's cooperative in Saint-Jean-Port-Joli. The cooperative specializes in the contract manufacturing and recovery of fence boards and palettes. It is noteworthy because it is an adapted business, and almost 60% of its team are handicapped persons. Now in operation for more than 20 years, Horisol has an enviable reputation both in the community and among its clients and suppliers.

## AN EMPLOYEE SHAREHOLDER COOPERATIVE DRIVING GROWTH

Less than a year after announcing the buyout of Fempro in financial partnership with the Drummondville company's management team, Capital régional has invested in developing and establishing an employee shareholder cooperative to allow employees to carry out their plan. Almost 93% of Fempro's employees have joined the cooperative to take part in growing their company together with Desjardins and the existing management team.

The arrangement shows our commitment to promoting cooperatives to our companies as sound vehicles. For many years now, Desjardins has been actively involved in finding innovative business transfer solutions. Creating employee shareholder cooperatives is an attractive option that allows workers to keep their jobs, be part of the economic development of their regions and share in the successes of their own industries. Benoît Morin, President of the newly formed cooperative is delighted with the successful outcome.

**“We were so proud last year when the founders told us that the company would continue operating in the region. A lot of us hoped we could get organized so we would be able to become shareholders of Fempro, one of Québec's most up-and-coming companies. Desjardins – a cooperative itself – was able to guide us through the process.”**

The first investment in Fempro in 2007 generated a number of highly interesting spin-offs within the company: 55 new jobs were created, sales and profits rose substantially, a new production line was installed, a board of directors was implemented and a shareholder officer took a financial interest.

## SHOULDER TO SHOULDER WITH THE FÉDÉRATION DES COOPÉRATIVES DE DÉVELOPPEMENT RÉGIONAL DU QUÉBEC

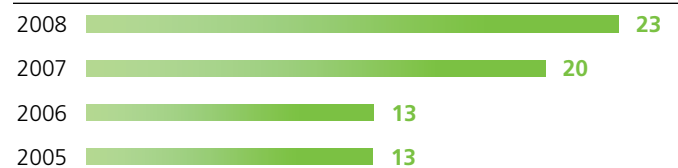
Capital régional also strengthened its teamwork with the Fédération des Coopératives de développement régional whose mission is to promote and establish new cooperatives and create and maintain sustainable jobs in the regions through the various Coopératives de développement régional (regional development cooperatives) (CDR). The Fédération complements the offering of Capital régional, which also contributes to keeping ownership of SMEs in Québec by bridging two generations of entrepreneurs.

The two organizations have entered into a partnership agreement to draw on each other's expertise and know-how to assist in accomplishing their particular missions and comply with the principles of sound governance when establishing new cooperatives.

## THE CONTINUITY OF QUÉBEC BUSINESSES – AN UNFLAGGING PRIORITY

Our socioeconomic environment is currently undergoing profound change. A high percentage of Québec SME executives are planning to take their retirement in the near future, and are wondering how best to transfer ownership of their businesses. Transfer raises many issues for the whole group of people involved because it is not an isolated event in the life of an organization but rather a process that requires extensive and well thought out planning.

## NUMBER OF TRANSFER FINANCINGS CARRIED OUT BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS



For several years, Desjardins has given great importance to fostering the continuity of Québec companies. And Capital régional plays a key role by financing an ever growing number of transactions. Since 2005, 69 transactions have been authorized for transfers of ownership. In 2008 alone, four were transferred to family members, nine to outside buyers and ten to executives. Transfers to members of management who are already strongly involved in driving an organization's performance is gaining in popularity both with vendors and investors.

Among such financing deals are Éco-Pak of Valcourt, an industrial subcontractor; MTI of Saint-Romuald, a distributor of motorized equipment and agricultural and forestry equipment; K-2 Portes d'acier of Lévis, a manufacturer/distributor of exterior steel doors and related products; Groupe Filion Sport of Rimouski, a distributor of shoes, coats and ready-to-wear clothing; and Charcuterie L. Fortin of Alma, which specializes in processing hams and other pork products.

Some of the most successful transfers have even been cited in recognition. These include Engrenage Provincial of Québec City that walked away with the *Ownership Transfer Prize* at the *Desjardins Business Prize* awards. With operations in Québec City, Chicoutimi and Montréal, and in Abitibi via subsidiary Hydraulique Nord-Ouest inc., it has carved itself a coveted market position with its range of hydraulic product engineering, distribution, design and repair services.

Transfer financing is provided as debentures or equity, generally a minority interest. On occasion, Capital régional takes a majority interest for business buyouts to bridge between two generations of entrepreneurs: the generation that is ready for handover and the generation that cannot necessarily financially take the helm right away.

### COMPANY BUYOUTS – HELPING TO FIND A SUCCESSOR



Capital régional announced the buyout of the food division of Ville d'Anjou-based Maison de distribution Colac inc., a distribution specialist in food, sanitary and packaging products. The deal allowed entrepreneurs who were ready to retire to transfer the business to successors, and to encourage a new generation of entrepreneurs.

### SECOND PHASE EXPANSION – REINVESTING IN A TRANSFER THAT WORKED



In 2005, together with the Caisses de L'Amiante Business Centre, Capital régional provided financial support for three employees and the general manager of C.I.F. Métal who wanted to acquire the Thetford Mines company. In 2008, Capital régional reinvested in the aluminum and zinc alloy foundry to back a key expansion of its premises and to increase its production capacity.

**“The reinvestment by the Desjardins team shows their will to walk with us through every step of our growth. Right from the beginning they believed in the management team, and now they’re renewing their trust with the proof that they’re more than just a financial partner – they’re truly a business partner,”** stated Jean Marcoux, C.I.F. Métal’s President.



Mr. Jean-Guy Ouellet and Mr. Charles Albert

In another instance of supporting company growth and retaining ownership and jobs in their region, Capital régional bought out Boutique Le Pentagone in partnership with the existing management team. The transaction made it possible for the company’s founders to step down while safeguarding their assets and for the current management team to take the helm. Founded in 1974, Boutique Le Pentagone now employs nearly 750 people in 72 boutiques across Québec and in New Brunswick.

Founding entrepreneurs Charles Albert and Jean-Guy Ouellet are delighted with the turn of events.

**“What we spent 30 years building is going to live on in our region and elsewhere with a solid, dynamic team that has the skills to develop Boutique Le Pentagone. Besides the financing package, we’re particularly pleased with the respect Desjardins has shown for our corporate culture. Our management style has always focused on people. Our organization has become what it is today because of the people who work with us. It’s crucial to respect all of these pioneers because without them, none of this would’ve been possible.”**

# THE BRUNO-RIVERIN AWARDS 2008

To pay posthumous homage to this pioneer who was one of the artisans behind Capital régional et coopératif Desjardins' creation and development, the Board of Directors honoured its winners in the second edition of the *Bruno-Riverin Awards*. These awards are bestowed on companies and cooperatives in our portfolio in recognition of outstanding performance.

## 01 PRIX COOPÉRATIVES COOPÉRATIVE FORESTIÈRE DE GIRARDVILLE

First in class, the team at this forestry cooperative spotted new Swedish technologies and adapted them to the Québec market to become one of the strongest performers in the field of silviculture in Québec. As they refocused their operating activities, they returned the cooperative to profitability at a time when the forest sector is experiencing serious challenges.

## 02 PRIX ENTREPRISES INDUSTRIELLES ET DE SERVICES CONSTRUCTIONS PROCO – ST-NAZAIRE

Capital régional's investment in this winning company helped to secure a smooth ownership transfer to five shareholders. The process was the proud achievement of two years of work to carefully select and train successors. Thinking for the future enabled the company to continue growing with a strategic vision and a fresh approach to developing the business by specializing in manufacturing bridge girders and breaking into the New Brunswick market.

## 03 PRIX ENTREPRISES DES NOUVELLES TECHNOLOGIES CACTUS COMMERCE – GATINEAU

This frontrunner offers software solutions that provide automated, real time supervision of different e-commerce activities. Cactus has now built for itself a worldwide reputation due in part to its partnership with Microsoft which turned to it to outsource the development and marketing of *Commerce Server* software suite. Cactus has even become Microsoft's partner of choice.

## 04 PRIX COUP DE COEUR MAÇONNERIE RAINVILLE & FRÈRES – CHAMBLY

This champion's construction and masonry restoration work on prestige heritage buildings makes it a leader in its market in Québec – for both visibility and the scale of the projects it undertakes. Projects such as St. Joseph's Oratory, Bonsecours Market, Windsor Station and Québec City's Parliament Building. With the transfer financing completed in 2007, management was able to secure seamless business continuity.



Jérôme Simard, General Manager, Coopérative forestière de Girardville and Monique F. Leroux, Chair of the Board, President and CEO, Desjardins Group.



Louis Maltais, Investment Manager, Desjardins Venture Capital, Monique F. Leroux, Gilles Brassard, Associate General Manager and Michel Toupin, President and General Manager, Constructions Proco, and Louis L. Roquet, President and COO, Desjardins Venture Capital.



André Lachapelle, Chairman of the Board, Capital régional, Jean-Yves Martineau, Co-Founder and Chief Technology Officer and Jacques Brodeur, Vice-President, Finance, Cactus, and Louis L. Roquet.



André Lachapelle, Gino Ouellet, President, Maçonnerie Rainville & Frères, and Louis L. Roquet.

# WINNERS IN 2007 STAND TALL AGAIN IN 2008

In 2008, the 2007 winner of the *Prix Coup de coeur*, **Les Reproductions BLB**, completed two acquisitions that will help consolidate its sector activities and enhance its position in the industrial marking market.

“We’re especially proud of the trust that’s grown up between Desjardins and our team. Desjardins not only believed in our strategy and in our talents as entrepreneurs, but they did everything they could to help us reach our goals – even in tough economic times,” remarked executives Hugo Leclair and René-Pierre Roussel.

**Groupe Canmec** of Saguenay, winner of the 2007 *Prix Entreprises industrielles et de services*, has also developed a vertical aluminum welding technique that’s a world first! Its research and development effort puts it in a better position to face competition in the aluminum smelter busbar market.

“We had to find ways to contend with the low labour costs of certain competitors based in low production cost countries. Developing this technology began when we won the contract to produce these bars for Alcoa’s Iceland smelter. We tested the technology right on the site. Welding the collecting bars took only two weeks’ work, where it would have taken two months using the traditional method. The process has a very bright future in the smelting construction world,” explained President Rémi Roy.

And, **Coopérative de travailleurs actionnaire TEC** of Montréal, that swept up the 2007 *Prix Coopératives*, has reinvested in the company to improve working capital and to increase liquidity to buy out competitors and allow members to grow the cooperative’s capitalization. In 2008, Capital régional also reinvested in this employee shareholder cooperative (ESC).

“Thanks to the ESC, we are the masters of our own means – our company. Our human resources enjoy real stability, and our financial resources too, with the backing of Desjardins. The cooperative model that we established has been an absolute success” stated Pascal Perry, President of TEC’s ESC.

Last, **Pensée et Mouvement Artificiels (A2M)** of Montréal, last year’s winner of the *Prix Entreprises des nouvelles technologies*, has bought Wanako Games, a studio located in Santiago, Chile. The transaction has allowed A2M to expand its content offering.

“This deal gives us access to a pool of talented and experienced Chilean specialists. It also allows A2M to get into the downloadable games development industry, a sector that’s experiencing growth, and is complementary to our existing stable of titles,” explained Rémi Racine, CEO.

# OTHER DISTINGUISHED PARTNERS

- **Les Investissements Canadiens Libanais Corp.** (CLIC) of Laval took the prize for *wholesale distribution* at the Chambre de commerce et d’industrie de Laval’s Gala Dunamis.
- **Frima Studio** of Québec City received the coveted *Business of the Year Award, SMB*, as well as *Technological Innovation*, at the Mercuriades Gala of the Fédération des chambres de commerce du Québec.
- **Concept Mat** of Matane was named *Business of the Year*, and took the prize for *Innovation and creativity* at the Matane Chamber of commerce’s XXI annual Excellence Raymond Chabot Grant Thornton Gala.
- **Campor** of Rivière-du-Loup received the *Business of the Year* and *Service Company* awards at the Gala des Prestiges.
- **Pesca Conseillers en biologie** of Maria received the *Organization of the Year* and *Advancement* awards at the Québec wind energy industry Gala.
- **Viandes C.D.S.** of Saguenay was a finalist for *Succession* and *Manufacturing company* from the Saguenay Chamber of commerce.
- **Équipements Comact** of Saguenay received the *prize for succession* awarded by Manufacturiers et exportateurs du Québec, PricewaterhouseCoopers and BCF Avocats to companies that have made successful ownership transfers.
- Jean Marcoux of **C.I.F. Métal**, was a finalist for the *Zenith Personality of the year* award for the Thetford Mines region.
- Daniel St-Pierre, General Manager of **Horisol coopérative de travailleurs**, won the *Prix Personnalité Développement* for his social, political and economic commitment for the last ten years at the Centre local de développement de L’Islet Gala.
- Bertrand Leroux of **Canmec** received the 2008 prize for *innovation in engineering* for his ESW aluminum welding process at the excellence awards of the Ordre des ingénieurs du Québec.

# A COMMUNITY OF SHAREHOLDERS PROUDLY CONTRIBUTING TO QUÉBEC'S ECONOMIC DEVELOPMENT

Thanks to the continued effort of the caisse network since the Company's inception in 2001, we now boast a community of 122,128 shareholders. These investor shareholders are taking part in growing 213 companies, cooperatives and funds and helping to maintain and create more than 30,000 jobs.

Almost all of them are members of Desjardins caisses. Among these, nearly 38% are between the ages of 35 and 54 and 30% between 55 and 64. The average portfolio per shareholder is \$6,855, while nearly 23% of shareholders have portfolios in excess of \$10,000.

Capital régional's target clients are investors who have reached their maximum RRSP contributions. Often, they are solidly invested in private pension funds and have heavy tax burdens to pay. They are also interested in regional economic development.

As investing in shares of Capital régional has no effect on how much can be invested in an RRSP, this becomes a highly attractive strategy for investors who seek complementary investments that will reduce their tax bills. Shareholders who invested seven years ago, i.e. on December 31, 2001, obtain an annual after-tax return of more than 9.2% as at December 31, 2008, taking into account the provincial income tax credit of 50% they have enjoyed.

## AN IMPORTANT MILESTONE: THE FIRST REDEMPTION RIGHTS AFTER THE SEVEN-YEAR HOLDING PERIOD

November 2008 marked the first time shareholders could request the redemption of shares issued during the first capitalization period that ended on December 31, 2001. At the end of the fiscal year, less than 20% of the \$79.0 million in shares issued in 2001 had been redeemed. This means that the majority of shareholders decided to continue their support for regional Québec SMEs and cooperatives.

Any shareholders who consider redeeming their shares should seek advice before taking that decision. Caisse planners and advisors take shareholder needs and investment priorities into account. Risk tolerance to performance, taxation, flexibility and security are deciding factors for them in the financial projections and advice they provide.



"Individuals buy shares of Capital régional for the tax credit benefit they offer. It's that point in particular that brings it home to shareholders that reinvesting their tax credit will maximize their financial position. That they'll be richer for it.

For members, buying Capital régional shares should also be part of their portfolio diversification strategy. In almost all cases, Capital régional shares are a full part of members' *retirement* portfolios regardless of their investor profile. And, holding the shares for a minimum seven years generally fits in well with the long term horizon of a *retirement* portfolio. Beyond the product's features and advantages, having members properly understand where it fits in is important so they can see it as a way to diversify their assets."

**Claude Lanoie**  
Manager, Personal Finance  
Caisse populaire Desjardins de LaSalle

# THE BOARD OF DIRECTORS OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

(AS AT FEBRUARY 12, 2009)



## 01 ANDRÉ LACHAPELLE <sup>(2) (4)</sup>

Chairman of the Board of Directors  
Notary with Gagnon, Cantin, Lachapelle, Sasseville,  
Éthier, Riopel, Hébert, Lord

## 02 CAROLE VOYZELLE <sup>(2)</sup>

Vice-Chairman of the Board of Directors  
President and General Manager, Québec Metro  
High Tech Park

## 03 GILBERT BEAULIEU <sup>(4)</sup>

Secretary of the Board of Directors  
Corporate director

## 04 BRUNO MORIN

General Manager of the Company  
General Manager, Caisse centrale Desjardins

## 05 LORRAIN BARRETTE, FCA <sup>(1)</sup>

President, Caisse Desjardins de Rouyn-Noranda

## 06 ÉVANGÉLISTE BOURDAGES <sup>(3)</sup>

President, Gestion Bourgade inc.

## 07 SERGE COUSINEAU <sup>(2)</sup>

General Manager, Caisse Desjardins  
de Drummondville

## 08 MAURICE DOYON <sup>(3) \*</sup>

Professor, Université Laval

## 09 CAMILLE FORTIER <sup>(4)</sup>

Corporate director

## 10 JOSÉE FORTIN, M.B.A. <sup>(3) \*</sup>

President and General Manager,  
Gestion Socpra inc.

## 11 PIERRE GAUVREAU, FCA <sup>(1) (4)</sup>

Corporate director

## 12 YVES LAVOIE <sup>(2) \*\*</sup>

Corporate director

## 13 HUGUES ST-PIERRE <sup>(1)</sup>

Corporate director and President, MAXXAB

- (1) Member of the Audit Committee
- (2) Member of the Executive Committee
- (3) Member of the Ethics and Professional Conduct Committee
- (4) Member of the Financial Asset Management Committee

\* Outgoing Director eligible for election at the Annual General Meeting of Shareholders

\*\* Outgoing Director

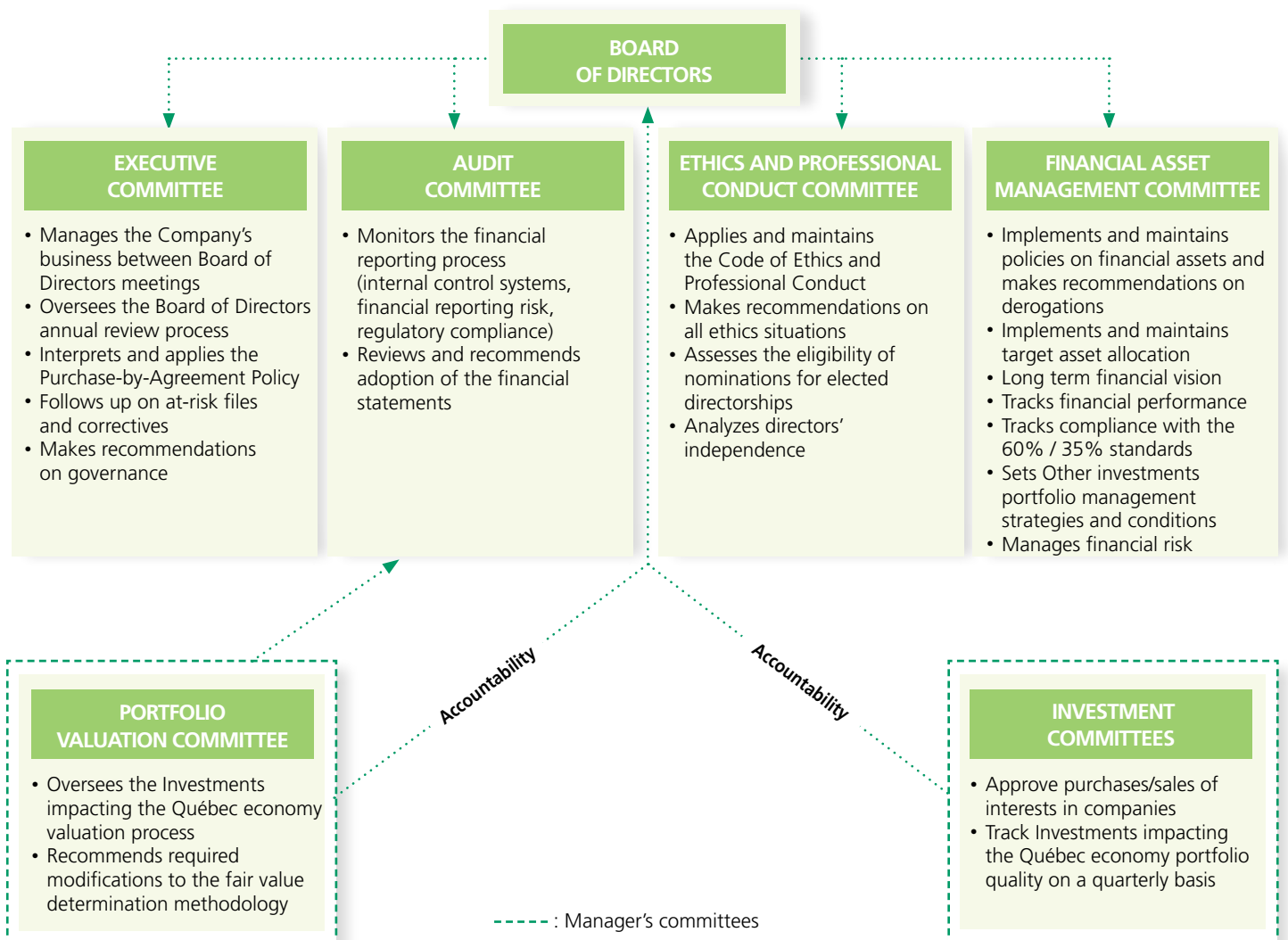
All Directors are appointed or elected each year, in accordance with the *Act constituting Capital régional et coopératif Desjardins* and the Company's General Bylaws.

# CONTINUOUS IMPROVEMENT IN GOVERNANCE FOR SHAREHOLDER VALUE

When Capital régional et coopératif Desjardins was created in 2001, the Board of Directors set up committees to assist it in fulfilling its control and monitoring responsibilities. These committees are made up of members of the Board of Directors, 9 of 13 of them independent, and share in the various duties related to governance. The Manager – Desjardins Venture Capital – is also represented by executives who attend meetings and report regularly on outsourced activities.

Since 2005, the Board of Directors and the committees it oversees have been bound by a governance policy that guides all decisions using the measurements and rules supporting the smooth operation of the Company. Besides the investment committees, Desjardins Venture Capital as Manager has established the Portfolio Valuation Committee.

In 2008, to enhance management, the rules on governance were updated and this led to replacement of the Investment Committee by the Financial Asset Management Committee. This Committee is mandated to ensure that the strategies guiding Investments impacting the Québec economy and Other Investments are well aligned with the Company's primary mission. The Committee is responsible for the overall management of financial risk.



# INFORMATION

## INVESTOR RELATIONS

Capital régional et coopératif Desjardins  
2 Complexe Desjardins  
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Montréal, Québec H5B 1B9  
Tel.: 1 888 522-3222  
capital.regional@dcrdesjardins.com

## REGISTRAR AND TRANSFER AGENT

Desjardins Trust  
1 Complexe Desjardins  
P.O. Box 34, Desjardins Station  
Montréal, Québec H5B 1E4

## AUDITORS

PricewaterhouseCoopers LLP  
Chartered Accountants

## FINANCIAL INSTITUTIONS

Caisse centrale Desjardins  
Desjardins Securities

## DISTRIBUTION OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS SHARES

Desjardins caisse network in Québec

## MANAGER

Desjardins Venture Capital  
2 Complexe Desjardins, Suite 1717  
P.O. Box 760, Desjardins Station  
Montréal, Québec H5B 1B8  
Tel.: 514 281-7131  
Toll free: 1 866 866-7000, ext. 7131  
info@dcrdesjardins.com

## ENTREPRENEURS LOOKING FOR CAPITAL MAY CONTACT ONE OF DESJARDINS VENTURE CAPITAL OFFICES IN THE FOLLOWING REGIONS:

Abitibi-Témiscamingue	Lanaudière
Bas-Saint-Laurent	Laval / Laurentians
Capitale-Nationale	Mauricie
Centre du Québec	Montréal
Chaudière-Appalaches	Montréal
Côte-Nord	Nord-du-Québec
Eastern Townships	Outaouais
Gaspésie – Îles-de-la-Madeleine	Saguenay – Lac-Saint-Jean

Contact information for our regional offices may be obtained by calling 514 281-7131 or 1 866 866-7000, ext. 7131, or by consulting our website at [capitalregional.com](http://capitalregional.com)

This Activity Report of Capital régional et coopératif Desjardins was produced under the direction of the Vice-President, Strategic Planning and Communications, and the Vice-President, Finance and Portfolio Valuation of Desjardins Venture Capital.

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This Activity Report is also available on the Capital régional et coopératif Desjardins website: [capitalregional.com](http://capitalregional.com)

Version française

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l'imprimeur

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