New investments

Fondaction has invested $1.5 million in Bio Spectra, owner of the trademark ATTITUDE®, a line of eco-friendly certified and carbon neutral household cleaning products. This investment will be used to sustain the growth of this company, which offers household cleaning products that are both effective and environmentally friendly. ATTITUDE® products are sold in the main supermarkets in Canada and are also exported to the United States, Europe and Japan.

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Oblique FX

Fondaction has invested $2 million in TeraXion, a company specializing in IT applications targeting the electrical power industry, a vital sector. This investment will contribute to the growth of the firm’s software division, in particular by supporting global marketing of a unique solution targeting the electrical power industry, a vital sector of the Quebec economy.

TeraXion

Fondaction has invested $2 million in Inter Pro Consultants, a consulting firm specializing in IT applications for strategic activities in the energy sector. This investment will contribute to the growth of the firm’s software division, in particular by supporting global marketing of a unique solution targeting the electrical power industry, a vital sector of the Quebec economy.

InterPro Consultants

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At the end of the first six-month period, Fondaction announced a 3.5% return, with share value up $0.30. The -1.2% return in the second half of the year pushed share value down by $0.12, for a net increase of $0.18 for the year. In an economy that remains fragile, Fondaction continues to prioritize its mission, which is to support job creation and maintain employment in Quebec SMEs with a view to sustainable development.

Thank you for choosing Fondaction.

General meeting of shareholders

The next Annual General Meeting will be held on Saturday, September 18, 2010. You will soon receive a notice of the meeting with a more detailed look at Fondaction’s results, a statement of your shares and a proxy form to be completed and returned, if need be.

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Be sure to use your tax credits for 2010 by contributing today! Make your life easier with PD or pre-authorized withdrawals!

Fondaction’s share issues have been limited to $150 million once again this year (for the fiscal year ending on May 31, 2011). By choosing payroll deductions (PD) or pre-authorized withdrawals, you will not need to worry about this share issue limit. Fondaction is making arrangements to continue to receive your contributions made by PD and pre-authorized withdrawals throughout the year, as well as those made by deductions under an agreement with a caisse d’économie Desjardins du Québec. What’s more, these systematic savings methods make it easy for you to save on a regular basis!

Think about the environment!

Are you planning to move and want to let us know? The environment is important to Fondaction, which is working to reduce document mailings. Do your part and use our website to send us your change of address notice along with your e-mail address. Help us protect our forests with only a few clicks of the mouse. Just follow the simple steps below:

1. Go to www.fondaction.com
2. Click on “Mettre à jour mes coordonnées” (Update my contact information)
3. Enter your 7-digit number for a subscription by bank transfer (found on page 2 of your investment statement)
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Do you sign up for PD or pre-authorized withdrawals? Which one to choose?

Does your employer offer you payroll deductions (PD)? If so, what are you waiting for? It’s so easy! By authorizing an amount to be deducted directly from your salary, you can immediately get a tax reduction at each pay period as a result of Fondaction tax benefits.

Or you can choose pre-authorized withdrawals because they are available to everyone! Simply authorize Fondaction to withdraw a given amount from your bank account at regular intervals. You decide on the amount and frequency of your contributions.

Do the calculations yourself at www.fondaction.com!

Use the PD calculator on the website and see how much you can save in taxes by investing with Fondaction! By combining 40% tax credits with your usual RRSP deductions, you will accumulate, for instance, $3,000 in your RRSP for $36 or less per pay period, depending on your tax bracket. That makes a tax savings of over $2,000.

How do you sign up for PD or pre-authorized withdrawals?

Go to www.fondaction.com, and in the forms section, click on “Application Form and Prospectus in effect” and immediately fill out the “Application and Subscription Form” at the end of the Prospectus.

Call the Shareholder Relations Department at 1-800-253-6665, and we will be happy to help you decide which contribution method is right for you.

Since June 1, 2010, Fondaction has once again been receiving lump-sum contributions. Don’t delay, if you want to take advantage of the tax credits for the 2010 taxation year by making a lump-sum contribution! Fondaction’s share issues are still limited to $150 million this year.

Contribute on line: Making your contribution on your financial institution’s website is the easiest way to contribute! Just log on to the website of your financial institution, indicate “Fondaction – subscription” in your bill payment file and make your contribution by using the 7-digit reference number on page 2 of your investment statement.

To find out more about other contribution methods, visit www.fondaction.com.

**NOTE:** This investment is made by way of a prospectus. The prospectus contains important, detailed information on the securities offered. A copy of the prospectus can be obtained at Fondaction’s offices or from its website. Investors are advised to read the prospectus before making an investment decision.

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L’Hôtel de Glace à Québec.

### Outstanding companies

- **Projet Neptune**, a Saint-Hyacinthe company that manufactures bathtubs, showers and bathroom accessories, was the province-wide winner of the Prix Innovation en santé et sécurité du travail in the large corporation category.
- **Bio Spectra**, owner of the trademark ATTITUDE®, won the 2010 Prix Éstimo, in the ecosustainable production and design category, awarded by the Chambre de commerce de l’Est de Montréal.

**Prix d’excellence Cécobois**

Inaugurated on May 11, 2010, the Fondaction office building in Québec City was the winner of the Prix d’excellence for commercial projects of more than 600 square metres and the Prix d’excellence for structural design at the first gala of the Prix d’excellence Cécobois (the Centre d’excellence en construction commerciale en bois—the Wood WORKS! Program in Québec).

With its six-story, glue-laminated structure, this building is the tallest of its kind in North America. According to Cécobois, the wood used in this building represents a net carbon benefit of 1,350 tons of CO₂, or the equivalent of encapsulating 270 cars running for a year. Other ecological choices were also showcased, such as the reduction in energy consumption and the reduced use of potable water, the use of low-VOC (volatile organic compounds) materials and products, and the maximum use of natural lighting. The building was in fact designed to achieve Leadership in Energy and Environmental Design (LEED) certification.

The wood used in the building structure was supplied by Chantiers Chibougamau and originated from black spruce tips, a part of the tree that used to be left in the felling area. Chantiers Chibougamau is the first privately held boreal forest company to have obtained its forestry certification from the Forest Stewardship Council (FSC). The principles guiding FSC international standards include respect for indigenous peoples, worker rights, and the flora and fauna.

We are very proud to accept both these awards. In deciding to use wood for the construction of this building, we wanted to support the forest industry in Québec and help reduce greenhouse gases, said Fondaction President and CEO Léopold Beaulieu.
PD or pre-authorized withdrawals: which one to choose?

Does your employer offer you payroll deductions (PD)? If so, are you waiting for it? It’s so easy! By authoring an amount to be deducted directly from your salary, you can immediately get a tax reduction at each pay period as a result of Fondation tax benefits.

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PD or pre-authorized withdrawals: which one to choose?

Since June 1, 2010, Fondation has once again been receiving lump-sum contributions. Don’t delay if you want to take advantage of the tax credits for the 2010 taxation year by making a lump-sum contribution! Fondation’s share issues are still limited to $150 million this year.

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Lump-sum contributions accepted again as of June 1!

Fondation building in Quebec City wins two Prix d’excellence Cecobois

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Outstanding companies

The Hôtel de Glace excelled by winning two out of the three awards in the human resources category at the annual Gala of the Grands Prix du tourisme for the Quebec City region.

**Produits Neptune**, a Saint-Hyacinthe company that manufactures bathtubs, showers and bathroom accessories, was the province-wide winner of the Prix innovation en santé et sécurité du travail in the large corporation category.

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**100,000 shareholders!**

Thanks to each and every one of you who decided to invest in Fondation, a responsible investment!

Fondation thanks you for your trust!
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**TeraXion**

Fondaction joined forces with other Quebec economic agents and invested $2 million in TeraXion under a share buy-back program initiated by its management. TeraXion employs 125 people and is a world leader in the design of products to correct optical signals for high-speed data transmission. The company serves customers in the industrial, telecommunications, aerospace and energy sectors.

**Speedware**

Speedware, which delivers modernization solutions to large corporations, obtained a $3.9 million investment from Fondaction. This investment completes a round of financing to enable Speedware’s management to repatriate corporate ownership to Quebec because the company had been bought in 2005 by a U.S. firm.

**Positive annual results for Fondaction**

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