



PRESS RELEASE

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THE CAISSE PUBLISHES ITS 2009 ANNUAL REPORT

Accountability reporting greatly improved

Montréal, April 15, 2010 – The Caisse de dépôt et placement du Québec released its annual report for fiscal year-end 2009 this morning, after it was tabled in the National Assembly by the Finance Minister.

In addition to the detailed analysis of the financial results published on February 25, the 2009 annual report contains a new section that, among other things, includes all the accountability reports requested by the Quebec government following the May 2009 Parliamentary Commission. Here are the highlights from these reports.

Report on the Caisse's Contribution to Québec Economic Development

- The Caisse uses three levers to support its action in Québec: investment, partnerships and knowledge sharing.
- The Caisse's total assets in the private sector in Québec were \$18.7 billion at the end of 2009, up \$1.4 billion from 2008.
- In 2009, the Caisse launched various initiatives to support Québec businesses, totalling \$1.6 billion.

The Caisse Roadmap

- Two-pronged plan to generate the returns expected by our depositors.
- The first part—established in collaboration with our clients—is based on five priorities that will build solid foundations for the Caisse.
- The second part first based on our medium-term strategic thinking about the use of our existing comparative advantages and the need to develop new capabilities to meet our clients' expectations.

Report on Risk Management

- Accelerated implementation of plan to strengthen risk management.
- Integration of risk-return concept in day-to-day operations.
- Strengthening of risk management methodologies, tools and team.
- Reduction in active risk of 13 specialized portfolios.
- Reduction in financing liquidity risk.

Report on Compensation Policy

- Implementation of a more demanding and rigorous compensation program based on long-term portfolio performance (4 years).
- Introduction of a qualitative risk management factor in the performance evaluation of portfolio managers.

Report on Strengthened Governance

- Review of Board composition and committee chairmanships.
- Integration of new directors.
- Review of director roles and responsibilities and mandates of the Board and its committees.
- Establishment of an effective relationship between the Board and management.

Significant decrease in incentive compensation for senior management

In keeping with its obligations under the Act Respecting the Caisse, the annual report also addresses the annual salary of the president and CEO and the five most highly compensated executives.

During the presentation of its financial results earlier this year, the Caisse indicated that the total amount of incentive pay would be cut by about 50% compared to 2007. The final reduction of the total amount was 52%. No incentive compensation was paid to Caisse employees in 2008.

For the senior management positions presented in this year's annual report, incentive compensation was \$1.1M, compared to \$4.6M for 2007.

These incentive amounts were determined by a rigorous process of analysis and benchmarking, based on two principles:

- Paying for performance
 - Incentive compensation reflects the major progress made in refocusing and simplifying the Caisse in 2009.
 - The Caisse posted a net investment results of \$12 billion for the year and outperformed its benchmark in the second half of the year.

- Ten of the 17 portfolios performed very well and surpassed their benchmarks for the entire year.
- Competitiveness
 - Compensation is commensurate with the Caisse's results. Since 2009's performance was below the median, incentive compensation was also below the median, between the 30th and 40th percentiles.

It was on this basis that the Human Resources Committee and the Caisse's Board of directors approved the incentive compensation amounts.

ABOUT THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

The Caisse de dépôt et placement du Québec is a financial institution that manages funds primarily for public and private pension and insurance plans. At December 31, 2009, it held \$131.6 billion of net assets. As one of the leading institutional fund managers in Canada, the Caisse invests in the main financial markets as well as in private equity and real estate. For more information: www.lacaisse.com.

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SOURCE AND INFORMATION:

Maxime Chagnon
Senior Director, Media Relations
514-847-5493