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The Que-Can (Quebec – Canada) Organisation, which was a national Canadian governmental politic Organisation by relation and, financial by Association, involving directly five Canadian Provinces, the Quebec, Ontario, Alberta, British Colombia and Yukon.

The Quebec Investment and Deposit Bank (<http://www.lacaisse.com/>)



- Member of the Audit Committee
- ◆ Member of the Caisse Real Estate Group Board of Directors
- Member of the Resources Committee
- Member of Committee of Ethics and Corporate Governance

Board of Directors

<http://www.lacaisse.com/enbref/conseil-e.html>

Jean-Claude Scraire
Chairman of the Board and Chief Executive Officer



Guy Morneau
Deputy Chairman of the Board
President and General Manager
Quebec Pension Fund



Jean-Claude Bachand
Counsel
Byers Casgrain



Gilles Godbout
Deputy Minister
Quebec Government



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Claude Béland
President
Quebec Desjardins Bank



Thomas O. Hecht
Chairman Emeritus
IBEX Technologies



Luc Bessette
President
The Quebec Governmental
Pension and Insurance
Administration Commission



Gérald Larose
President
National Federation Union



Rodrigue Biron
Corporate director
The Former Minister of the Quebec Industriel,
Commerce and Tourism on M. Levesque PQ Government,
M. Rodrigue Biron and Association



Henri Massé
President
Quebec Workers Federation

Yves Filion
Deputy Chief Executive Officer
Hydro-Québec own by the Quebec Government



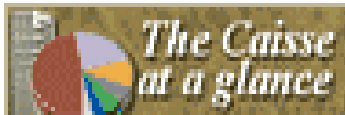
Nicole Trudeau
Member and Vice-President
Quebec Government Municipality Commission
Jean-Yves Gagnon
Chairman and
Chief Executive Officer
Quebec Government Car Insurance Society

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The Quebec Investment and Deposit Bank (<http://www.lacaisse.com/>)



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Michel Nadeau
Fernand Perreault

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Management Profile

Pierre Bélanger
André Collin
Clément Demers
Denis Dionne
David J. Hicks
Paul Juneau
Jean Lamothe
Claude Legault
Jean C. Pinard
Normand Provost
Serge Rémillard
René Tremblay

Private Investments Group

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Accès Capital
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Capital International CDPQ
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CDPQ Mortgage
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The Quebec Investment and Deposit Bank
(<http://www.lacaisse.com/>)

Operations Report 1998 Of The Quebec Investment and Deposit Bank **French-CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC 37**

To constantly improve quality, the Caisse team responsible for managing depositors' accounts meets with the depositors on a regular basis to review investment policies and ensure the Caisse can obtain the best possible returns for them while respecting their risk tolerance and taking their individual financial situations into account.

In 1998, the investment policies of the Commission de la construction du Québec, the Régie de l'assurance-dépôts du Québec, the Fonds d'assurance-prêts agricoles et forestiers and the Régime complémentaire de retraite des techniciens ambulanciers oeuvrant au Québec were modified, and a review of the investment policy of the Société de l'assurance automobile du Québec began and its a new asset allocation will be in effect in 1999.

As well, many meetings were held during the year with the depositors so that the members of the team could also make presentations on matters of interest. Transparency and availability are the watchwords for depositor relations. To that end, as well as with a view to constantly improving the services offered, the Caisse gave a consulting firm a mandate to survey depositors and establish their degree of satisfaction with the services they receive. The study showed a sustained increase in overall satisfaction in recent years. It also stressed out the importance of producing reports in a timely fashion.

As for general portfolio-management considerations, the meetings and discussions led to a number of changes, notably a complete review of the objectives sought by the team responsible for the mortgage portfolio and the introduction of derivative-based index management of U.S. equities. Moreover, to enable the managers to forecast cash levels more accurately, new payment conditions for monthly income were introduced.

At mid-year, the Caisse also introduced a new structure and created two account manager positions. One is responsible for a group of pension fund accounts, the other for the insurance plans of certain depositors.

9/20/2000

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This arrangement permits better follow-up and ensures sustained quality of service.

Special efforts were also made to improve the presentation of the reports submitted to depositors. A new accounting system was implemented on July 1, and a new investment administration system was introduced at year-end. These will permit improved management of the investment program in 1999 and ensure better monitoring of changes in depositors' portfolios.

Finally, management created a program of seminars to introduce depositors to portfolio management.

The depositors have been enthusiastic about the five seminars offered to date. The Caisse intends to continue the program in 1999.

The Caisse has a total of 20 depositors, including pension funds, insurance plans and other public bodies.

PENSION PLANS

The Government and Public Employees Retirement Plan GPPRP – (French RREGOP) is the largest depositor and includes the contributions made by management personnel as well as unionized permanent and casual employees of the public and parapublic sectors. This plan is administered by the Quebec Pension and Insurance Fund Administration Commission, PIFAC (French- the Commission administrative des régimes de retraite et d'assurances CARRA

The Quebec Pension Fund QPF (French- The Fonds du Régime de rentes du Québec – RRQ), the second-largest depositor, provides income security for Québécois, particularly through benefits paid to pensioners. This fund is administered by the Quebec Pension Fund (la Régie des rentes du Québec).

The Quebec Worker Commission (French- The Commission de la construction du Québec – CCQ) oversees the application of collective agreements and laws and regulations governing worker placement, hiring and mobility, as well as the administration of supplemental benefits plan accounts for the construction industry.

MANAGEMENT OF DEPOSITORS' ACCOUNTS

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Operations Report 1998

The Quebec Amortization Fund Pension QAFP (French – The Fonds d'amortissement des régimes de retraite gouvernementaux – FARRG) was established to provide the Québec government with the sums necessary to pay its employer contributions to various pension plans.

The Quebec Pension Plan for Elected Municipal Officers is offered to elected municipal council members, and is administered by the Quebec governmental Commission: the Quebec Pension and Insurance Fund Administration Commission, PIFAC (French- The Commission administrative des régimes de retraite et d'assurances – CARRA.)

The Quebec EMT/Paramedic Technician Workers complementary Pension – QETWP (French- The Régime complémentaire de rentes des techniciens ambulanciers oeuvrant au Québec – RRTAQ.

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Nine other pension plans, called individual plans and administered by the [\(Quebec governmental Commission: the Quebec Pension and Insurance Fund Administration Commission, PIFAC \(French - Commission administrative des régimes de retraite et d'assurances – CARRA.](#)

[PIFAC \(French - CARRA\) cover certain contributors working for the Que-Can \(Quebec – Canada\), the governmental Politic and financial Organisation by relation or Association so: the municipalities, the Crown corporations, the hospitals and the federal government.](#)

INSURANCE PLANS

Quebec Health and Security Worker Commission – QHSWC, which had the administration of the IVAC Indemnification for the Victim of Acts Criminal also, (French- The Commission de la santé et de la sécurité du travail – CSST or IVAC, primarily compensates workers who are victims of industrial accidents or criminal acts and facilitates their rehabilitation).

The Quebec Government Car Insurance Society QGCI, (French- The Société de l'assurance automobile du Québec – SAAQ) has a mission to reduce the risks inherent to road use by controlling access to the highway system and road transportation, promoting safety and compensating victims of traffic accidents.

The Quebec Survival Beneficiary Pension Fund QPF (French-The Régime de rentes de survivants) pays a monthly pension to the spouse and children of any person eligible under the plan. The plan covers management personnel in the public and parapublic sectors.

The Quebec Government Insurance Deposit (French- The Régie de l'assurance-dépôts du Québec) governs the solicitation and receiving of deposits from the public, guarantees the deposit of payments and manages the deposit-insurance fund.

The Quebec Farming Insurance Fund QFIF (French- The Régie des assurances agricoles du Québec RAAQ) contributes to the financial stability of agricultural enterprises by compensating them for significant losses of income.

The Quebec Farming and Forestry Insurance Loan Fund FFILF (French- The Fonds d'assurance-prêts agricoles et forestiers – FAPAF) guarantees lenders repayment of losses resulting from loans provided under laws administered by the Société de financement agricole.

The Quebec Insurance Warranty Fund QIW (French- The Fonds d'assurance-garantie) is administered by the Quebec Government Farming and Alimentation Market Pension, (French- The Régie des marchés agricoles et alimentaires du Québec), and oversees, coordinates and improves the marketing of agricultural products. It also acts as an administrative tribunal to ensure effective marketing of Québec' s agricultural, forest and food products.

The Quebec Bovines Producer Federation (French- The Fédération des producteurs de bovins du Québec) is an agricultural association that oversees the study of problems associated with cattle production and marketing.

OTHER DEPOSITORS

The Quebec Consumer Protection Office (French- The Office de la protection du consommateur – OPC) manages the Fonds des cautionnements des agents de voyage and the fund of Protégez-Vous magazine, which publishes the Office' s test results.

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The Québec Industrielle Research Center (QIRC) [French - The Centre de recherche industrielle du Québec – CRIQ] acts as a partner in the commercial, industrial and public sectors to stimulate Québec' s economic development.

The Quebec Alcohol Society QAS (French- The Société des alcools du Québec – SAQ) is in charge of sales of alcoholic beverages in Québec.

The Quebec Stokes and Shares Commission QSSC (French- The Commission des valeurs mobilières du Québec – CVMQ) oversees the securities market.

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DEPOSITORS as at December 31, 1998

Abbreviation

First deposit

Number of contributors 1

Depositors' holdings 2

1998 1997

\$ % \$ %

PUBLIC PENSION PLANS

The Quebec Pension Fund QPF (French- Régie des rentes du Québec RRQ)

Fonds du Régime de rentes du Québec 1966 3,249,700 15,831 23.1- 15,838 24.9

Quebec Construction Commission QCC (French- Commission de la construction du Québec CCQ)

Supplemental Pension Plan for Employees

of the Québec Construction Industry 1970 90,441 6,637 9.7 - 6,128 9.6

Quebec Pension and Insurance Fund Administration Commission, PIFAC (French The Commission administrative des régimes de retraite et d'assurances – CARRA).

Government and Public Employees

Retirement Plan (unionized level) RREGOP 1973 400,000 25,555 37.3 - 22,781 35.8

Government and Public Employees

Retirement Plan (non-unionized level) RREGOP 1973 20,000 4,057 5.9 - 3,722 5.9

Retirement Plan for Mayors and Councilors of Municipalities 3 1975 –Individual Plans 1977 335 169 0.3 - 156 0.3

Pension Plan for Elected Municipal Officers 1989 2,100 169 0.2 - 154 0.2

The Quebec EMT/Paramedic Technician Workers complementary Pension – QETWP (French- Le Régime complémentaire de rentes des techniciens ambulanciers oeuvrant au Québec RRTAQ

1990 3,180 90 0.1- 76 0.1

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The Quebec Amortization Fund Pension QAFP (French – Fonds d'amortissement des régimes de retraite gouvernementaux FARRG 1994 1 1,359 2.0 - 1,232 1.9

INSURANCE PLANS

The Quebec Farming and Alimentation Market Pension Fund, French- Régie des marchés agricoles et alimentaires du Québec RMAAQ

The Quebec Insurance Warranty Fund, French- Fonds d'assurance-garantie 1967 70 4 - 3 –

The Quebec Farming Insurance Fund, French- Régie des assurances agricoles du Québec 1968 - 57,299 51 0.1- 115 0.2

The Quebec Insurance Fund, French Régie de l'assurance-dépôts du Québec 1969 - 1,271 166 0.2 - 141 0.2

The Quebec Health and Security Worker Commission – QHSWC, which had the administration of the IVAC Indemnification for the Victim of Acts Criminal). (French- Commission de la santé et de la sécurité du travail CSST, incluant IVAC - 1973 181,876 7,644 11.1 - 6,883 10.8

The Quebec Government Car Insurance Society QGCI, (French- Société de l'assurance automobile du Québec SAAQ 1978 - 4,450,765 6,436 9.4 - 6,028 9.5

The Quebec Farming and Forestry Insurance Loan Fund FFILF (French-Fonds d'assurance-prêts agricoles et forestiers du Québec FAPAF 1978 - 1 59 0.1 - 47 0.1

The Quebec Bovines Producer Federation (French- La Fédération des producteurs de bovins du Québec 1989 - 24,916 2 - 2 –

The Quebec Survival Beneficiary Pension Fund QPF (French-Régime de rentes de survivants 1997 - 1 321 0.5 - 296 0.5

OTHER DEPOSITORS

The Quebec Consumer Protection Office (French- Office de la protection du consommateur) OPC - 1992 1,153 8 - 9 –

The Québec Industrielle Research Center (QIRC) [French - Centre de recherche industrielle du Québec) 4 CRIQ 1994 - - - - -

The Quebec Alcohol Society QAS (French- Société des alcools du Québec) 4 SAQ 1994 - - - - -

The Quebec Stokes and Shares Commission QSSC (French- Commission des valeurs mobilières du Québec) 4 CVMQ 1998 - 10 - - -

TOTAL 68,568 63,611 100

1 Estimate.

2 Fair value – in millions of dollars and in percentage.

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3 In 1992, the net assets of this plan's fund were merged with that of the Pension Plan for Elected Municipal Officers.

4 These depositors solely use the Caisse' s cash management services.

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BREAKDOWN OF DEPOSITORS' HOLDINGS as at December 31 fair value - in percentage

(French Abbreviation)

	1998	1997	1996	1995	1994
CARRA - RREGOP 1	37.3	35.8	34.6	32.6	30.6
RRQ	23.1	24.9	27.4	30.0	32.1
CSST	11.1	10.8	10.0	9.7	9.4
CCQ	9.7	9.6	9.7	9.7	9.5
SAAQ	9.4	9.5	9.7	9.7	10.5
CARRA - RREGOP	25.9	5.9	5.8	5.5	5.2
FARRG	2.0	1.9	1.9	1.8	1.8
OTHER	1.5	1.6	0.9	1.0	0.9
Total	100.0	100.0	100.0	100.0	100.0

1 Unionized level.

2 Non-unionized level.

CHANGES IN DEPOSITORS' HOLDINGS

In millions of dollars

Net income allocated 1

Deposits less withdrawals

Unrealized increase (decrease) in value

Increase (decrease) in depositors' holdings

1998	4,744	(1,409)	1,622	4,957
1997	3,743	(864)	3,518	6,397
1996	5,682	(1,607)	1,954	6,029
1995	4,066	(1,617)	3,876	6,325
1994	2,983	(1,165)	(4,075)	(2,257)

1 As of January 1, 1997, gains and losses on the sale of investments in the specialized portfolios are reinvested.

VALUE ADDED TO DEPOSITORS' FUNDS SINCE 1966

As at December 31, 1998

In millions of dollars

Net deposits (1966 - 1983) 8,449

Net withdrawals (1984 - 1998) (13,233)

Net investment income allocated 1 61,374

Excess fair value over cost 1 11,979

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1 As of January 1, 1997, gains and losses on the sale of investments in the specialized portfolios are reinvested.

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The Quebec Investment and Deposit Bank (French-THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC), ONE OF THE FEW INSTITUTIONS TO OBTAIN EXTERNAL CERTIFICATION OF COMPLIANCE WITH AIMR STANDARDS AIMR STANDARDS

The Association for Investment Management and Research (AIMR) is an international organization dedicated to the continued professional development of financial sector specialists. The AIMR devotes special attention to the training of financial analysts through its program leading to the chartered financial analyst (C.F.A.) designation, as well as ongoing training of these analysts. The AIMR places special emphasis on professional ethics. It has issued a very strict code of ethics that all its members are obliged to abide by. In light of the importance of performance results, for the industry and the general public, the AIMR has also produced the AIMR-PPS Handbook, a guide that deals exclusively with standards that the industry as a whole is strongly encouraged to adopt in reporting its performance.

THE AIMR-PPS STANDARDS HAVE TWO MAIN OBJECTIVES:

- to achieve greater uniformity and comparability of performance presentation;
- to promote full disclosure and fair representation of performance results.

These objectives are intended to allow potential clients to choose their portfolio managers in an enlightened manner. Since the returns obtained by managers play a major role in such selection, it was important for the AIMR-PPS to give this matter its full attention.

The AIMR is well aware that the AIMR-PPS standards have to be updated regularly to keep pace with the rapid changes in the financial industry. That is why it insists on professional governance and full disclosure of relevant information with respect to returns.

HERE ARE SOME OF THE STANDARDS ESTABLISHED BY THE AIMR-PPS:

1. Total return must be presented, including realized and unrealized gains, plus income.
2. Returns must be calculated according to the time-weighted method.
3. The return on any portfolio must include the return on cash and cash equivalents.
4. Returns must be presented for a minimum of 10 years.
5. The return must be presented for each year.
6. The market value of a portfolio must include accrued interest on bonds.
7. All portfolios under discretionary management must be included in the performance of a composite portfolio.
8. To determine composite-portfolio performance, each portfolio must be weighted according to its market value at the beginning of the period.
9. The return must be calculated after deduction of commissions associated with operations.
10. Real estate must be appraised by an independent firm at least once every three years.