GREG SOUTHAM/POSTMEDIA NEWS

In the highly competitive restaurant business, in which Tim Hortons continues to battle McDonald's and Starbucks for share of coffee and meals, new CEO Marc Caira is seeking to "instil a little bit more urgency."

Tims looks for ways to grow

Coffee company considers new ways to do things such as office vending machines, mobile apps

HOLLIE SHAW
FINANCIAL POST

TORONTO — It is critical for Tim Hortons to find new ways to expand its business beyond adding new locations, the coffee giant's CEO Marc Caira told industry analysts Tuesday, even as he announced plans to open another 500 outlets over the next five years in Canada.

In the past 10 years, 50 per cent of the company's growth has come from building restaurants, but that will have to change, Caira said during a Toronto presentation to the investment community.

Introducing new and healthier menu items, new mobile technologies, and old-fashioned upselling to increase the coffee customer's average bill will help to bolster the shift, executives hope.

"We are going to have to find new ways of growing because it gives you the oxygen to survive," Caira said, as the company stops building new restaurants at the same pace it did in the past.

"This is about being different — to stand out," he added. "We are all starting to look the same."

In the highly competitive restaurant business, in which Tim Hortons continues to battle McDonald's and Starbucks for share of coffee and meals, the new CEO is seeking to "instil a little bit more urgency," he said, in the 50-year-old chain's pace of innovation.

It's also important for Tim Hortons to keep growing in Canada, where it has 80 per cent of all its restaurants, draws 90 per cent of its sales and 99 per cent of the company's business unit operating income.

As the biggest quick-serve restaurant chain in Canada, Tim Hortons is well-positioned to capitalize further on its coffee and its food business, its executives said. It has a leading market share of 27 per cent in customer dollars and 42 per cent in customer traffic and its traffic share is larger than the next 15 chains in Canada combined.

To examine further growth initiatives, Tim Hortons has created an internal 'innovation council' and an innovation lab space to test and understand what products and store formats are working in the market.

Tim Hortons launched a healthier-option breakfast sausage sandwich using turkey in January, and plans to launch frozen green tea in March, but did not provide updates on further new menu possibilities.

But the bulk of customer orders — a sizable 60 per cent — are for a single item, and 40 per cent of that is in the chain's core business of coffee. Tims hopes to grow its sales by boosting the average checkout at the till through new combo menu deals for customers, with a strategic target of getting 15 per cent to 20 per cent of people who are currently ordering two meal items to order three.

> *"We are all starting to look the same."*
> CEO Marc Caira

Executives also hope technology will also give the chain a distinct edge. Last week, the company announced a new dual-branded 'double double' loyalty Visa payment card and has rolled out digital menu boards to speed up service. In the spring, it will introduce a mobile application for customers allowing them to order and prepay for menu items and skip straight to the front of the customer lineups when they arrive at the store.

"This is going to change things dramatically," said chief operating officer David Clanachan.

The restaurant chain will also push into some new spaces in Canada, including more schools and health-care settings, as well as office buildings. That includes looking at further brand extensions such as coffee in office vending machines, executives said.

The company, which will have 80 per cent of its restaurants renovated to its new café format with armchairs and flatscreen TVs by 2018, also said Tuesday it will open 300 new locations in the United States by the end of that year and will look to enter new international markets in 2015.

Tim Hortons also wants to open more non-traditional "express" and self-serve outlets in urban or non-traditional settings. During the next five years, the split between traditional and non-traditional format openings will be about 50-50.

Tim Hortons now has 4,485 restaurants, including 3,588 in Canada, 859 in the United States and 38 in the Gulf Cooperation Council, which it entered in 2011.

Under prior management, the company had estimated its growth ceiling in Canada at 4,000 restaurants, and the new target does not tread far beyond it.

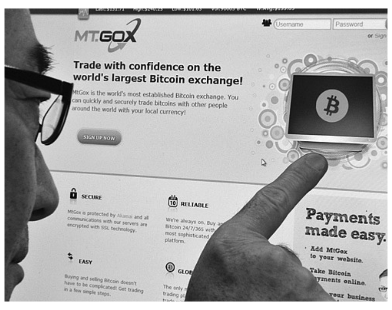
Caira reiterated that he will seek out U.S. partners to help further its expansion there with groups willing to provide local expertise and capital. The company has signed its first such development agreements on close to 100 standard and non-standard U.S. outlets: 40 in St. Louis, 25 in Youngstown, Ohio., 15 in Fort Wayne, Ind. and 15 in Fargo and Minot, N.D. Tim Hortons also said it will push further into the Persian Gulf with plans to open up to 220 locations by 2018.

Tim Hortons released long-term targets of an 11 per cent to 13 per cent compounded annual growth rate in per-share earnings between 2015 and 2018, cumulative free cash flow of approximately $2 billion and the opening of more than 800 new outlets in North America and the Middle East. The company is targeting the U.S. business to be profitable and generate U.S. operating income of up to $50 million by 2018.

The country's biggest seller of coffee and baked goods said last week that it would aim for same-store sales growth of one per cent to three per cent in Canada and two per cent to four per cent in the U.S. this year and diluted earnings per share of $3.17 to $3.27.

Key bitcoin exchange site disappears

Confidence shaken in virtual currency after catastrophic losses



YOSHIKAZU TSUNO/AFP/GETTY IMAGES

A man looks at the bitcoin exchange website of MtGox. The website went down on Tuesday.

RAPHAEL SATTER and YURIKO NAGANO
THE ASSOCIATED PRESS

TOKYO — One of the world's largest bitcoin exchanges has seemingly disappeared, delivering a severe blow to the virtual currency as it struggles to gain legitimacy.

A coalition of virtual currency companies said Tuesday that Tokyo-based Mt. Gox went under after secretly racking up catastrophic losses.

Mt. Gox's website was returning a blank page Tuesday. The disappearance of the site follows the resignation Sunday of Mt. Gox chief executive officer Mark Karpeles from the board of the Bitcoin Foundation, a group seeking legitimacy for the exotic new form of money. The exchange had imposed a ban on withdrawals earlier this month.

Prominent supporters of bitcoin — including San Francisco-based wallet service Coinbase and Chinese exchange BTC China — sought to shore up confidence in the currency by saying Mt. Gox's collapse was an isolated case of mismanagement. They said it had abused users' trust, but did not offer details.

"As with any new industry, there are certain bad actors that need to be weeded out, and that is what we are seeing today," the statement said.

Since its creation in 2009, bitcoin has become popular among tech enthusiasts, libertarians and adventurous investors because it allows people to make one-to-one transactions, buy goods and services and exchange money across borders without involving banks, credit card issuers or other third parties. Criminals like bitcoin for the same reasons.

For various technical reasons, it's hard to know just how many people around the world own bitcoins, but the currency has attracted outsized media attention and the fascination of millions as an increasing number of large retailers such as Overstock.com begin to accept it.

Speculative investors have jumped into the bitcoin fray, too, sending the currency's value fluctuating wildly in recent months. In December, the value of a single bitcoin hit an all-time high of $1,200 U.S. In the aftermath of the Mt. Gox collapse Tuesday, one bitcoin stood at around $470.

Central banks across the globe have been hesitant to recognize bitcoin as a legitimate form of money, and Mt. Gox's virtual vanishing isn't helping.

The scandal may cost customers dearly. At the Tokyo office tower housing Mt. Gox, bitcoin trader Kolin Burges said he had picketed the building since Feb. 14 after flying in from London, hoping to get back $320,000 he has tied up in bitcoins with Mt. Gox.

"I may have lost all of my money," said Burgess. "It hasn't shaken my trust in bitcoin, but it has shaken my trust in bitcoin exchanges."

The disappearance of Mt. Gox could be fatal for bitcoin, which was started as a currency free from government controls. Bitcoin's boosters say the currency's design makes it impossible to counterfeit and difficult to manipulate.

Flaherty's uncertainty 'tricky' for Harper

JASON FEKETE
POSTMEDIA NEWS

OTTAWA — Finance Minister Jim Flaherty's uncertainty about running in the 2015 federal election has renewed questions about what the potential exit from politics of the Harper government's only finance minister could mean to the Conservatives' re-election strategy.

Flaherty could be under pressure to make his intentions known over the next six months, since the Conservative party hopes to start holding nomination contests as soon as this summer or early fall.

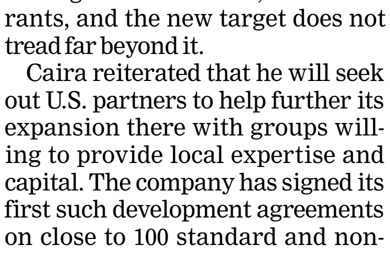
A number of Conservative MPs, including cabinet ministers, have already said whether they're seeking re-election.

Should Flaherty not run, Prime Minister Stephen Harper will head into the 2015 election without the financial architect responsible for weathering the recession and bringing the country back to what's expected to be a balanced budget next year.

David McLaughlin, former chief of staff to Flaherty, said the finance minister is central to the government's financial and economic message and will be cut more slack than other ministers when it comes to announcing his intentions. Flaherty could stick around to deliver the 2015 budget even if he announces in advance that he won't run again, McLaughlin said, because the finance minister has the respect of business leaders and caucus.

"From a political perspective, the Flaherty-Harper tandem is so important to the management of the government and the messaging of the government," McLaughlin said.

However, he said, it "gets tricky" for Harper if he goes into the 2015 election campaign with questions around who the next finance minister will be. On Tuesday, Flaherty said he is uncertain whether he will run in the next federal election.



SEAN KILPATRICK/CANADIAN PRESS FILES

Minister of Finance Jim Flaherty has not decided whether he will run in the next federal election.

NOTICE TO CREDITORS OF WHITE BIRCH PAPER COMPANY AND VARIOUS SUBSIDIARIES AND AFFILIATES

NOTICE OF THE D&O CLAIMS PROCEDURE FOR WHITE BIRCH PAPER COMPANY (NOW KNOWN AS "ESTATE WBPC COMPANY") AND VARIOUS SUBSIDIARIES AND AFFILIATES, (COLLECTIVELY "WB") IN CONNECTION WITH FACTS ARISING ON OR AFTER THE FILING OF PROCEEDINGS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* ("CCAA") ON FEBRUARY 24, 2010

The Court number assigned to these proceedings is **500-11-038474-108**. The entities affected by the Initial Order rendered on February 24, 2010 are the following (their present names are in quotation marks): White Birch Paper Holding Company ("Estate WBPHC Company"), White Birch Paper Company ("Estate WBPC Company"), Stadacona General Partner Inc. ("Estate SGPI Inc."), Black Spruce Paper Inc. ("Estate BSPI Inc."), F.F. Soucy General Partner Inc. ("Estate FFSGPI Inc."), 3120772 Nova Scotia Company, Arrimage De Gros Cacouna Inc. ("Estate GCSI Inc."), Papier Masson Ltée. ("Estate PML Inc."), Stadacona L.P. ("SSEC L.P."), F.F. Soucy L.P. ("FFS L.P.") and F.F. Soucy, Inc. & Partners, Limited Partnership ("FFSIA L.P.").

PLEASE TAKE NOTICE that on February 10, 2014, the Superior Court of Quebec for the judicial district of Montreal, sitting in Commercial division (the "**Court**"), issued an order establishing a claims procedure for the identification, resolution and barring of claims against the directors and officers of WB in connection with facts arising on or after February 24th, 2010 (the "**D&O Claims Procedure Order**") and ordered that Ernst & Young Inc., in its capacity as Court-appointed Monitor of WB (the "**Monitor**"), send proof of claim forms to each known creditor of WB. Any Person who believes that it has a claim against the directors or officers of WB which is subject to the D&O Claims Procedure Order (each a "**D&O Claim**"), must submit a proof of claim to the Monitor to be received at the latest by 5:00 p.m. (Montréal Time) on April 11, 2014 (the "**D&O Claims Bar Date**"), failing which such person will be forever barred from advancing a D&O Claim against the directors or officers of WB or from receiving any distribution under any plan of arrangement of WB on account of such claim.

D&O CLAIMS WHICH ARE NOT RECEIVED BY THE MONITOR AS DIRECTED HEREIN ABOVE SHALL BE FOREVER BARRED.

Claims packages and proofs of claim forms can be found on the Monitor's website at www.ey.com/ca/WhiteBirch, or can be obtained from the office of the Monitor.

Some of the entities affected by the Initial Order have requested and obtained relief under Chapter 15 of the U.S. *Bankruptcy Code*. There will not be a separate claims process for U.S. creditors of the entities affected by the Initial Order. The D&O Claims Procedure Order is in the process of being recognized under Chapter 15 of the U.S. *Bankruptcy Code* and thereafter all U.S. creditors shall be bound by the D&O Claims Procedure Order.

Dated at the City of Montréal, this 26th day of February, 2014.

Ernst & Young Inc., Court-appointed Monitor in the matter of the proposed plan of compromise and arrangement of Estate WBPC Company et al.
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