

ENVIRONMENT

Sierra Club urges EPA to study dangers of hydraulic fracturing

Dozens of environmental groups have urged the U.S. Environmental Protection Agency to study the hydraulic fracturing technique of extracting natural gas, amid concerns it contaminates drinking water with toxic chemicals. The 63 groups — including the influential Sierra Club, Natural Resources Defense Council and Earthjustice — asked



the federal agency to expand a current probe of coal-bed methane extraction to include hydraulic fracturing and other forms of oil and gas exploration. The EPA said, “There are compelling reasons to believe that hydraulic fracturing may impact groundwater and surface-water quality in ways that threaten human health and the environment.” *Reuters*

FINANCIAL SERVICES

BMO third bank to beat estimates

THREE-FOLD JUMP

BY JOHN GREENWOOD

Against the backdrop of a steadily improving Canadian economy, **Bank of Montreal** reported a nearly three-fold jump in profit for the first quarter, handily beating analyst estimates.

Bank of Montreal is the third big bank to come out ahead of analyst estimates, following on the heels of Canadian Imperial Bank of Commerce and National Bank which reported last week.

“BMO’s positive earnings surprise makes the tally three for three so far,” said John Aiken, an analyst at Barclays Capital, who attributed the strong numbers to lower-than-expected provisions for loan losses and higher trading revenues.

Going into the quarter, some observers were concerned about the ability of Canadian banks to maintain positive earnings momentum built up last year because of the ongoing losses at many U.S. banks which continue to struggle with the aftermath of the crisis.

For the three-month period ended Jan. 31, Canada’s fourth-largest bank posted net income of \$657-million, or \$1.12 a share, up from \$225-million, (39¢) in the same period last year during the dark days of the financial crisis.

Analysts had been expecting earnings of about 99¢ a share, about 13% below the result.

BMO shares moved up \$2.21, or nearly 4%, to close at \$58.85, the highest level since March 2008 and the biggest one-day rise in several months.

The earnings from BMO and its domestic peers are “excellent but they shouldn’t be that surprising given the very strong economic growth that we have seen in Canada because the banks are very much a mirror image of the economy,” said Ian Nakamoto, director of research at MacDougall MacDougall & MacTier Inc. in Toronto. “The financial system in the U.S. is healing but ours was never broken.”

Provisions for credit losses, were \$333-million, down \$53-million from the previous quarter. Tier 1 capital was 12.53%, up from 12.2 in the last quarter.

A major worry for BMO and its peers is the level of Canadian consumer borrowing, which is approaching 145% of household income, according to the Bank of Canada.

Much of that borrowing is fuelled by the soaring housing market, where prices are close to record highs.

Bill Downe, chief executive of Bank of Montreal, applauded recent moves by the federal government aimed at tightening mortgage conditions.

“We fully support the prudent measures announced by the Canadian Finance Minister two weeks ago to support the long-term stability of Canada’s housing market and curtail any speculative excesses in mortgage borrowing,” Mr. Downe said in a statement.

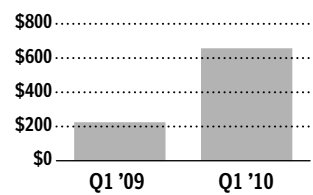
One of the few down drafts affecting BMO is its U.S. operation, which continues to feel the effect of the recession south of the border.

In a move aimed at staunching the red ink, BMO

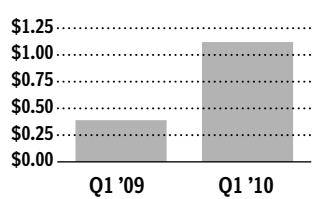
BANK OF MONTREAL

BMO/TSX
March 2, close: **\$58.85 +\$2.21**
Volume: **3,989,329**

NET INCOME



EARNINGS PER SHARE



SOURCE: BLOOMBERG NEWS
ANDREW BARR / NATIONAL POST

said it plans to transfer about \$7-billion in U.S. loans from BMO Capital Markets to its Chicago-based Harris Bank operation.

Calling the strategy a “makeover,” Credit Suisse analyst Jim Bantis predicted it will improve Harris’s results on paper.

Other highlights of the quarter included a profit of \$403-million at the bank’s domestic personal and commercial lending operation, up 28% from last year on the back of higher customer savings and stronger net interest margins.

The bank’s capital markets business had a profit of \$248-million, up sharply from a year ago but down from the previous quarter as conditions in credit markets continued to normalize.

Financial Post
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CIBC buys stake in Bermuda bank

BY JOHN GREENWOOD

Less than a week after raising the earnings bar with outsized first-quarter results, **Canadian Imperial Bank of Commerce** has injected US\$150-million into a troubled Bermuda bank in exchange for a minority equity stake that could be as high as 22.5%.

The cash infusion is part of a US\$550-million recapitalization of the **Bank of N.T. Butterfield & Son Ltd.**, which lost about US\$213-million last year because of investments linked to the U.S. mortgage market and higher loan loss provisions.

Other investors, including Carlyle Group, invested US\$400-million to complete the recapitalization. CIBC has also provided Butterfield, one of the oldest banks in Bermuda, with a commitment letter for a senior secured credit facility of up to US\$500-million.

Butterfield’s public shareholders have the option to subscribe to a rights offering of up to US\$130-million, potentially reducing the size of CIBC’s investment by as much as US\$25-million.

Financial Post
John Greenwood, Financial Post



DAN JANISSE / CANWEST NEWS SERVICE

Ford Motor, led by chief executive Alan Mulally, above, took the sales lead in Canada and the United States last month.

‘Within spitting distance’

SALES

Continued from Page FPI

“Ford really isn’t a brand that is heavily cross-shopped with Toyota,” he said. “Ford was gaining market share and doing very well before the recall.”

That momentum is, in fact, built on the back of a very strong product lineup, including several best-in-segment models, like its new Ford Focus, he said.

“I don’t think they’ll be the top seller in the U.S. [this year]. But could they pop in the second behind General Motors and surpass Toyota? They’re certainly within spitting distance,” Mr. Merkle said. “This isn’t something Ford has done over the last six months. They’ve had this plan in place for the past four years.”

Of course, Toyota isn’t going to give up that slot without

a fight, and the Japanese automaker announced what it says is its “most far-reaching sales program in its history” yesterday, including financing, leasing and customer loyalty offers in the United States through the month of March.

In Canada, Ford saw its sales spike 51% during the month of February compared to 2009. That more than doubled the growth in sales of the industry as a whole last month. In the United States, it’s sales jumped 43%, more than four-times the industry-wide increase.

Those gains in Canada were made despite Toyota staving off an avalanche of bad news. While Toyota’s February sales dipped 9% year-over-year in the U.S., Canadian sales were up 25% for the month compared to last year.

“The consumer appears to be giving [Toyota] the benefit of the doubt at least for

now,” said Dennis DesRosiers, president of DesRosiers Automotive Consultants Inc. in a note to clients. “I also suspect there is some backlash in Canada to the treatment Toyota is getting by the politicians in the US.”

GM will now see if its customers will be as loyal after announcing a recall of 1.3 million of its own compact cars yesterday related to steering problems with certain models at slow speeds. The recall, which affects nearly 257,000 vehicles in Canada, including its Chevrolet Cobalt, Pontiac G5 and Pursuit.

Most manufacturers, including GM and Chrysler, saw sales growth in February, which turned out to be a stronger-than-expected month.

GM saw its sales jump 20%, while Chrysler’s grew 17% in Canada. Excluding its wind-down brands, GM’s sales grew 69% during the month.

Nevertheless, it was Ford’s time to shine. “Because of Ford’s performance, the Detroit Three actually outperformed import nameplates for, I think, the first time in almost 15 years,” Mr. DesRosiers noted.

In the year to date, Ford’s sales are up 29%, while GM and Chrysler’s are up 11.6%, and Toyota’s are up 5%. In the process, Ford’s market share has grown to 16.2% this year, up 1.7 percentage points, while GM’s has fallen four basis points to 15.8%, and Toyota’s fell 1.2 percentage points in February to 11%.

Chrysler’s market share has fallen five basis points to 14.2%, according to Mr. DesRosiers’s figures.

Financial Post
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CANADIAN LIGHT VEHICLE MARKET

FEBRUARY SALES AND PERCENT CHANGE

	Feb. 2009	Feb. 2010
Honda / Acura	7,041	8,917 +26.6%
Toyota / Lexus	10,136	12,693 +25.2%
Chrysler	11,923	13,970 +17.2%
Ford	11,854	17,910 +51.1%
GM	11,381	13,846 +21.7%
Hyundai	6,912	8,502 +23%

SOURCE: DESROSIERS AUTOMOTIVE CONSULTANTS
ANDREW BARR / NATIONAL POST

Shakeup brings new boss to GM Canada

BY SCOTT DEVEAU

General Motors Corp. announced a major shakeup in its North American senior management yesterday, including the appointment of Kevin Williams as president and managing director of GM Canada.

The reorganization aims to reduce the number of layers between the company’s North American president, the dealer and the customers, allowing it to act more nimbly. It also aims to ramp up its marketing efforts across the continent, said Mark Reuss, GM North America president.

“It’s been very really clear to me here since taking this role that there is a better way to structure and simplify this organization,” Mr. Reuss said on a conference call. “North America needs to be built as a focused, standalone business unit, and that is what we’re doing.”

Included in the shakeup was the appointment of Mr. Williams as head of GM’s Canadian operations

Mr. Williams joined GM in 1983 and has filled various roles, including president and managing director of General Motors de Mexico.

His most recent role was GM vice-president and general manager of service and parts operations.

“Kevin has been one of our very best [managing directors] in Mexico,” Mr. Reuss said. “He’s going to do a great job in Canada.”

Mr. Williams will succeed Arturo Elias in the role. Mr. Elias will join GM’s public policy team in Washington, D.C., to redesign how its dealers interact with state officials, Mr. Preuss said.

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NOTICE

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual meeting of the shareholders of Laurentian Bank of Canada will be held at the Monument National, 1182 Saint-Laurent Blvd., in Montreal, Quebec, on Tuesday, March 16, 2010 at 9:30 a.m.

By order of the Board of Directors,
Lorraine Pilon
Secretary

NOTICE TO CREDITORS AND OTHERS

All claims against the Estate of **FRANCESCO GIOVANNI DECOVICH** (a.k.a. **FRANK DECOVICH**), late of the City of Vaughan, who died on December 7, 2009, must be filed with the undersigned on or before March 22, 2010. The Estate will then be distributed with regard only to claims for which notice was received prior to that date, and without liability for any subsequent claims.

Tina Del Medico and
Mark Lorne Cosman
Estate Trustees
c/o Cosman & Associates
111 Zenway Blvd., Unit 37
Woodbridge, Ontario
L4H 3H9
Attn: Vince Perricone

Co-operators Life Insurance Company

NOTICE OF RECORD DATE FOR THE DETERMINATION OF POLICYHOLDERS AND SHAREHOLDERS ENTITLED TO RECEIVE NOTICE OF THE ANNUAL MEETING

TAKE NOTICE that the date set as the "Record Date" for the determination of the policyholders and shareholders entitled to receive notice of the Annual Meeting of Co-operators Life Insurance Company to be held on the 14 & 15 days of April, 2010, at The Delta, in the city of Regina, province of Saskatchewan, by resolution of the Board of Directors is set as the 10th day of March, 2010 [the "Record Date"].

By order of the Board of Directors,
Frank Lowery
Corporate Secretary



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NOTICE TO CREDITORS OF WHITE BIRCH PAPER COMPANY AND ITS AFFILIATES

Notice is hereby given that on February 24, 2010, the Superior Court of Quebec (Commercial Division) for the district of Montreal, sitting as designated tribunal under the *Companies' Creditors Arrangement Act* ("CCAA"), issued an order ("Initial Order") at the request of White Birch Paper Company and certain affiliates (collectively, "White Birch"), declaring that they are debtor companies to which the CCAA applies, and granting certain relief to White Birch and to partnerships in which White Birch has a direct or indirect interest, while they prepare a plan of arrangement pursuant to the CCAA. Ernst & Young Inc. has been appointed by the Court as the Monitor in these proceedings.

The Monitor established a website at www.ey.com/ca/whitebirch, on which a copy of the Initial Order and other information pertaining to the proceedings under the CCAA can be accessed.

The Court number assigned to these proceedings is 500-11-038474-108. The entities addressed by the Initial Order are White Birch Paper Holding Company, White Birch Paper Company, Stadacona General Partner Inc., Black Spruce Paper Inc., F.F. Soucy General Partner Inc., 3120772 Nova Scotia Company, Arrimage De Gros Cacouna Inc., Papier Masson Ltée., Stadacona Limited Partnership, F.F. Soucy Limited Partnership, and F.F. Soucy, Inc. & Partners, Limited Partnership.

Ernst & Young Inc., Court-appointed Monitor in the matter of the plan of arrangement of White Birch Paper Company and its affiliates

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