

CMBBB

CANADA-MIDWEST BUSINESS BULLETIN



MESSAGE FROM THE PRESIDENT

JOHN A. CULLIS

On behalf of the Board of Directors, I am pleased to announce that we have successfully transitioned to the Canada-U.S. Business Council Chicago. As you are aware, the members of the organization unanimously voted to amend the Constitution and Bylaws to adopt the new name and business-oriented focus. While this marks an important milestone in the organization's existence since its founding in 1942, I believe that the focused mission will allow it to serve its members and the business community much more effectively.

The Board is now taking the necessary steps to transition the organization to the Business Council. Over the coming months, you will see ongoing changes as we ramp up as the Business Council. Initially, we will be rolling out an updated website, conducting a media blitz and developing a schedule of events for the coming year. In addition, we will be assembling an Advisory Board and recruiting corporate members.

As I have previously mentioned, we intend to organize business events that will promote particular industry sectors and/or geographic regions of Canada or the United States. For our initial event, we organized a panel discussion on the topic of healthcare reform entitled Healthcare: Understanding the Future. It was held on April 13, 2010 at the University Club from 11:30 am to 2:00 pm. With the recent passage of the U.S. legislation, this topic is particularly relevant to businesses and individuals alike. We assembled an incredibly knowledgeable panel of experts, including Dr. Carolyn Bennett, P.C., M.P., M.D., Liberal Critic for Health, Parliament of Canada (former physician); Martin P. Hughes, Chairman & CEO, Hub International Limited; Dr. William N. Werner, President, Chicago Medical Society, Vice President Clinical Transformation, Advocate Illinois Masonic Medical Center; and Thomas Wiffler, President & CEO, United Healthcare. Additionally, Ravi Baichwal, co-anchor of the ABC 7 Weekend News at 5 and 10 p.m., moderated the discussion. The panelists shared their views and opinions on the challenges facing the healthcare industry and how the recent passage of the U.S. legislation could impact the industry. It was a successful and informative event!

With the transition to the Business Council, we really want to make this a more viable and beneficial organization for the members. However, in order for the members to realize the true value of the organization, the members must get involved. To that end, we encourage all members to get involved with the transition of the organization.

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WHY I JOINED THE CLUB

BY: EVA-MARIE TROPPER

LETTER FROM THE EDITOR

Welcome back to your Canada-U.S. Business Council Chicago newsletter which is being produced by you and your fellow members. This and forthcoming issues are a truly international effort which includes contributions from our colleagues in Toronto, Windsor and elsewhere in Canada, as well as those colleagues in Chicago and elsewhere in the United States. A special thanks to Angela D'Alessandro in Windsor for her support and active participation to bring this and future issues to you.

Please let Angela or I know your thoughts regarding our initial efforts as we are soliciting your input to make this effort responsive and reflective of your interests. We very much value your feedback.

Under the leadership of our President John Cullis, our newsletter team has begun to operate as a committed and motivated group of professionals; our work cannot be complete without your input and participation. Please send your suggestions and submission to Traison@millercanfield.com.

We look forward to hearing from you.

Michael Traison
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Chicago

Angela D'Alessandro
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I learned about the Canada-US Business Council from an esteemed colleague last year. For me, joining the Club was an easy decision; I wanted to be part of a community in Chicago that cares about Canada, is interested in Canadian affairs, and strives to be more informed about Canada's cooperative relationship with the United States.

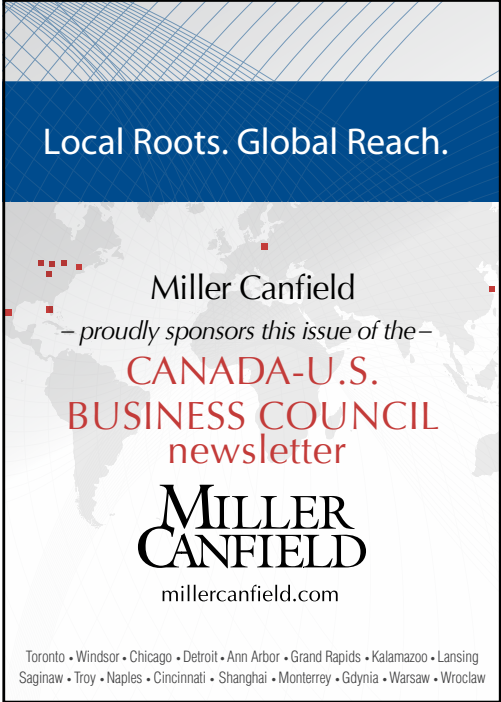
I was also drawn to the Club because members consist of men and women with varying political, religious, cultural and economic backgrounds. Not all members are Canadian, I like that! This unique aspect promises a diverse and stimulating dialogue on current issues of local and international importance that concern both countries.

Chicago to me is fascinating, inspiring and filled with a dynamism that makes the place unforgettable. It has been ten years since I moved here from Toronto and I still explore this city with avid and passionate interest both professionally and personally. In so doing, I continue to discover unexpected wonders, which never cease to amaze me.

Certainly, the city of Toronto is and will always be near and dear to my heart. However, it is reassuring that I am not the only Canadian enamored with the city of Chicago. Though I want to keep up with current events in Canadian cities,

and am driven to better understand the reciprocities between Toronto and Chicago, as well as Canada and the United States, I look forward to getting involved in Club programming in order to gain a stronger appreciation of how "we" can work and do better business together. Thanks for the warm welcome!

Eva-Marie Tropper manages development projects in the Near South, South and Southwest Loop in Chicago's Central Business District for the City of Chicago Department of Community Development. Her projects involve strategic planning for special attractions, community and business development, job creation and retention, and coordinating public and private sector investment to ensure redevelopment goals are met. Eva-Marie can be reached by phone at (312) 744-3285 or via email: eva-marie.tropper@cityofchicago.org.



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BUDGET DEFICIT, FEDERAL DEBT: BY THE NUMBERS

BY: IAN LATERREUR



For the fiscal year that ended March 31, the Canadian government anticipates its record budget deficit to narrow at a slower pace than projected. The deficit is expected to be C\$53.8 billion and to decline to C\$49.2 billion next year and to C\$27.6 billion in 2011-2012. The shortfall is seen to drop from C\$17.55 billion to just C\$1.8 billion in 2014-2015.

Canada's Federal debt currently stands at approximately C\$518 Billion and represents a debt load per citizen of approximately C\$15,000¹. The Federal debt's share of gross domestic product is expected to peak at 35.4% in 2010-2011 and fall to 31.9% by 2014-2015.

When asked to comment on the Budget deficit, Canada's Finance Minister Jim Flaherty said that "if things pan out as envisaged by the government, I'm sure the budget will be in surplus in 2015-

2016". The Canadian government also reiterated that it would not hike taxes to balance the budget, and confirmed that corporate tax cuts previously announced will go ahead as planned, and the rate will come down to 15% in 2012.

In the U.S., according to the Congressional Budget Office (CBO) projections, if all of the President's budget proposals were enacted, those polices would add US\$132 billion to the deficit in this fiscal year which ends on September 30 and would result in a US\$1.5 trillion deficit. In 2011, the CBO estimates the deficit under the President's budget would total US\$1.3 trillion. Deficits in succeeding years under the President's proposals would be smaller but would continue to add significantly to federal debt. The deficit would fall to approximately US\$724 billion by 2014 but would rise steadily thereafter, reaching US\$1.25 trillion

in 2020. Over the 2011-2020 period, deficits would total US\$9.8 trillion.

The U.S. current National debt is more than US\$12.7 trillion. Its debt load per citizen stands at US\$41,220² and debt load per taxpayer is US\$116,000². Under the President's Budget, the CBO estimates that the debt held by the public as a percentage of the gross domestic product will continue to increase from 63.2% in 2010 to 90% in 2020.

Unlike its Canadian counterpart, the U.S. government has yet to address its fiscal challenges in a substantive matter. If anything, it is just the opposite. The U.S. taxpayer is likely to see tax increases due to the expiration of some of the provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001, and see other tax increases due to the new Health Care Reform. In addition, we have yet to see any restraint in government spending or discussion thereof.

Although the above data represents only projections and estimates subject to many economic and policy variables, and that the validity of some of the data included or excluded from these projections can be debated, what needs to be observed is the magnitude of the current fiscal concerns facing both governments. Irrespective of personal political views, it is irresponsible to pass on today's challenges to future generations. As our governments require us to be more financially responsible, the same can be demanded of them. Our collective future depends on it.

The views are those of Ian Laterreur and should not be construed as investment advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. (Branch Address: 401 N. Michigan Ave. Suite 1200, Chicago IL 60611 P: 312-602-5497)

BROKEN SOCIAL SCENE

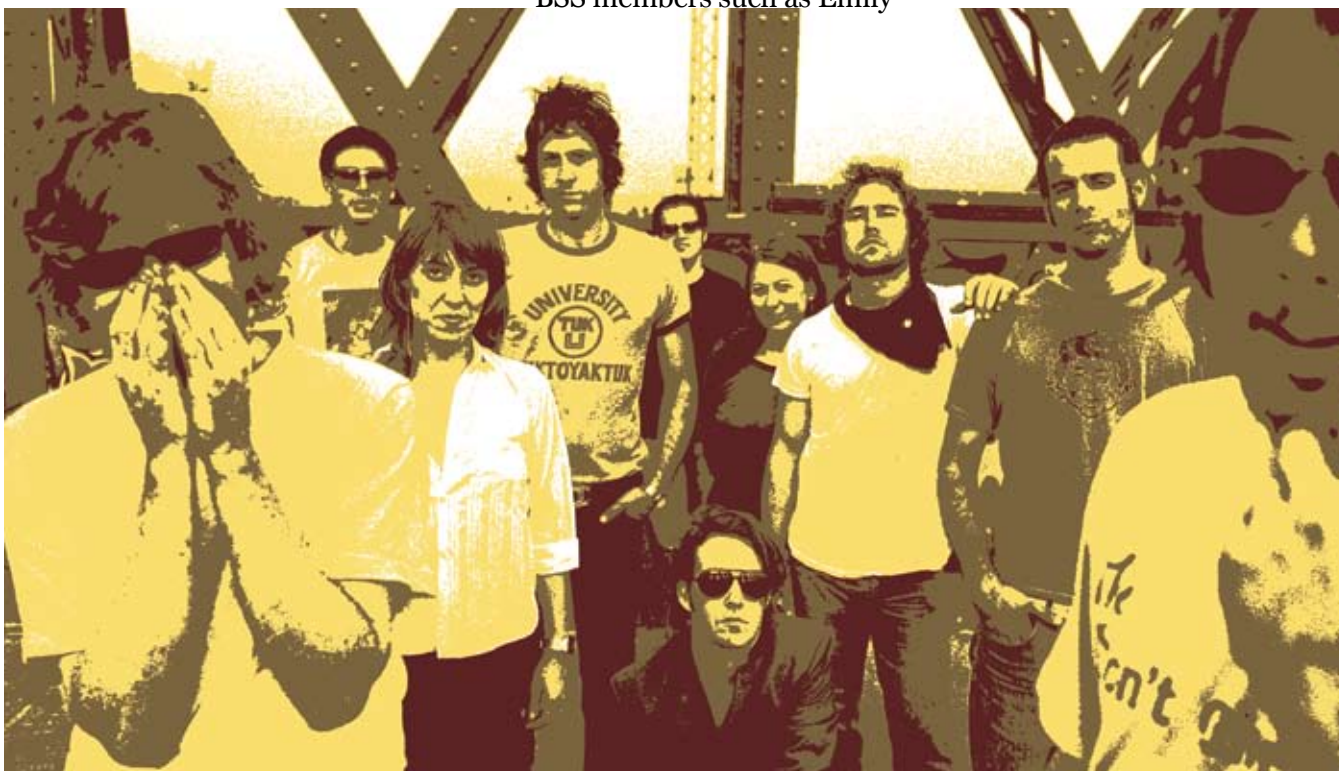
BY: PAUL REALE

It's been five years since Broken Social Scene, the Canadian indie rock band founded by Kevin Drew and Brendan Canning, released their last full length album. In 2006, the eponymous album was awarded a Juno for the "Alternative Album of the Year" and the band subsequently announced a temporary hiatus from recording in order for members of the BSS musical

which offered much needed stability to a band that previously relied on significant contributions from a rotating cast of guests. With a core band in place and the passing of time to heal some wounded personal relationships, Drew and Canning realized that the time was ripe to enter the recording studio for a new BSS album, which received both the blessing and collaboration of previous BSS members such as Emily

only offer superficial touches on songs suggests that the album relies heavily on the core crew assembled by Drew and Canning, a point which Drew did not shy away from in his interview with Pitchfork: "I really want to be cautious talking about this because the last few years of my life have been trying to figure out a mature way to not market your friends and overuse people's

names and misguide listeners to thinking this person or that person's involved. So: Everyone visited the record, but it's not a ground-up album." Regardless of the top-down construction of the forthcoming album, entitled "Forgiveness Rock Record" and set to be released on



collective, which, at one point, included up to nineteen, to pursue their own individual projects. Drew explained in an interview with music website Pitchfork that the conclusion of the tour for the Juno award winning album occurred during a confusing time. "If there was any time when we were going to break up," Drew confessed, "it was after that tour." During the hiatus, however, Drew and Canning recorded two semi-solo albums under the banner of "Broken Social Scene Presents" and toured constantly to promote both albums. The result of the two albums was to produce a core six-piece collective

Haines, Leslie Feist and Amy Millan, all of whom enjoyed tremendous personal success during the temporary split. After working in Toronto with producer Dave Newfield on two BSS albums ("You Forgot it in People" and "Broken Social Scene"), Drew and Canning decided to record the new BSS album in Chicago so they could work with producer John McEntire of Soma Electronic Music Studios, however a portion of the album was recorded in Toronto at Giant Studios in order to accommodate some BSS members who were busy with their individual musical ventures. The reality of having some members who could

May 4, 2010, the three sample tracks released by BSS have made a solid impression on critics in both Canada and the United States. "Forced to Love," "All to All," and "World Sick" are available for listening on the official BSS website, www.brokensocialscene.com. Broken Social Scene will play in Chicago at the annual Pitchfork Music Festival on July 16, 2010.

Paul Reale is completing a Ph D. in the Department of History at the University of Chicago. He is also a Sessional Lecturer at the University of Toronto. His dissertation examines the creation and development of state-funded educational systems in Canada and the United States. Paul Reale can be reached via phone 312.636.3102 or via email reale@uchicago.edu

CANADIAN BUSINESS & ECONOMICS UPDATE

BY: CHARLOTTE FELBER



A jobs report released April 9, 2010 revealed March 2010 employment gains in Canada were lower than expected. After Canada's economy saw employment gains of 20,900 in February 2010 and 43,000 in January 2010, economists predicted a 25,000 to 26,000 gain in employment in March 2010¹. However, only a net 17,900 jobs were added, holding the unemployment rate at 8.2% for March 2010 instead of the 8.1% rate expected by economists². Notably full-time employment decreased by 14,200 while part-time jobs increased by 32,000; private-sector employment increased by 42,400 while public-sector employment decreased by 20,600; and employment increased in Ontario, Quebec, and Saskatchewan while other provinces experienced little change³. Despite the failure of employment gains to meet expectations, job-creation is still the trend, where 176,000 net full-time jobs have been added since July of 2009⁴.

With the release of the jobs report, the Canadian Dollar, which had been trading as high as 100.1 cents U.S., sunk to 99.54 cents, marking the first time since July 2008 that the Canadian Dollar returned to parity levels with the U.S. Dollar⁵.

Still, Canadian companies appear to have budgeted for parity and, therefore, may better handle the change in currency as compared to when the Canadian Dollar hit parity with the U.S. Dollar in September 2007, according to Andrew Pyle, investment adviser at ScotiaMcLeod in Peterborough, Ontario⁶.

The release of the jobs report also resulted in an increase in Canadian bond prices, but prices came down quickly, according to Matthew Strauss, senior currency strategist at RBC Capital Markets⁷. Canadian bonds outperformed U.S. issues, where the Canadian 10-year yield stands at 23.1 basis points below its U.S. counterpart⁸.

Canadian mergers and acquisitions in the first quarter were up in comparison with a year ago, as the number of deals involving Canadian companies increased 61% and the value of transactions increased 70% in the first three months of 2010 in comparison with the first three months of 2009, according to the Pricewaterhouse Coopers survey⁹. Mergers and acquisitions were primarily in the mid-market range, with an average of C\$85 million¹⁰. Notably, almost 50% of Canadian mergers and acquisitions

in the first quarter were in energy and materials¹¹.

Canadian companies will begin their earnings reports in late April¹². Results are expected to be good because of the year over year comparisons with the same time in 2009¹³.

Starting in June, the Bank of Canada is set to raise interest rates, increasing rates from 0.25% to 3% in just over a year, according to Bank of Nova Scotia's chief economist¹⁴. A Bloomberg survey of economists predicts Bank of Canada interest rates will reach 1.25% by the close of 2010¹⁵.

The Bank of Canada's forecast for economic growth for the first three months of this year is expected to be 5%-plus on an annualized basis, while the central bank forecasted expansion at 3.5%¹⁶.

Charlotte Felber is an associate attorney at Lewis & Gellen LLP in Chicago, Illinois. The views expressed in this article should not be construed as investment advice. All information is believed to be from reliable sources; however, no representation is made as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results.

1. Jennifer Kwan, "CANADA FX DEBT – Jobs data tugs C\$ away from parity; bonds firm," *The Economist*, April 9, 2010, available at <http://www.reuters.com/article/idUSN0911719420100409?type=usDollarRpt>; Greg Quinn and Alexandre Deslongchamps, "Canadian Dollar Gains on Speculation About Strong Jobs Report," *BusinessWeek*, April 8, 2010, available at <http://www.businessweek.com/news/2010-04-08/canadian-dollar-gains-on-speculation-about-strong-jobs-report.html>.

2. Kwan, supra note 1; Quinn, supra note 1.

3. "Jobless Rate Remains at 8.2%," *The Canadian Press*, April 9, 2010, available at <http://www.cbc.ca/money/story/2010/04/09/stats-jobs.html#ixzzokNLH2Bm>.

4. Id.

5. Id.; Malcolm Morrison, "First quarter earnings will set the tone on stock markets this week," *The Canadian Press*, April 11, 2010, available at <http://www.google.com/hostednews/canadianpress/article/ALeqM5j9xAiBj-ZI2ALtG6c52XuqXtVtWQ>.

6. See Morrison, supra note 7.

7. Kwan, supra note 1.

8. Id.

9. Andrea Hopkins, "Canadian M&A up in Q1 as credit crisis recedes," April 9, 2010, *The Economist*, available at <http://www.reuters.com/article/idUSTRE63838V20100409>.

10. Id.

11. Id.

12. See Morrison, supra note 7.

13. Id.

14. Paul Vieira, "Scotiabank sees rates at 3% by end of 2011," *Financial Post*, April 9, 2010, available at <http://www.financialpost.com/story.html?id=2782853>.

15. Id.

16. Id.

CUBC MEMBER PROFILE

BY: ANGELA D'ALESSANDRO



While in law school, Angela also engaged in summer studies at the Salzburg Law School in Austria in the area of International Criminal Law, Humanitarian Law and Human Rights Law. Following her law studies, Angela joined the McTague Law Firm in Windsor, Ontario as an articling student and then as an associate. Angela then moved to the international firm of Miller, Canfield, Paddock and Stone, LLP where she currently practices as an associate in the area of commercial litigation, with a particular focus on bankruptcy and insolvency law. In 2009, Angela also obtained her license to practice law in the State of Michigan. Angela is also an instructor at St. Clair College in Windsor, Ontario in the Continuing Education faculty and has taught commercial business law since 2005.

Angela is an associate with the law firm of Miller, Canfield, Paddock and Stone, LLP in Windsor, Ontario, Canada. Angela graduated from the University of Windsor with an undergraduate Honours Degree, concentration in Criminology in 2000. Angela then attended at the University of Windsor, Faculty of Law where she obtained her Bachelor of Laws in 2003 and was then called to the Ontario Bar in 2004.

Where did you grow up in Canada?

Well, I was born and raised in Windsor, Ontario which borders Detroit, Michigan.

What is your current position and your role?

I am an associate at the international law firm of Miller, Canfield, Paddock and Stone, LLP in our Windsor, Ontario office. It is an old firm, over 150 years old and quite large with over 400 lawyers worldwide.

What made you decide on this type of work?

I really do love law and the practice. In particular, I enjoy practicing in the area of bankruptcy and insolvency as it is a results-oriented practice.

What is the best part of your job?

The best thing is the people...which includes clients but also my colleagues that I work with. We develop creative strategies - unique to each situation - to accomplish our clients' goals. We recognize that our client is often best served by re-structuring troubled loans through forbearance agreements or other consensual arrangements. Our focus is always on the bottom line. Since our clients are both from Canada and the United States, many of our matters are truly international in nature. The cross-border insolvency law side of the practice is always exciting.

What suggestions do you have for others wanting to follow a similar path?

I believe that to accomplish great things you need to act, but also dream, not only plan, but also believe. I apply this philosophy in my professional life as well as my personal life.

Describe Canada in three words...

Diverse, friendly, stunning.

Our newsletter seeks submissions to profile other members of the club. Send your profile submissions to our editor (traison@millercanfield.com)

THE CANADIAN CLUB OF CHICAGO IS CHANGING TO....



CANADA - US BUSINESS
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The room was full to capacity as a drawing took place for a round trip ticket between Chicago and Toronto on Porter Airlines which graciously sponsored the drawing.

Photo from: Healthcare: Understanding the Future (04.13.10)

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