

FOREST PRODUCTS

Cascades family to hand reins to loyal employee

ROSS MAROWITS MONTREAL

The founding family of **Cascades Inc.** is preparing to cede day-to-day management to a long-time employee who has risen through the ranks of the paper company.

The Quebec-based firm on Wednesday appointed Mario Plourde, 49, as chief operating officer, positioning him to eventually replace Alain Lemaire as CEO.

"I know it's a replacement of the name of the family but I

know well the values of this business and I intend to keep them and to keep the same green aspects that Cascades has built over the last 47 years of its existence," Mr. Plourde said in an interview.

Mr. Plourde began his new role Wednesday and said he expects to become CEO within a few years, depending on when Mr. Lemaire, 63, decides to retire.

The succession process has been under way for a few years but Mr. Plourde's selection over other group presidents was made

without interviews.

Mr. Plourde rose through the ranks after joining the company in 1985 upon graduating from the University of Quebec at Montreal with an administration degree, including a major in finance.

"His appointment today is a clear expression of not only our confidence in Mario's leadership but also our desire to ensure the continuity of our corporate culture," Mr. Lemaire said.

Mr. Plourde's enhanced role in management will permit the

founding Lemaire brothers – Alain, Laurent, 72, and Bernard, 74 – to devote more time to developing their strategic vision of the company, he said.

That could allow Cascades to more quickly make decisions, Mr. Plourde noted.

Pierre Lacroix of Desjardins Securities said he wasn't surprised that Mr. Plourde was selected.

"The guy understands well the Cascades business ... has a very good background and also he's well-respected by the investment

community," Mr. Lacroix said.

"He grew up in Cascades so it's like a member of the family."

Even though Mr. Lemaire will eventually retire, several generations of the family will remain involved by sitting on the board of directors and owning a large block of multiple voting shares, he added.

The Canadian Press

Cascades (CAS)
Close: \$6.72, down 18¢



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TELECOM

Nova Scotia's Bragg Group makes first foray outside Canada

IAIN MARLOW
TELECOM REPORTER

The **Bragg Group** of Nova Scotia is buying a small telecommunications company in Bermuda from its British parent company for \$70-million (U.S.), marking the first time the family-run company has expanded its telecom business beyond Canada.

It may also mark the beginning of a radically different – and much sunnier – growth strategy for the Bragg family, whom many assumed would begin swapping its disparate Canadian cable operations to consolidate its now national telecom empire on the East Coast, where it is stronger.

The deal for Cable & Wireless Bermuda was announced by the companies Wednesday and still requires approval from Bermuda's regulator. For U.K.-based Cable & Wireless Communications PLC, which operates in Monaco, Macau and various small island states – including in the Caribbean – the move represents a strategic divestment.

For the Bragg family, which runs a frozen food empire on the East Coast and operates regional telecom services under the EastLink brand, the acquisition marks the continued expansion of a well-run, private company that is now, apparently, bucking the trend in Canadian telecommunications of simply consolidating regional fiefdoms. The family is known in the industry as smart operators who buy up struggling telecom businesses on the cheap and weave them into a growing network.

The deal had its genesis in a series of conversations in London a couple of years ago, initiated by Ann Petley-Jones, who will be the new company's chief executive officer and who has sat on various boards with the Bragg family over the years in Nova Scotia.

"These properties were never on the market, we approached them," Ms. Petley-Jones said in an interview, adding other acquisitions in the region remained a possibility. "And it makes sense for us, because they're very strong assets, with good people, in an extremely wealthy region."

Negotiations stalled for some time as the Canadians waited for the British company to begin an international realignment. The Bermudian company, oddly enough, is actually closer to EastLink's Halifax offices than some of the firm's other acquisitions – such as Delta Cable in B.C.

In recent years, the Bermudian unit of Cable & Wireless has thrived, executives said, as the island became an offshore financial services hub for multinational corporations. The purchased holding company consists of a data services provider that oversees a vast chunk of the capacity running off the island on an undersea fibre optic line. It has numerous corporate clients, including domestic telecom companies that are currently not allowed to ship data off the island.

The regulatory rules governing the market, however, are in for a major overhaul, Ms. Petley-Jones said. That will allow her company to begin selling to residential customers – something it can't currently do – but it will also open her Bermuda operation's core data market to competition that could squeeze profits.

"We like competition," she said. "Change allows nimble operators to improve profits and pick up additional market share."