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ING Groep N.V.'s decision to sell its majority position in ING Canada, potentially reducing its holding in the Canadian group to zero if all offerings including the overallotment of 5,124,000 shares are successfully sold, marks the end of the Dutch group's decades long foray into the Canadian P&C sector which began years ago with its purchase of The Halifax.

The struggling Dutch group, seemingly unable to find an external buyer for a more reasonable price has resorted to selling its shares at a considerable discount to the current trading price. The current trading price itself having suffered through the soft insurance market and the overall capital market meltdown was itself down about 50% from its April 2006 high of over $60. It is a sorry exit.

This sale brings no new capital to the Canadian group. However, it does free management from the distraction of having to deal with the enormous troubled parent enabling it to focus on being a truly Canadian industry leading company.

Putting ING Canada (as it is currently called) into the 'Canadian Owned' column changes the industry landscape. Depending on how it is managed, the 'New' ING Canada group has the potential and the acumen to continue its growth through acquisition path and give it even greater scale. However, it also opens itself up to friendly or not so friendly takeover by another entity – Canadian or not.

If the overhang sold by the Dutch parent is picked up quickly and trades upwards the Canadian group will have the option of raising further capital – for itself this time, to fund M&A. If on the other hand, the flood of shares sag, the newly minted Canadian group will have to wait for a more opportune time to raise additional capital all the while leaving itself open to takeover.

Time will tell.

We will be analyzing ING's moves in further detail in our **Q4/2008 MSA/Baron Outlook Report** which will be released in April.

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