



**Saskatchewan Wheat Pool**

**Saskatchewan Wheat Pool Conference Call  
Third Quarter Results  
June 14, 2002 10:30 a.m.**

Operator: Good morning and welcome to the Saskatchewan Wheat Pool's third-quarter conference call for June 14th, 2002. Your host for today will be Colleen Vancha, director of investor relations and communications. Ms. Vancha, please go ahead.

Colleen Vancha: Good Morning Ladies and Gentlemen. Thank you for joining us today. We will take approximately 45 minutes for today's call. The session will begin with a review of results followed by a question and answer session. We will allow questions from the media, however, we ask they hold their questions until we've finished the Q & A with the marketplace.

I'll turn the call over to Chief Executive Officer Mayo Schmidt

Thank you, Colleen. Good morning, Ladies and Gentlemen.

Before I begin, I would to encourage you to review the MD&A that is available on our website. With the significant changes undertaken this year, comparing year-over-year results is challenging and we have provided additional segment disclosure to assist you in your analysis.

Overall, as illustrated by our results, uncooperative spring weather had a significant impact on revenues and earnings for the third quarter of this year. This year's results were also significantly affected by lingering drought conditions across the Prairies and, to a much smaller extent, the absence of income from recently divested businesses.

The company recorded consolidated sales and operating revenues in the quarter of \$550 million compared to \$683 million last year. Approximately \$88 million of the variance relates to sales from companies that have been sold through the company's divestiture initiative. Year-to-date sales were \$2 billion compared to \$2.3 billion in the same period last year.

EBITDA for the third quarter was \$2.7 million compared to \$26.2 million in the previous year's quarter. Year-to-date EBITDA was \$37.4 million compared to \$80.1 million a year earlier.

Drought conditions throughout western Canada have persisted since the summer of 2001, particularly in Saskatchewan, resulting in an EBITDA decline of approximately \$30 million. This was coupled with a year-over-year net reduction of approximately \$13 million in EBITDA generated by businesses last year that have since been sold.

During the quarter, the Pool recorded a \$7.8 million gain for its share of land sold by its joint venture, Western Co-operative Fertilizers Limited.

The loss, prior to the gain on sale, was \$18.7 million or \$0.50 per share compared to a \$9.9 million loss in the third quarter of fiscal 2001. As you can see, the impact of drought conditions, the extent of which has not been experienced since the 1930's, really took hold in the third quarter. Our results reflect a shortage of grain stocks and slow agri-product sales due to unusually dry spring conditions and a delay in spring seeding.

While this is a setback to our goal of profitability, it is important to emphasize that our business is performing very well in a very tough environment. We continue to outperform our competitors both in terms of market share gains and cost reduction initiatives. Our customers relations programs are working well and we have seen an increase in our customer base as a result.

In our grain business, a 25% drop in western Canadian production last year meant that there were lower inventories in the system and less volume to handle in the quarter as stocks were depleted.

Grain margins were affected due to the following reasons:

First, the type of commodities available to us is much different than in normal years. This year, there was significantly more, lower margin product in the system, like feed grains, and a lack of higher margin products, like canola and special crops.

The second reason relates to the increased competition within our environment as industry participants compete for their share of a much smaller crop.

In Agri-products, we saw year-over-year sales and earnings decline due to the late spring and prolonged dry conditions.

The fact is that while recent rains have alleviated drought conditions throughout the southern Prairies, topsoil moisture in the central and northern parts of western Canada remains below average.

We will now need above normal rainfall in those areas every ten days or so, from this point on to create conditions for an average year.

Amid these unusual weather patterns, we have focussed intensively on those areas within our control to improve operating performance and to strengthen the balance sheet.

On February 28, 2002 we repaid \$45 million of our term loan facility.

Balance sheet debt at April 30, 2002 declined \$169 million or over 20% compared to April 30, 2001.

We finalized the sale of CanAmera Foods, two months ahead of schedule and received \$59 million in proceeds from that transaction. We now have the funds necessary to meet our next loan repayment, which is \$60 million due in November 2002.

On the operating side, we reduced costs by \$25 million during the first nine-months of this year. In fact we have significantly exceeded all our original expectations associated with restructuring efforts.

Over the last 24 months we have reduced costs by \$51 million. That is a sustainable number and a reflection of the commitment that management and employees have made to improve the profit potential of this organization for the long term. Approximately half of those savings come from salaries and wages.

Market share is up again to approximately 23% for the first nine months of the year.

This is a significant accomplishment given that last year's drought and corresponding production declines were much more pronounced in Saskatchewan, where the majority of Pool facilities are located.

We exceeded our 90% target for loading multi-car unit trains hitting 92% during the period. That's up from 78% last year and 61% the previous year.

While grain shipments were down 18% in the quarter, on a year-to-date basis our shipments through the Pool's primary elevator system declined by only 7.4% which compares to industry shipments which were down by 21% for the period

Can-Oat continued with its exceptional performance. We illustrated our long-term commitment to that business, by providing funds to expand their capacity in order to meet the ever-increasing demands of their valued customer base.

And finally, as many of you know, we recently secured grain volume insurance that provides a buffer against volume declines. The low cost program is in place now and will be available in Fiscal 2003 should significant production declines materialize again this year. We see this as an add-on to our cost reduction initiatives to help mitigate weather-related risk in our grain business.

I think it is extremely important that investors understand that the current conditions in our industry, while disappointing, are uncontrollable. This is a business that is dependent on the weather, and we are implementing programs to reduce that dependency.

Our lenders, shareholders, suppliers and employees support this company, and recognize that the initiatives that we have undertaken are making us stronger for the long-term. Losses will occur, when the weather doesn't co-operate, but we intend to work our way through them and our actions have provided us with the staying power over the long-term.

Recent rains are the first sign of a return to more normal weather patterns. However, we are not waiting for more rain. In January, we began to prepare ourselves for the potential for a second year of drought. We worked through our business plans and developed scenarios based on various degrees of drought. Action plans were implemented which are reflected in our cost savings to date. Should drought conditions persist, we will take the additional steps outlined in our contingency plans.

We have virtually completed our previously announced restructuring efforts. We have captured in excess of \$200 million in proceeds from the sale of non-care assets over the past 24 months and we believe our debt levels at year-end will reflect those efforts. Our debt to equity ratio at the end of the quarter was 60:40, an improvement from 62:38 last April. We expect to see this ratio improve as we enter the fourth quarter, which is typically the strongest.

We also recognize that investors have been patient as we right size the business. We will undertake a further assessment of the valuation of our ongoing assets at year-end, based on their performance for the full year.

As we look to the end of the year, we expect exports to decline significantly because of low production levels from last year's drought. As a result, wholly owned port terminal volumes are expected to be lower than last year's levels. In the primary business, the Pool has been able to maximize volumes in the first nine months but expects significant reductions in the fourth quarter as stocks deplete. The lack of higher valued commodities in the system and increased pressure as competition for remaining stocks accelerates, is expected to reduce EBITDA from grain handling and marketing to less than half of last year's level by July 31.

For the Agri-products businesses, expectations for this year have been tempered to reflect the late spring and switch to crops that require fewer inputs. Recent precipitation will be positive for the growing season but may now be too late to ensure an average sized crop. As a result, the Agri-Products segment is not expected to reach the sales or EBITDA levels of the previous year.

More positively, significant improvements at Can-Oat are expected to continue in the fourth quarter and the Company expects Can-Oat's sales and EBITDA growth to remain in the double-digit category for the year. Prairie Malt is also expected to have a solid year. From an Agri-Food Processing segment perspective, the variances on a year-over-year basis will primarily relate to lower results from the Pool's share of CanAmera Foods, which has suffered due to drought conditions, along with sales and EBITDA variances resulting from the divestiture program this year.

To conclude, naturally, we are hopeful that recent rains are the first sign of a return to more normal growing conditions. However, with the late growing season and continued moisture shortfalls in some parts of the prairies, the remainder of the year will be challenging for the Company. However, no matter what temporary setbacks the environment has in store, we will take the right steps to protect the long-term interests of our investors, our customers, our employees. That means we'll continue our efforts to minimize costs, strengthen the balance sheet and improve our risk profile.

Thank you. I'll turn the call over to Colleen for the question and answer period.

Colleen Vancha: Thank you, Mayo. Michael McCord CFO, Will Hill, the head of the Grain Group, and Bill Dorgan, head of Agri-Products, are also with us today to assist in the Q&A. Operator, we will begin with questions from the marketplace.

Operator: Thank you. If there are any questions on the phone lines, please press \*1 on your touch-tone phone. If you're on a speaker-phone, please pick up your handset and then press \*1.

Your first question is from Irene Nattel.

Irene Nattel: Good morning. Just a couple of questions, if I may. First of all, Mayo, you alluded to contingency plans that might have to be implemented or would be implemented if drought conditions continue. Could you give us an idea of what those might be?

Mayo Schmidt: Certainly. One of the things that we had done back in January was to take the attitude that we were in a drought and we were going to be in a drought until sufficient moisture came. We ran some scenarios based on 10, 20 and 30% drought levels. And then we overlaid that with the actions that we would take in each of those scenarios. So, we were very sensitive to the costs associated with the reductions in volumes. With that too has been the direction that we've taken since I arrived, (I guess it was January of 2000), where we've captured in excess of \$50-million in cost savings. Those are sustainable cost savings. We feel that the company will continue through a normalized process of natural attrition. But we, in fact, do have the opportunity going forward to take our costs down, especially if there's a drought situation. And I really can't provide you more specifics than that today from a strategic point of view.

Irene Nattel: Thank you. And a second question, if I may. Industry volume is down about 21%, and your handlings were down 18% in the quarter, and according to Agricore United, their handlings are down 18.6%, which would seem to indicate that there are other entities out there that have to be suffering very badly. Could you talk a little bit more about what the competitive response that you alluded to earlier might be and how that could have an impact on you moving forward.

Will Hill: It's Will Hill here. In terms of the competitive response that we've seen, certainly in a marketplace like this, people begin to hold onto their market share. We have seen some erosion in markets, particularly on our non-board grains and special crops, but as you alluded to, we've managed to have market share gains as well as perform better than the industry average in terms of our shipments thus far to date.

Irene Nattel: And presumably, though, you're being able to hold onto your market share by passing on the multi-car incentive.

Will Hill: Certainly on the board grain side of the business, the amount of savings that we've passed on has been more than offset by the increased volumes that we've achieved through our proactive programs, both on the tendering side and on the origination side from the farmers.

Irene Nattel: But presumably in the fourth quarter, there's going to be an awful lot more non-board grains, right?

Will Hill: I think the trend that we've seen to date will continue right through the crop year.

Irene Nattel: Okay. That's great. Thank you.

Operator: Your next question is from David Newman.

David Newman: Good morning.

Mayo Schmidt: Morning.

David Newman: The grain volume insurance that you have in place, how does that work and how much can you recover if we have a continued drought?

Mayo Schmidt: David, the positives here are one, that we were able to put the insurance in place. It's very cost-effective. It's pennies per tonne, in fact. The other thing is that it's based on industry receipts, and it will be - and I'll give you this guidance --- if in fact we do get to a point where we do have the drought and it does initiate the coverage of the insurance - it will be material support for the company, and it kicks in before a 15% reduction.

David Newman: Okay. In terms of EBITDA impact, if you have a 15% reduction, how much could you recover on EBITDA? Can you comment on that, or...?

Mayo Schmidt: Well, from a strategic point of view, David, we probably would only comment on that if in fact we do collect going forward.

David Newman: Okay.

Mayo Schmidt: Hopefully that won't be the case and we'll continue to get the right moisture, but even at this point we think there's been some affect to production obviously, and we need to see what the follow-through is. We've had great rain in a period of about three days, and we'll see what the follow-through is on that.

David Newman: Okay. And it looks like you're going to get through your debt repayment for this fall, but you have \$280-million approximately due in fiscal 2004. I know you probably can't comment in terms of specific plans, but directionally, how would you manage to get that debt repayment done?

Mayo Schmidt: Okay. You're obviously quite correct here. Let me just start with a couple of things that have happened. One is that today, as indicated in the press release, we've gone through a significant deleverage and we've paid \$169-million to date. FCC took away up to \$200-million in requirements on top of that. We've got another \$60-million that will be paid in November. The funds from that, obviously part of which are associated from the Can-Amara sale, are in position. That takes a total de-leveraging effect of about \$440-million. Going forward, we have begun for next year the development of a comprehensive refinancing package. We have \$60-million, as indicated due in the November of '02, plus some quarterly payments, and \$110-million in November of '03. And then of course the MTNs\* will be part of a comprehensive restructuring of the financing package.

\*Medium Term Notes

David Newman: Okay. Is there any point that you could see the 10% ownership limit being lifted at all, or is that something that's never come on the table?

Mayo Schmidt: Well, certainly the board of directors has had discussions about the governance and those restrictions, whether it be outside directors, for which they've added outside advisors. But even at this quarterly meeting and going forward, they struck a special committee to review the governance of the company. Certainly they're very fiscally minded and driven toward success, and they realize that our investors are a significant part of that, along with our customers. So that is, in fact, being discussed with our board of directors as to what the governance ought to be going forward and whether we have the appropriate governance based on the conditions and the environment that we're moving into.

David Newman: Okay. And the Sask Wheat Pool Act, what would have to be done to sort of amend that?

Mayo Schmidt: Well, first of all, it's done through an act of parliament, so there's really three stages: one is change in the legislative laws; secondly would be the support to do that through the delegates; and then likely it would be a by-law change within the delegate structure. So if the board should choose to do that going forward, it's doable.

David Newman: Okay. And last question. The Can-Amara sale, is that part of the \$200-million that's been sold to date?

Mayo Schmidt: Yes, it is.

David Newman: Okay. Very good. Thanks a lot.

Operator: Your next question is from Scott Smith.

Scott Smith: Good morning. Can you tell me what amount you have as a tax receivable in other long-term assets?

Mayo Schmidt: I'll ask Lyn Kristoff. She's head of our financial resource group.

Lyn Kristoff: I've got that so just bear with me for a minute.

Scott Smith: Oh, just ballpark, plus or minus a few million, just an idea.

Lyn Kristoff: In the long-term it's about 50.

Scott Smith: About 50? Okay. When you talk about valuation of ongoing assets, is that implying a potential write-down could be coming at July 31st? Is that what I should read into that?

Mayo Schmidt: What you should read into it is that we're nearing the completion of our divestitures, and through that process we have a better understanding of market values within the businesses that we operate today.

We expect to complete that process by year-end, and the intent of this company is to ensure that the appropriate value of ongoing core assets is identified.

Scott Smith: Do the accounting standards require you to look at it quarterly? annually? I can't remember.

Mayo Schmidt: Always. It's ongoing.

Scott Smith: Ongoing?

Mayo Schmidt: It's ongoing and it's quarterly.

Scott Smith: Okay. The insurance program, can you give me a sense, is there caps on the amount you can receive over the life of the program?

Mike McCord: This is Mike McCord, CFO. The program is a three-year program and there is a limit on the policy over that three year term. The good part is the policy is renewable after the three-year term.

Scott Smith: And if you limited out that amount, would that amount be significantly greater than the premiums you'd pay over the life of the transaction or deal?

Mike McCord: Yes, it would be.

Scott Smith: Okay. Just for general information, there's something in the report that talks about 37% of western Canada had received less than 50% precipitation, or what's normal, I believe. What would that look like in Saskatchewan versus western Canada?

Mayo Schmidt: If we look at our maps - and it's moisture maps you're referring to - what you'd find is from Highway 1 south, we have recently received substantial moisture and to some degree in certain areas some moisture over the last 30 to 60 days. That certainly is a temporary boost. As you look at the entire province, we have areas from Saskatoon to the west that are substantially dry, and even areas today, smaller areas that have received no precipitation. So functionally you see Manitoba and Alberta have received substantially more precipitation than Saskatchewan has, although there's a band from Regina west that would have received up to three or four inches. This really puts us in a good position to see the emergence of a crop in almost all areas.

The goal or the need will be going forward, as indicated, about every ten days or thereof we're going to need adequate rainfall to even have any hope of getting close to normal conditions, because sub-soil moisture is very low or non-existent in some areas, and in my belief it has already certainly had a material impact on production. Certainly the sales, as we've indicated, in the Agri-Products group are going to be lower than last year. There has been already a non-recoverable effect to some degree on agri-products.

Scott Smith: Right.

Mayo Schmidt: We certainly, with the recent rainfalls, are going to see a substantial pick-up going forward, but my belief is that it isn't going to be substantial enough to make up for what the industry lost coming into this particular time of year.

Scott Smith: When you look at Highway 1 south versus north, what in a normal year (which obviously this isn't one of them) what percentage of your volumes would come from the area that when I look on the Saskatchewan map anyway has had a fair amount or reasonable amount of rain versus a northern part or central and northern part that hasn't? Are you at least getting rain in the areas where you get most of your volumes from, or is it evenly distributed throughout Saskatchewan? I don't have a good sense of where the volumes come from within the province.

Mayo Schmidt: Sure. Sure. I can give you some guidance. Sixty percent of our volumes come from north of the TransCanada highway, and I would say that the moisture, although reasonably distributed, would have favoured south of TransCanada highway because they had early moisture along with the more recent rainfall that came. So there will be more of an effect to the north, which is 60% of the production.

Scott Smith: Yeah, because I think the last ag map for I guess the 10th of June looked like anything above Regina was still rated as poor conditions.

Mayo Schmidt: That's correct. Specifically, if you want a break point, it was more Davidson south. Davidson continued to be the environmental barrier for moisture to the north, and when we got four inches of moisture south of that line, north of that line they were somewhere close to an inch, maybe slightly better. And to the east of that, east of Saskatoon, there were areas that received two or three inches, but to the west even it got very dry. In fact, one of our directors is about 250 kilometres west of Saskatoon and hasn't received any moisture. In that area, it's the driest conditions since 1917 specifically. The drought conditions we have today, in this year that we're dealing with, are the driest conditions since the 1930s.

Scott Smith: The \$200-million in asset sales, is that the correct number?

Mayo Schmidt: Yes.

Scott Smith: That includes Can-Amara?

Mayo Schmidt: It includes Can-Amara.

Scott Smith: Okay. So when I look at the EBITDA for sold operations, it's down about \$13-million comparing nine months to nine months from the previous year.

Mayo Schmidt: That's correct.

Scott Smith: Your interest expense is down \$12-million, give or take. So you've basically broken even? Like from a cash-flow perspective, has anything really changed for the entities?

Mayo Schmidt: Well, it has. Maybe I can just give you a breakdown and explain the decrease in interest costs. \$9.9-million of the bank refinancing is a bank refinancing cost, so it's about \$1.1-million a month. We've had about \$7.9- or call it \$8-million in savings, which is a principal reduction vis-à-vis the sale of businesses, and then about \$3.6-million in rates, et cetera. So it creates a net effect, but the key is there's been a more substantial reduction that would be obvious because of the bank refinancing charges.

Scott Smith: In the balance sheet, when you look at your less than one-year debt and then you look at your bank lines, I think you have about \$45-million on your short-term bank lines, I believe.

Mayo Schmidt: Yes. Mike, do you want to take that question? Mike, our CFO, is here, and he can take that question.

Scott Smith: I'm just trying to get a sense for the \$60- that's due in November, plus you have this additional \$36-million on your bank line. Can you just refresh my memory on how the bank line works from a short-term perspective?

Mike McCord: Well, we've obviously got two types of bank lines. We've got the revolving line, which is available to us, plus we've got the term debt which is available to us. When we look at the balance sheet, the long-term debt due within one year would include a portion of the \$60-million that's due plus the quarterly payments.

Scott Smith: Okay.

Mike McCord: And of course the bank indebtedness would be a consolidation of not only Sask Wheat Pool, but our subsidiaries. So we've got other entities that are in this consolidated picture.

Scott Smith: From your short-term borrowing line, do you have covenant issues for year-end coming up here, or...?

Mayo Schmidt: No, we have no covenant issues at the end of this quarter.

Scott Smith: How about looking forward to July 31st?

Mayo Schmidt: We see no issues with our covenants going forward.

Scott Smith: Okay. Just one last question. You talk a little bit at a high level of a comprehensive restructuring package to try and deal with the amounts due in later '03 and early '04. I have no sense of what that could possibly be. What options do you think you will have in the marketplace to deal with, let's say, \$250-million of debt coming due?

Mayo Schmidt: It would be inappropriate for us to comment on how we're strategically going to handle our refinancing of debt, which is due basically in November of '03 and February of '04 at this particular time.

Scott Smith: I'm just asking what options you think you would have.

Mayo Schmidt: There's multiple options that we're exploring at this point in time, so we've already started the due diligence and the discovery work that's required to get that accomplished.

Scott Smith: Okay. Thank you.

Operator: Once again, please press \*1 for any questions. The next question is from Adrian Ewins.

Adrian Ewins: Hello. I wanted to go back to the issue of the ownership, the status of the company and the 10% rule. Just to refresh my memory, I believe that says that no single shareholder can own more than 10% of the common shares, is that correct?

Mayo Schmidt: That's correct.

Adrian Ewins: I wonder if you could just expand a little bit on why you're revisiting that, what advantages there would be to the company to make any changes in that rule, and sort of what level of consideration it's at within the decision-making structure.

Mayo Schmidt: Quite frankly, there's a number of events that have happened in recent history that are having all corporations revisit their governance and their disclosure and how they act and operate in the business environment we're in today. We pride ourselves on practising open disclosure as long as it obviously doesn't get into a strategic issue for us. But the governance of the company, as in any good, well-run public company, is revisited frequently, whether it's audit committee or the different committees struck by the board. And they continue to look at the governance to review the value of the delegate structure, the value of the co-op structure, and also to address the needs of the class B shareholders, because obviously not only do we need to meet the requirements of our customers to be healthy for their support in delivering products, but we have to be focused on what's appropriate for the shareholders going forward as well.

Adrian Ewins: Is it felt then that obviously you could get access to more capital if you made the change? Is that what's driving this idea?

Mayo Schmidt: I don't think that's what's driving it. I think it's a couple of things. It's a preliminary review but it is done on an ongoing basis, and certainly the investors in this organization have periodically asked the question about the governance of the company, and whether the company feels that it is in the best interest long-term for the company. So it's reconsidered every year by the board of directors.

Adrian Ewins: Two more quick questions on that, -

Mayo Schmidt: Sure.

Adrian Ewins: - if I may. How do you think that will be received among your membership in terms of you might start to hear talk about fears of takeovers or American companies coming in and buying up the Pool. How would you deal with that among your customers? Would that be an issue that you would take into consideration?

Mayo Schmidt: Well, I think quite frankly, as I indicated, they consider it every year, so it's a long way from a discussion as to whether or not the delegates would be in favour or not in favour, and I guess

I'd have to look to them to answer that question. But at this point the question hasn't been asked of the delegates, and there's no clear indication that it will be asked of the delegates. But as I said, we really shouldn't make more of this than it is, that it's just reconsidered every year, and there are obviously investors that ask questions and the 10% cap does is obviously a barrier to certain events within the company, and it also provides liquidity constraints for people that would like to buy significant volumes. And we've seen substantial support on our shares.

Adrian Ewins: One final quick thing on that. You said that it would require a change and an act of parliament. Is that the federal or the provincial legislature?

Mayo Schmidt: Provincial.

Adrian Ewins: Provincial. Right. Okay.

Mayo Schmidt: Yeah.

Adrian Ewins: Thanks.

Mayo Schmidt: Yes. Thanks, Adrian.

Operator: The next question is from John Carswell.

John Carswell: Hi. Good morning.

Mayo Schmidt: Good morning, John.

John Carswell: I've got a question for Mike on how all these changes to the receivables and securitization program is coming through. You've taken some off the balance sheet really by moving them to FCC, but it looks like your inventories are about the same as last year and your accounts receivable are down \$100-million, which is obviously securitization. But when you look at the effect on the cash statement, it's a bit difficult to understand as an outsider. So could you take us through that, please?

Mike McCord: Yeah. I think that there are a number of reasons for that, that it doesn't show up exactly, Don. But probably the outstanding factor as at the end of April is the fact that we've got a considerable amount of ag products inventory that wasn't sold that normally probably would have been sold by the end of April. So that has a counter-balance effect on some of the good things that we've done with entering into the FCC program and things like that.

John Carswell: Okay. Well, thanks for that. And when you see, for example, on the cashflow statement, use of cash as securitization of accounts receivable, how does the fee structure, the changes in the fee structure for the securitization facility, flow through in those sorts of lines?

Mike McCord: Well, I can say that the fee structure from a year ago has increased for the company. Also just compare last year to this year. We did expense last year our facility fees which were approximately \$7-million in last year's financials. So we do have a reduction in costs this year a little bit because of the amount of money that's in the securitization program. Part of that will be going over to FCC in the future, so as the year goes on, we'll see more of a dramatic impact of some of our efforts that we've put together with the farm-smart program.

Don Carslow: Okay. And the last question would be could you just comment on the effect of the pension fund provisions? They seem to be up this year as opposed to last year.

Mike McCord: I'll give that question to Lyn Kristoff. She works with that closely.

Lyn Kristoff: They are not up much from our July numbers. The earnings of the plans are pretty slack from year-end 'til now. However, they were up from April to April, and that would have been disclosed in our results last year.

John Carswell: Okay. Thank you very much.

Operator: The last question is from Lax.

Question: Yes. I wanted to ask you a couple of questions on your insurance program that you just bought. What do you see as the bottom-line effect that it would have in terms of (inaudible) that you bought going forward for this year and for next year?

Mayo Schmidt: What I can tell you (and a lot of this has actually been announced) there's a three-year program, and as indicated it's pennies on the dollar. It kicks in at a 15% drought level and the only indication I'm prepared to give you today in terms of the dollar impact is that it provides material support for the company in case of a reduction of 15%. I really won't be providing guidance on that going forward unless in fact we're in a position where it's necessary to collect on that insurance.

Question: Okay. And the next question was, as regards to the debt repayment that you have and which you said there were some restructuring plans that you have started doing due diligence on, when do you see issuing more public information as regards the repayment plans, and also more considerations of your worst-case scenarios going forward for this year and for next year?

Mayo Schmidt: Well, first of all, as indicated, the company is in position today to make the November payment. We have more than sufficient availability to run the company going forward. We're going a year from now into a restructuring of the debt. It'll be a comprehensive package, which will obviously include the MTNs.

We have prepared guidance related to whether it's refinancing or the further effects of the drought. As indicated last January, we put into position strategies and plans to deal with the ongoing effects of anything from a 10, 20 or even a 30% drought, which would be extraordinary. But those plans are in place. We don't expect to have to go to the 30% level, but in fact today you could argue that prior to the recent rains, there's been a 10% effect. And we'll be announcing any changes or announcing our actions on an ongoing basis when we're ready to take those actions, and I think it's important just to keep your expectations at the right level that prior to these rains, there's probably been a 10% effect. There's some agri-products that will have been affected throughout the year that I believe in the industry are non-recoverable, as much as I think we're going to see very strong sales within a few days from now when the soil dries out enough. We're already in the agri-products group getting very, very busy after the recent rainfall.

Question: Great. And also there was an article today in the Wall Street Journal about the wheat prices really firming up. Does that have any effect on you guys?

Mayo Schmidt: Not directly. The fact is that we're in an industry in Canada where the Wheat Board has a monopoly on wheat and barley. We have established tariffs that deal with our cost and profitability on an ongoing basis, and that isn't traditionally materially affected by the level of wheat in the world. So we look at the fact that it's more of a positive psychological effect for producers and its support relates to the ag products that we sell, but not particularly in terms of the grain handling side. And I expect that to continue going forward.

Question: Okay. Thank you so much.

Mayo Schmidt: You're welcome. Thank you.

Operator: There are no further questions.

Colleen Vancha: Thank you, operator. The call has been recorded and can be accessed later today by dialing 416-695-9728, and that play-back feature will be available until the end of next Wednesday. Thank you very much for your interest in Saskatchewan Wheat Pool.