Saskatchewan Wheat Pool
Third Quarter Conference Call
June 9, 2006, 12:00 noon (Regina Time)

Colleen Vancha:

Good day ladies and gentlemen. It is my pleasure to welcome you to the Pool's third quarter conference call. I trust you have had an opportunity to review our press release, and the statements and notes that were issued this morning. They are posted to our website.

Before we begin our discussion, I would like to note that:

Investors are cautioned that the following comments and responses to questions may contain forward-looking statements. Such statements are based on certain assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied. Additional information about these assumptions and factors can be found in our disclosures in the quarterly MD&A under the section titled forward-looking information. The information presented today is current as of today's date and will not be updated

We have our senior management team joining us on the call today. I would like to invite Mayo Schmidt, President and CEO to provide some opening comments and then we will move to the question and answer session, Wayne Cheeseman, Fran Malecha, and Doug Weinbender will be available to take your questions at that time.

Mayo, I'll turn the call over to you.

Mayo Schmidt: Thank you.

It is my pleasure to report our third quarter results to you today. We have had a very good quarter in our grain handling and marketing segment and completed some significant initiatives over the past several months to position the Pool to take advantages of future growth opportunities as they come forward. Let me begin with the consolidated results.

Sales for the third quarter were $336 million, up about 17% from last year's third quarter and up 18% for the nine-month period. Total sales for the first three quarters were $978 million.

The improvement was driven by our Grain Handling and Marketing segment, which benefited from increased grain volumes and strong non-Board grain and oilseed exports.

EBITDA for the third quarter of 2006 was $18 million compared to $12 million for the third quarter last year.

The Grain segment generated a $9 million increase, while Agri-food Processing results were on par with last year's quarter. Our Agri-products segment was down approximately $3 million primary because of timing issues. I will get into those details shortly.

On a year-to-date basis, EBITDA was up 22% to $29 million with the Grain group nearly doubling their EBITDA and the Agri-food Processing segment generating an 11% improvement. These positive results were partially offset by two items:

- a $10 million decrease in Agri-products contributions resulting from margin pressures and year-over-year timing difference in sales, and
- a $4 million increase in corporate costs reflecting higher wages and higher capital taxes. The Pool now pays Saskatchewan capital tax as a result of continuing under the Canada Business Corporations Act in March of 2005. Last year, the entire amount was expensed in the fourth quarter.

EBIT in the third quarter was $11 million compared to $5 million in 2005 and on a year-to-date basis was $8 million versus $4 million a year ago.

The interest expense line, which we have referred to as financing expense to provide more clarity, has a number of items that I would like to take you through.

- The interest costs associated with our short-term borrowings and term debt levels was down from $9 million to just over $6 million for the quarter.

- On April 6, 2006, we served notice that we were redeeming the 12% Senior Subordinated Notes. We were required to pay a $3 million early redemption premium, which is reflected in this quarter's financing expense.

- We were also required to take an $8 million non-cash charge to adjust the carrying value of those Notes to their $150 million face value. This too, is reflected in the financing calculation.

- For the nine-months, if we exclude the one-time charges associated with redeeming the notes, the interest expense was $18 million compared to $27 million last year.

We were required to record a $4 million corporate tax expense this quarter. Last year, during the third quarter we recorded a corporate tax recovery of $2 million.

The reason for the tax expense this quarter is because of the reduction in the provincial tax rate that was recently announced in the Saskatchewan budget. We were required to reduce our future tax asset on our balance sheet and record an expense. We have provided additional detail with respect to this item in the corporate tax expense section of the MD&A.

We expect the impact of both the provincial and federal government tax rate changes to reduce future corporate tax rates to 36.5% at July 1, 2006. They will continue to decline and by July 2010 we expect the rate to be approximately 31.4%.

Moving to our earnings from continuing operations, it is appropriate to report results before one-time items and the effect of the tax rate change to illustrate the operating performance for the quarter.

In the three months ended April 30, 2006 we earned approximately $1 million. Last year, we lost $2 million in the quarter. We have included additional detail in our MD&A to reconcile the various one-time items.

On a year-to-date basis, our loss if we ignore the adjustments for repaying the Senior Subordinated Notes was $2 million, which compares to a loss of $17 million for the same period a year ago.

After one-time items and contributions from discontinued operations, the net loss was $13 million in the first nine-months of fiscal 2006 versus $17 million in fiscal 2005. We would like to emphasize to shareholders who are new to the company that our earnings cycle is highly seasonal. The third quarter is relatively weak and we generate the majority of our income and cash flow in the fourth quarter.

I will now review some key operating highlights for you.

Our grain shipments for the quarter were 2.0 million tonnes versus 1.6 million tonnes for the same quarter last year. Non-Board shipments were 59% higher while Wheat Board shipments were only up slightly at 2%.

On a year-to-date basis, our shipments were up 19%, which compares favourably to industry shipments that were up 10% for the period. We shipped 5.9 million tonnes to date – almost 1 million tonnes more than last year.

- Our non-Board shipments were up 48%, which compares to 22% for the industry.
- CWB shipments for the Pool were up 3%, on par with the industry.
- Our market share across the western provinces was 23.4%, compared to 22.8% last year.

Our port terminal operations also performed extremely well. Total port terminal volumes for our Vancouver and Thunder Bay export facilities were 1.3 million tonnes for the third quarter compared to 1 million tonnes a year earlier.

On a year-to-date basis, volumes were 3.7 million tonnes versus 3 million tonnes in the prior year. Export movement through our Vancouver port terminal increased by nearly 1 million tonnes in the first nine-months of this year.

This is a direct result of the efficiencies we have achieved through our new joint venture operating agreement established for the Vancouver facility. Our share of volumes on a year to date basis were 2.8 million tonnes. This approximates the terminal's annual throughput capacity if we were operating on a stand-alone basis. The joint venture has created an additional 1.0 million tonnes of capacity annually, which is providing a direct benefit to Western Canadian farmers and the industry as a whole.

Third quarter gross margins for grain were $22.79 per tonne, up from $20.89 last year. This quarter's gross margin includes $1.00 per tonne reflecting a gain on sale for our divestiture of the Lloydminster joint venture we announced last quarter. Gross margins for the nine-months are up 9% to $19.69 per tonne from $18.06 per tonne last year.

EBITDA from the Grain Handling and Marketing Segment for the third quarter of 2006 was $20 million compared to $10 million recorded last year and on a year-to-date basis was $37 million versus $20 million last year.

Agri-products

Looking to our Agri-Products segment, we generated sales of $56 million this quarter compared to $67 million in the third quarter last year. The change this year reflects timing differences in seed sales.

Last year, producers purchased more seed during the third quarter because of fears there would be a shortage of quality seed during the fourth quarter. This year, producers were undecided about what to seed given low commodity prices and high on-farm stocks.

Fertilizer sales through our retail stores were also off this quarter because of wet spring conditions, especially in central and northern Saskatchewan. Farmers were unable to get into the fields because of excess moisture.

Sales through our joint venture, Western Co-operative Fertilizer Ltd. were up 24% because of higher selling prices [volumes on par for Quarter] that reflect increased natural gas costs earlier in the year. Natural gas is a primary component in fertilizer and a key input cost in the manufacturing process.

Segment sales for the nine-month period, totaled $200 million, a 3% increase from last year at this time. Our retail operations were on par with last year with WCFL sales up this year by 5% due to higher selling prices [volumes down y-t-d].

EBITDA for this segment in the quarter was breakeven compared to $3 million in the third quarter last year. On a year-to-date basis, EBITDA was a loss of $4.8 million, compared to earnings of $4.9 million recorded in last year's first nine-months.

Margins were reduced due to lower sales volumes, a lack of price appreciation on fertilizer, a change in seed product mix, and competitive pricing pressures.

Our year-to-date results include two items that we discussed with you during the last two quarters:

- The first was a $1 million increase in research and development revenue
- The second was the bad debt allowance. We have experienced better collections in our third quarter this year. However, our year-to-date collections remain lower than last year's level. This is partly the result of our decision to extend repayment terms to our customers for their 2004 inputs purchases because of severe frost that year. Collections for the 2005 loan program are ahead of collections for the 2004 loan program.

Agri-food Processing

Moving to our food processing assets, third quarter sales through Can-Oat Milling and Prairie Malt Limited were $30 million, up from the $29 million in the third quarter of 2005. Can-Oat Milling sales were on par with the same period last year, while Prairie Malt sales were up 21% reflecting that company's response to previously delayed customer shipments.

On a year-to-date basis, segment sales were $90 million similar to last year at this time. Can-Oat's sales grew by 4% to $67 million reflecting increased sales of finished products, including oat flakes, bran, and low bran flour. Prairie Malt sales for the first three quarters were down 9% to $23 million because of the strengthening Canadian dollar and excess capacity in the North American and European malt industries.

Third quarter EBITDA was $4 million, which was on par with last year. For the nine-months EBITDA was $14 million. These results are up 11% from the same period a year ago. Can-Oat's EBITDA was up 19% because of a change in product mix to higher valued finished products, an increase in their yield and improved oat quality. Prairie Malt's contribution was down because of lower margins that were pressured by higher processing costs, higher energy costs and the strengthening Canadian dollar.

Corporate Costs

On the cost side, our corporate costs for the quarter were $6.2 million versus $5.7 million last year and $18.0 million, up from $14.2 million for the nine-months. The increase reflect nine-months of provincial capital taxes, regular increases in wages and benefits, and the costs of funding the first business plan of the Farm Leadership Cooperative.

Looking at the balance sheet, I would like to highlight some of the significant changes that occurred during the quarter and subsequent to quarter-end.

- On April 5, we issued 6.7 million common shares at a price of $7.50 to a syndicate of underwriters on a bought-deal basis. Net proceeds from the offering were $47.9 million.

- On April 6, we issued $100 million of 8% Senior Unsecured Notes due on April 8, 2013. Net proceeds to the Pool were $97.1 million.

- On May 5, after the quarter ended we redeemed all outstanding 12% Senior Subordinated Notes for the full redemption price of $153 million. The net proceeds from the debt and equity offerings and working capital were used to redeem the Notes.

- On May 9, the underwriters exercised their over-allotment option and we issued 670,000 common shares at a price of $7.50 per share. Net proceeds were $4.8 million.

- And finally on May 19, we issued just over 1million common shares at a price of approximately $7.64 per share, pursuant to a private placement with Tokyo-based Mitsui & Co., Ltd. Mitsui is a global trqading company operating in a broad spectrum of food and industrial markets. This relationship will be extremely valuable to the Pool – both from a customer/supplier point of view and in terms of working together to access future opportunities.

This financing activity has positioned the Pool with an extremely strong balance sheet and will lower our future interest costs by approximately $10 million a year. Our debt to equity ratio improves to 26:74 versus 60:40 last year, assuming we had repaid the senior subordinated notes on April 30th.

As we look forward to the remainder of the year, there a number of factors that will drive results during the fourth quarter, the strongest period for the Pool. On the grain side, we will require strong wheat board movement through the fourth quarter, particularly wheat. The Wheat Board estimates their exports will reach over 17 million tonnes this year. Last year they moved 14.8 million tonnes. As of May 8th, they have moved 12.3 million tonnes. We have seen movement increase recently and we do expect to see exports increase in the last quarter given recent rallies in commodity prices and the fact that seeding is now nearing completion.

Last quarter we talked to you about the potential for up to 11 million tonnes of crop carry over into fiscal 2007. We now believe that number to be closer to 9.9 million tonnes, which is still up from the 7.7 million tonnes carried into this year, and the 4.8 million that is typically carried over each year. This is positive for the Pool as it will provide additional volumes for next year and could offer blending opportunities that are not available this year.

In our Agri-products segment, we certainly have seen timing issues this year and the outlook to the end of the year is mixed. Seeding is about 90% complete across the Prairies but the northeastern section of Saskatchewan is still behind at 70%. They have had excess moisture and we believe some farmers will switch to cereals while others simply will not get their crops seeded. This will impact our seed and fertilizer sales in that market. On the crop protection side of the business, the ample moisture received through much of the growing region is promoting rapid weed growth, which should be positive for sales of this product line. The majority of those sales occur in June. For WCFL, we expect competitive margin pressures and lack of price appreciation to have a dampening effect on their result for the full year.

The outlook for the Agri-food segment is good. Can-Oat continues to reap the benefits of increased consumer demands for oat-based products. The 50,000 tonne expansion at their Manitoba plant has begun and is scheduled for completion in the Spring of 2007.

We are pleased with the prospects for this growing business and believe that there are opportunities within other segments of our industry to expand and grow. Certainly recent announcements by the federal government have illustrated that the agricultural portfolio is an important focus for them. Commodity prices are on the rise, a positive signal for both farmers and the industry as a whole. There is momentum in renewable energy sources that holds promise for western Canadian agriculture. With the strength of our balance sheet, the Pool is well positioned to move forward with confidence on behalf of our shareholders, farm customers and trading partners from around the world.

That concludes my remarks. I would be pleased to take any questions you may have. Colleen I will turn the call over to you.

Colleen Vancha: Thank you very much, Mayo. Operator, please begin the Q and A.

Operator: Thank you. At this time I would like to remind everyone if you would like to ask a question, you may press star then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from David Newman of National Bank Financial.

David Newman: Good afternoon.

Mayo Schmidt: Hi David.

David Newman: How are you doing?

Mayo Schmidt: Very well, thank you.

David Newman: Good. Good quarter, pretty solid quarter, looks like prospects seem pretty decent on the grain handling for the year and into next.

Mayo Schmidt: We think they are.

David Newman: Yes. Given the crop prices and the carry out, obviously you're seeing increased demand and conducive markets and weather conditions. Any sense, early days, on what volumes you might expect for next year?

Mayo Schmidt: I don't think we can predict that right now. You know one of the challenges of the industry and all of our competitors is as we look forward with our business plan, one can only assume what a normal year is and of course as we look at the last four or five years, normal has become a question in any organization's mind.

We certainly look at eight and a half million tonnes, nine million tonnes of handle as the ballpark and the arena we play in. On the Agri-products side the $450 million in sales and then, of course, Agri-food Processing. We're expanding that business, so we don't have any reason to believe, although in that northeastern part of Saskatchewan there's certainly weather-related issues, too much moisture if you can believe it. We're off to a very good start in most of Western Canada, even today in Regina it's raining again. Hopefully, we see good production from the fact that we've got real good moisture across most of the prairies. So, we're quite positive about the prospects for the following year here.

David Newman: Okay and then you're looking at the seeded acreage; I mean we're hearing preliminary reports because of the overly moist conditions that are in parts of Saskatchewan. What is your sense right now in terms of seeded acreage, what do you think we'll be down year-over-year, net-net?

Mayo Schmidt: We think there's about 1 million acres that are not going to get seeded and that's, I would say, at risk right now. We certainly expect to have large carry-over stocks at the end of the year as I mentioned earlier, down a little bit from the 11 million that we were on track for but nonetheless substantially over average that will offset whatever decrease we might see this year. We're late enough into it now that I think as we look at the risk as a million acres, you know, here on about the 9th the question in a lot of people's minds is the planting. It's really the backend, that's the question in terms of frost and getting the crop off and they may be successful at doing that, so we're really not able to predict what happens in terms of early frost, late August-September but the expectation is certainly what is getting planted now will certainly be harvested.

David Newman: Are they, good. And the Canadian Wheat Board looks like they're picking up some steam into this quarter finally. Is there an outside chance they might meet their program for the year. In that scenario, do you think the margins would rise; margins per tonne would rise as we go into Q4, reflective of that?

Fran Malecha: I would expect the fourth quarter to be a little heavier weighted to the Board commodities and we do have better margins on those commodities than from the non-Board. So, I think that's a fair statement.

David Newman: Excellent. And just on the quarter, obviously your JV is working extremely well and with Agricore's sale of the terminal, do you think this takes any potential competitive heat off of you in that there might be an adequate level of competition at the port now that you might be able to go forward with your JV?

Fran Malecha: It's too early to tell on that. I think the AU divestiture process is outlined and will be underway. I think nothing's changed to date in terms of timelines around our process with the Tribunal other than it's delayed somewhat into probably next spring if it does go to a Tribunal hearing.

David Newman: Okay. And just on the crop inputs, obviously you know, recognize the high natural gas costs and things like that, but net-net if you had to look out for the year do you think we might get closer to, let's say, being flat on an EBITDA basis with a pickup in Q4 because of the delays and, or is just the fertilizer going to weigh too heavily on that?

Fran Malecha: It's too early for us to really say exactly where we're going to end up because we've still got a lot of acres that are out there. A million acres is a big, big portion of acres up in that Northeast corner. So, I would hate to speculate right now. I do expect that through WCFL though the price, lack of price appreciation is going to put pressure on their market.

David Newman: Okay. And just two quick last questions and I promise I'll get off the phone. The effective tax rate as we look out, obviously you're getting some breaks here for the next couple of years. What should we think about modeling up? Just take the two points and kind of take a midpoint and to extrapolate down, or?

Wayne Cheeseman: Yes, it's Wayne. I think if you took the 34%, that's a good number to use.

David Newman: Okay, after this year, for fiscal 07?

Wayne Cheesman: 36.

Wayne Cheeseman: 36.4 for this year.

David Newman: Okay.

Colleen Vancha: David, we've provided a paragraph in the management discussion and analysis that gives you some of that staging. So you can refer to that paragraph to see where we get to by 2010.

David Newman: Okay, very good. And then the last question, guys, obviously you've got a letter in to OSFI. When do you expect a response on that one?

Wayne Cheeseman: It's really in OSFI's hands, again David. It's Wayne. We have updated the market on the recent developments and those include the fact that the trustees have approved the actuarial report for filing with OSFI and as well the final actuarial report reflects a deficit of 38.8 million which is down from the $43.5 million that we disclosed in our Q2 last month.

David Newman: Okay, very good.

Colleen Vancha: Thank you.

Mayo Schmidt: Thanks David.

Operator: Thank you. Our next question comes from Cherilyn Radbourne of Scotia Capital.

Cherilyn Radbourne: Good afternoon, guys, first question on the Grain Handling segment. I was just wondering if you could describe some of the initiatives you have taken to attract higher non-Board grains through your system in this quarter.

Fran Malecha: It's Fran. I think it's been a combination of increased export opportunities. We are seeing canola move into traditional markets like Japan and certainly our Mitsui relationship is coming to play there. But also China, Pakistan, the Middle East are all markets where we see increases and we have strong ties into those markets with customer and also direct. So, I think the European biodiesel market is driving a lot of that. On peas, we've had strong movement both in terms of our feed pea programs as well as edible peas. In the case of the edibles, they are going into the Indian subcontinent and the peas primarily are moving into the Spanish market.

Cherilyn Radbourne: I wonder if you can comment on Agri-product sales to date in the fourth quarter and whether you are starting to recapture some of the sales that were delayed in Q3.

Doug Weinbender: Cherilyn, it's Doug here. It's a little early for us to put a cap on where that's going to end up. We know that there's excess moisture up there and the timelines are short. But we do have a dominant share up there,in that market area, so we do expect for it to have some effect to us but we just don't know what it is right now.

Cherilyn Radbourne: Okay and you've alluded to biodiesel and ethanol a couple of times in the call. Can you just give us some colour on what sort of opportunities you think that may provide for you? Would it be primarily as a supplier of the feed stocks to a facility or potential investments in a facility? What is going on in Canada right now?

Mayo Schmidt: Well I think those options are available to the industry. I think that, as we look at it right, now there is certainly momentum and opportunity for Western Canada in the development of these renewable energy sources. And there's been recent announcements so I think there is a new era and at this time in the U.S. they have opened up their 100 planters, approximately 30 are under construction, and we don't have an idea how many are on the drawing board and of course this has now moved north of the border from Sarnia out here to the West. And we certainly expect some movement in that area and a great opportunity for producers in Western Canada for some value-added access.

Cherilyn Radbourne: Now, how do you expect that to impact, for example, the seeded area and the crop mix potentially going forward?

Mayo Schmidt: Well, I think that certainly will depend on the quality of the crop. In other words, if we're in a particular year where all ones and twos in wheat are produced, it's certainly going to put some pressure on the ethanol plant in terms of the higher price, competing with export. If we get a year like a couple of years ago where we had a lot of feed stock around, it's going to certainly promote low cost input price for the plant, the fuel plant, but at the same time, should lift some of the returns for producers is the expectation. As typical of anything, whether it's malt barley production or oilseeds for the crush, these ethanol plants will drive changes and behavior around those plants to produce the best return for producers for the feed stock, and they do use an extraordinary amount of feed stock in the areas that they'll be impacting.

Cherilyn Radbourne: So it's really a case of more options because I assume that your highest margin opportunity, even if there weren't ethanol plants located right in Saskatchewan, would still be to move crop to an export position overseas.

Mayo Schmidt: That's correct.

Fran Malecha: I think that. This is Fran, Cherilyn. What you'll see is an increase in what I would call ethanol-friendly varieties, so higher yielding wheat like CPS Red for example. So you're probably going to have an increase in the trend line yields of wheat in Western Canada. Same probably happens with canola if crushed plant and biodiesel don't sell. Certainly more domestic consumption; I think that will be offset somewhat by increase in production.

Cherilyn Radbourne: I wonder if you could just comment on the Competition Bureau review of your joint venture with JRI. I'm somewhat surprised that we're not going to have a decision until next spring and I'm just curious whether that timeframe differs significantly from your expectations.

Fran Malecha: I think the timeframe has just been extended primarily due to the amount of information that needs to be put forward through the process and go through discovery and things like that. So, the process is laid out and just takes time. So I think if our timelines are the same time where we think they're going to end up in terms of going to Tribunal next May, the joint venture will have been operating for almost two years by that time and we think we need to perform well and show the benefits that we've talked about publicly and will lay out in our case.

Cherilyn Radbourne: Okay and then just last question. Clearly, you have a lot of balance sheet flexibility following the refinancing transactions that you undertook during the quarter, so I was just looking for some comment on the availability of attractive investment or acquisition opportunities and when we might expect to see you act to deploy your balance sheet.

Mayo Schmidt: Well, I think that we've said over the past year that in fact we had initiated a number of growth strategies and as we look at the West Coast joint venture, we look at the agreement with Mitsui, we certainly don't intend to stop there. We, in a sense, have found ourselves in the sweet spot in the sense that we've got very low debt, opportunities in this industry we believe are significant both in the grain side, the Agri-products and also in the food processing. So we're examining those today and we're going to explore those opportunities, certainly in the context of growth objectives. We don't have anything that we can announce today that either we're either announcing or exploring, but I think you'll see us continue on the track of looking for either stand-alone opportunities or joint ventures and partnerships to expand the opportunities for our shareholders here on the Prairies.

Cherilyn Radbourne: Okay, thank you. That's all my questions.

Mayo Schmidt: Thank you.

Operator: Thank you. Our next question comes from Rosalie Woloski of CBC Radio.

Rosalie Woloski: Thank you very much. I'm quite curious about Mitsui and your relationship with Mitsui. Is this the first that Mitsui has placed such a large, or any, volume of Sask Wheat Pool shares?

Mayo Schmidt: This is the first time to our knowledge that Mitsui has engaged in owning equity in the company. They certainly may have in the past, which wouldn't have come to our attention. But, as indicated it only represents 1.15% of the company.

Rosalie Woloski: And in terms of this multi-year supply agreement, can you say how long or is it indefinite at this point?

Mayo Schmidt: It's indefinite at this point. We have been engaged with Mitsui and of course our objectives are going to be to have a continuing increase in sustainability in that relationship and I think that the engagement in our equity is a statement that they also want to continue to have that relationship and we do see increasing volumes each year going forward.

Rosalie Woloski: How important is this? Is this more of an inroad into Japan or is this just, you know, all part of doing business that you've done in the past only through a different means?

Mayo Schmidt: Well I think it's a great market for western Canadian farmers' canola, number one. Secondly, is Mitsui is an industrialist company, whether it's food all the way to other industries, steel and manufacturing, have quite a variety and a large multinational company as well. It certainly offers opportunities for our organization and explores other avenues of growth for our company and certainly it gives Mitsui a partnership and arrangement here in Canada to explore their opportunities and obviously Japan, which we've been engaged in business in Japan for quite a number of years. So they seek outside and of course Canada being rich in resources, they've chosen Saskatchewan Wheat Pool because of one, our footprint and our history and also the source of supply and potentially other relationships. And also Japan is very quality conscious, which is another reason that we think we've seen their relationship with us improve and increase.

Rosalie Woloski: Can you say what opportunities that might open up?

Mayo Schmidt: Not at this time. In fact, the fact that we just finished making the share sale is the important part.

Rosalie Woloski: But you do expect a growth in business beyond just supplying canola?

Mayo Schmidt: We have an expectation that that opportunity is there, yes.

Rosalie Woloski: Thank you.

Mayo Schmidt: You're welcome. Thank you.

Operator: Thank you. Our next question comes from Orin Baranowsky of BMO Nesbitt Burns.

Orin Baranowsky: Thanks a lot. I wonder if we can just circle back quickly to the Northeastern Saskatchewan moisture levels there. How much would that represent in total to your Agri-products and then I guess the overall Saskatchewan crop, that area?

Mayo Schmidt: I think we've stated that the market is about 70% completed up there. I don't think we're, at this point, able to put a pin in the actual effect of sales or EBITDA. We certainly expect, in fact, we're looking at really today here being the ninth of June that producers will be able to plant and it is a rather large area in the sense of land mass, that it's difficult until the numbers roll up here over the next week or two, to get an exact expectation on the kind of numbers you're looking at. And we expect to continue to see planting up until the fifteenth of this month.

Orin Baranowsky: Okay. So that one million acres that you mentioned, is that the total Northeastern area that you're talking about or that's what hasn't been planted yet?

Doug Weinbender: That's what we think will be the area that probably today it looks like it won't get planted. And there's about 33 million acres seeded in Saskatchewan each year roughly. So that will give you some idea of the size.

Orin Baranowsky: Okay. Thank you, and then just one final question on your Agri-food. I noticed that Can-Oat sales were down a little bit. Was that mostly just timing issues or do you expect the growth to return in Q4?

Mayo Schmidt: I think that was certainly slightly down and I think it was more a mix of product than anything in this particular case. We continue to run that plant at maximum capacity and some days beyond what we expect maximum capacity is. We've had great results but I think more than anything it's simply sales prices of product and product mix.

Orin Baranowsky: Okay, so nothing to be concerned about then.

Mayo Schmidt: We're certainly not there. No, we're very, very positive on that business and we're very excited about the prospects of getting new capacity online because we don't like seeing customers unable to fill their interest on purchases.

Orin Baranowsky: Okay. Thank you very much.

Mayo Schmidt: Yes, thank you.

Operator: Thank you. Our next question comes from Richard Tattersol of Heathbridge.

Richard Tattersol : It's actually Richard Tattersol. Two questions, the first question is just clarifying the answer on the pension question. You said the trustees have approved the report and a letter was sent to OSFI. Now the letter was sent in March to OSFI, which OSFI responded by saying, try harder. Has a new letter been sent to OSFI and has there been any further feedback from OSFI yet on the topic? And I'll follow up with the second question after.

Wayne Cheeseman: Richard, it's Wayne Cheeseman here. There's ongoing discussions with many parties with respect to this very complex issue. In terms of the issue, yes it has not been resolved. There's been discussions but it has not been resolved and we remain to our position that, you know, we're responsible for the negotiated contributions.

Colleen Vancha: Just to clarify, the Trustees have approved the actuarial plan and that will be filed with OSFI as a result of that approval, which is what Wayne's comment were referring to earlier.

Richard Tatersoll: Okay. The second thing is sort of a combination comment and question and we've had some discussion on this. Our thought is that you've been striking good alliances and cleaning up the balance sheet well, but perhaps a little too quick to issue shares when some people think you're under-levered. Can you confirm there's no plans to issue shares given all the financial things are taken care of and any acquisitions under a certain threshold could be covered out of cash and short-term borrowings?

Mayo Schmidt: I certainly suggest that there's no anticipation of issuing shares at this time. We respect your opinion although we differ in the opinion in terms of quick to issue in that Mitsui is a major customer of ours and, if that's who you were speaking of, and we see really good prospects for opportunities with that company in the future, so having said that, we certainly understand your point. We hear you and have no expectation of that occurring here in the near future.

Colleen Vancha: Richard, I think it's fair to say that as we implement our growth objectives, you know, we will be looking at various ways of financing those should they come to fruition. But as Mayo said there is no immediate plans to be changing our total number of shares outstanding.

Richard Tatersoll: Thank you. Just to clarify, the comment did touch on Mitsui but it was more to do with our perception that you didn't need to do the deal in March given the cash flow characteristics admittedly with lots of weather risk every year.

Mayo Schmidt: I understand your point and thank you.

Operator: Thank you. There appear to be no further questions.

Colleen Vancha: Well thank you very much, Operator, and to all of our shareholders and interested parties. We're really pleased that you have joined us today. We have recorded the call and it can be replayed by dialing 1-877-519-4471. The pass code is 7456993. Again, thank you and we'll speak to you again.

Operator: Thank you. This does conclude the Pool's third quarter results conference call. You may now disconnect and have a wonderful day.