

Some bondholders back plan

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Leader-Post

Tuesday, January 21, 2003

Saskatchewan Wheat Board CEO Mayo Schmidt didn't candy-coat the dire consequences Monday night at a bondholders meeting if the Pool's restructuring proposal to bondholders is rejected.

And while some of the more than 130 Saskatchewan bondholders attending the meeting in Regina weren't pleased with the entire plan aimed at breathing new life into the company, they concluded they have no choice but to support the proposal.

"What a lot of people don't understand is that the option of the original terms of the bonds and loans being met doesn't exist. One of the other speakers used the comment 'you can't get water out of a stone.' This is the best plan that is available, it is the only plan that is available," said Dennis Poulin, a Regina bondholder.

"It is not like there is a Plan A or B, this is the plan that they are offering. It might not satisfy everyone, but the alternative is very risky. So I think this is the only plan for me," Poulin said.

Earlier in the evening Schmidt told the bondholders the banks have given the company until Jan. 31 to get its restructuring proposal in place before they will provide any additional working capital.

"If the company, the bondholders and the banks should fail to come to terms it will have sufficient material effect, a negative effect on all three parties. It is a lose, lose, lose situation in the view of the company. The company, the bondholders and the banks would be materially affected," he said.

"It would have an immediate and material impact on the province, this city, and certain individuals in this room. That is why this plan was viewed as a fair and equitable plan. It attempted to return the maximum value realizing that in 2004 this company is not going to have the cash to pay the interest let alone the principal (on the bonds that come due in 2004)," Schmidt said.

However Stan Tait said the Pool's proposal takes advantage of the bondholders. "What they are doing is holding a gun to my head. What they are saying is help me out until things get going good and when things get going good we are going to cream you," he said.

Tait takes exception to the provisions in the plan that would allow the company to buy back the bonds at 85 cents to the dollar in 2006 -- two years before they come due in 2008. This he claims would result in an erosion of his principal investment.

Company officials disagree. Pool bonds are selling for 35 cents on the dollar today, and if the plan is successful the bonds would be bought back by the company at 85 cents on the dollar, company officials said.

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