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Research Continues, Barn Operations Suspended

Saskatoon, SK., May 9, 2008: PSC Elstow Research Farm Inc., a subsidiary company of Prairie Swine Centre Inc., will be suspending operations due to the unprecedented losses in the pork business. The farm, a 600-sow farrow to finish barn designed to support research work in a commercial-style barn, opened in April 2000. The mandate of the facility is to address the needs of the pork industry for research work using a size and scale typical of the commercial industry. Research to address these needs will continue to be the focal point at the facilities of the parent company, Prairie Swine Centre.

The barn located at Elstow, Saskatchewan, and the associated feed mill, will wind down operations in an orderly fashion over the next few months in an effort to lessen the impact on employees, and the many stakeholders including pork producers, and agencies and companies that have counted on the farm to deliver practical and useful research results.

Dr. John Patience, President and C.E.O. of PSC Elstow Research Farm, acknowledges the magnitude of the disappointment and distress this decision has on its employees, as well as on the staff at Prairie Swine Centre, and indeed on the broader Canadian pork industry. "The fact that all pork farms in Canada and virtually every other pork producing nation in the world are being devastated by the current market conditions is little solace to the many people who have worked hard to operate the farm and have come to rely on the knowledge generated from the research conducted there". "We have long-term confidence in the future of the Canadian pork industry as a favoured supplier to meet the growing demand for the world's most popular meat protein; however the particular circumstances of this barn make it unviable in the short-term. From the beginning, the strength of this business was its mirroring of real commercial production conditions. In the end, these parameters such as debt structure, the devaluation of the US dollar upon which Canadian pork prices depend, unprecedented increases in grain and protein meal prices and

underestimating the impact of research functions on an operating farm has resulted in this business decision to suspend operations until conditions improve.” Dr. Patience concludes that “Although it is very sad to be temporarily losing the capacity of the Elstow facility, that barn and business design was the right thing to do when the facility was constructed. However, the barn’s operating costs and debt load predicts that it will be unprofitable for many months to come based on projected feed and pork prices”.

Please note that Prairie Swine Centre is a separate business entity and will continue its research, graduate student and technology transfer programs.

In spite of this setback, a new initiative started over two years ago is underway to complete a \$2 million renovation at the original barns located at Prairie Swine Centre. This redevelopment has been made possible with a grant from Agriculture and Agri-Food Canada and the province of Saskatchewan. These renovations reduce operating costs, making the farm a more competitive pork producer and will be opened in June 2008.

Prairie Swine Centre Inc., located near Saskatoon, is a non-profit research corporation, and is recognized globally for its contributions to practical, applied science in pork production in the disciplines of nutrition, engineering and applied animal behaviour.

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