PROVINCE OF SASKATCHEWAN

(CANADA)

2008-09 MID-YEAR FINANCIAL UPDATE

November 12, 2008

2008-09 GRF and Summary statements in surplus

($ Millions)	Estimated 2008-09	Forecast 2008-09	Change
Treasury Board Organizations			
GRF[1]			
Revenue	$ 9,366.5	$12,260.2	$ 2,893.7
Operating Expense	8,581.9	9,113.8	531.9
GRF Operating Surplus	**$ 784.6**	**$ 3,146.4**	**$ 2,361.8**
Servicing the Public Debt	535.0	510.0	(25.0)
Pre-transfer GRF Surplus	**$ 249.6**	**$ 2,636.4**	**$ 2,386.8**
Transfer to GFSF[2]	(124.8)	(1,318.2)	(1,193.4)
Transfer from GFSF	125.2	1,000.0	874.8
Net Transfer from (to) GFSF	0.4	(318.2)	(318.6)
GRF Surplus	**250.0**	**2,318.2**	**2,068.2**
Other TBO[3] Net Income (Loss) net of dividends to GRF	(203.3)	93.7	297.0
Surplus (Deficit) of all TBO	$ 46.7	$ 2,411.9	$ 2,365.2
CIC Board Organizations			
CICBO[4] Net Income (Loss) net of dividends to GRF	(192.2)	540.3	732.5
Surplus (Deficit)[5]	$ (145.5)	$ 2,952.2	$ 3,097.7
Surplus (Deficit) of Not-for-Profit Insurance Organizations	$ 12.4	$ 151.2	$ 138.8
Summary Surplus (Deficit)	**$ (133.1)**	**$ 3,103.4**	**$ 3,236.5**

1 General Revenue Fund
2 Growth and Financial Security Fund
3 Treasury Board Organizations
4 CIC Board Organizations
5 Prior to Not-for-Profit Insurance Organizations

Premier's Fall 2008 Announcement

On October 21, 2008, the Premier of Saskatchewan announced the following initiatives:

- allocation of $1 billion from the Growth and Financial Security Fund to pay down debt;
- increased personal income tax exemptions retroactive to January 1, 2008; and,
- a $500 million, or 50 per cent, increase in infrastructure investment for fiscal 2009-10.

The Growth and Financial Security Fund is forecast to retain a balance of almost $2.0 billion at March 31, 2009.

Revenue up 30.9 per cent due to economic growth and commodity prices

Revenue is forecast to be $2,893.7 million, or 30.9 per cent, higher than the 2008-09 Budget Estimate due to higher:

- non-renewable resource revenue of $2.5 billion;
- tax revenue of $339.1 million (offset by a reduction of $334.0 million due to tax reduction initiatives announced in October 2008);
- federal transfers of $310.4 million; and,
- other own-source revenue of $90.3 million.

Operating expenses up by 6.2 per cent

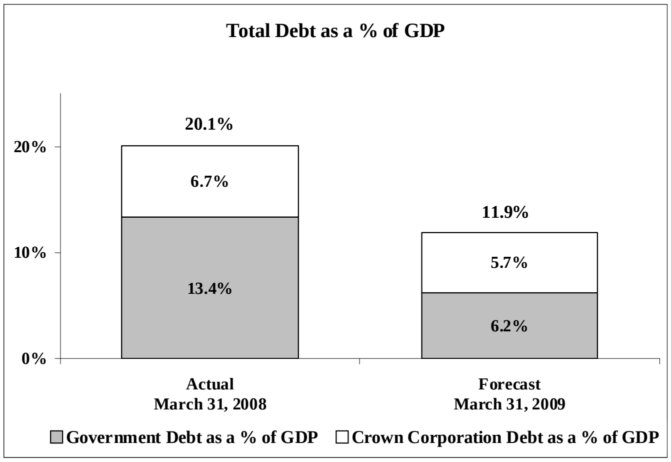
Operating expenses are forecast to rise by $531.9 million, or 6.2 per cent, above the 2008-09 Budget Estimate. Increases are:

- $240.0 million transfer to CIC of federal carbon capture funding;
- $106.1 million for Advanced Education, Employment and Labour;
- $80.0 million for Health;
- $29.4 million for Agriculture; and,
- $76.4 million distributed across various departments.

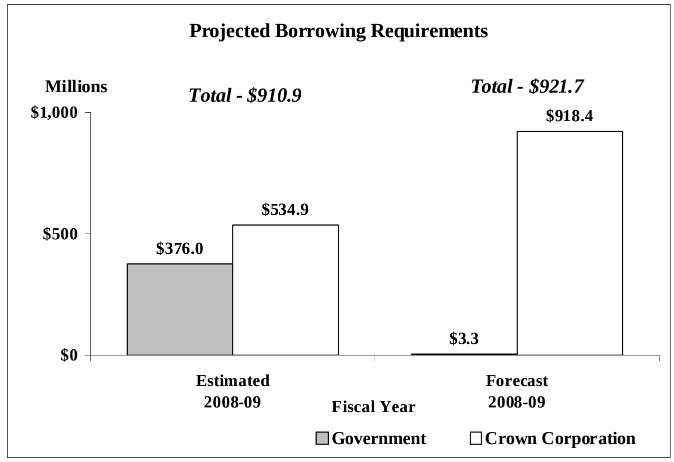
Nominal GDP growth of 32.3 per cent with real GDP growth of 4.4 per cent forecast for 2008

Economic Indicators (Per Cent Change unless Noted Otherwise)	**Year-to-Date Change**	**January through**
Volume of Oil Production	2.6	July
Value of Oil Sales	88.8	July
Volume of Natural Gas Production	-8.0	July
Value of Natural Gas Sales	13.7	July
Total Oil and Gas Wells Drilled	15.4	September
Volume of Potash Production	-3.8	April
Value of Potash Sales	68.0	February
Employment Growth (000s)	10.0	October
Unemployment Rate (%)	4.2	October
Value of Manufacturing Shipments	20.8	August
International Exports	58.9	August
Retail Sales	13.0	August
Wholesale Trade	44.1	August
New Vehicle Sales	10.9	August
Value of Building Permits	34.5	August
Housing Starts	19.9	September

Total debt as a percentage of GDP forecast to decline to under 12 per cent



Borrowing requirements for Crown corporations higher for fiscal year 2009



Government debt forecast to decline by almost 40 per cent during 2008-09

Total Debt of the Province as at March 31, 2009
($ Millions)

	31-Mar-08	Mid-Year Forecast	Change
Crown Corporation Debt			
Gross Debt	$ 3,759.5	$ 4,259.0	$ 499.5
Sinking Funds	(365.2)	(396.8)	(31.6)
Public Debt	$ 3,394.3	$ 3,862.2	$ 467.9
Guaranteed Debt	0.9	0.8	(0.1)
Crown Corporation Total Debt	**$ 3,395.2**	**$ 3,863.0**	**$ 467.8**
Government Debt			
Gross Debt	$ 7,818.4	$ 7,327.0	$ (491.4)
Sinking Funds	(994.1)	(3,180.1)	(2,186.0)
Public Debt	$ 6,824.3	$ 4,146.9	$ (2,677.4)
Guaranteed Debt	24.4	45.3	20.9
Government Total Debt	**$ 6,848.7**	**$ 4,192.2**	**$ (2,656.5)**
GRF Total Debt	**$ 10,243.9**	**$ 8,055.2**	**$ (2,188.7)**
Other Debt*	268.3	280.5	12.2
Summary Statement of Total Debt	**$ 10,512.2**	**$ 8,335.7**	**$ (2,176.5)**

* Some Crown corporations and other organizations have obligations to other entities, either by borrowing directly or by guaranteeing the debt of others. The General Revenue Fund is not responsible for this other debt.

Saskatchewan's Foreign Debt Fully Hedged

The principal of all of Saskatchewan's foreign currency debt, with the exception of $66 million of U.S. dollar debt, has been fully hedged into Canadian dollar liabilities or is offset by foreign currency sinking funds. Consequently, fluctuations in the value of the Canadian dollar have a minimal effect on the value of the Province's debt.

All of the interest payments on the Province's foreign currency debt have been fully hedged into Canadian dollar liabilities.

Conservative Investment and Counterparty Guidelines

- Short term investments are fixed income instruments and must be rated by both DBRS and S&P with a credit rating of R1 Low or higher.
- Longer term investments must be rated A+ or higher and consist of Canada Mortgage Bonds, federal and provincial bonds and bank deposit notes.
- All derivative counterparties must be rated A+ or higher by S&P.

Credit Ratings of the Province

Standard & Poor's	AA
Moody's Investors Service	Aa1*
Dominion Bond Rating Service	AA(low)*

* with positive outlook/trend

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