CANADIAN NATURAL RESOURCES LIMITED
Conference Call: Q2-2001 Results

August 8, 2001
9:00 a.m. MDT

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Canadian Natural Resources second quarter 2001 conference call. During the presentation, all participants will be in a listen-only mode. Afterwards, we will conduct a question and answer session. At that time, if you have a question, please press the "one" followed by the "four" on your telephone. As a reminder, this conference call is being recorded today, Wednesday, August 8, 2001. I would now like to turn the conference over to Mr. John Langille, President of Canadian Natural Resources. Please go ahead, sir.

John Langille: Thank you operator, and thank you ladies and gentlemen for attending this conference call which will review Canadian Natural's second quarter results and some of our current initiatives. Speaking with me today will be Allan Markin, Chairman of the company; Steve Laut, Senior Vice President of Operations; and Doug Proll, Vice President of Finance. Before I comment on the first half 2001 results, I would like to ask Al Markin to give his thoughts on this quarter.

Allan Markin: Thanks, John. Good morning ladies and gentlemen. As you have probably already taken from this quarter’s press release, this has been another exceptional quarter for Canadian Natural. This quarter’s record production levels, coupled with the first quarter’s strong production and high commodity pricing, have resulted in CNQ cash flowing in excess of Cdn $1.1 billion in the first six months of the year.

Things continue to look positive as we head into the last half of 2001. Of considerable note is the fact that heavy oil differentials have now narrowed to under Cdn $5.50. Our Ladyfern gas play continues to yield positive results, and we are setting the stage for more international excitement as our Côte d’Ivoire development at Espoir and our exploration program around Baobab continue.

Doug will also speak to another first for CNQ. That is our entry into the United States capital debt markets with the U.S. $400 million issuance that closed in July. I continue to be excited about the prospects this company is generating, and I am sure that this enthusiasm is building in our employees and our shareholder base. Now back to John.

J. Langille: Thank you very much, Al. As Al has noted, this was another tremendous quarter for CNQ. Quarterly production averaged over 360,000 barrels of oil equivalent per day on a 6:1 basis. Liquids production was 48 percent higher than the second quarter of last year and higher than the first quarter of 2001.

The Banff field in the U.K. came back on production in the last week of March; and indications are that the FPSO production facility is now much more stable in heavy seas. But, of course, next winter’s storms will be the true test of that FPSO. The new Kyle field commenced production April 7. Combined, these two fields added over 14,000 net barrels per day of light quality crude to our production base. In addition, the Kyle field produces 10 million cubic feet per day of natural gas sales, which are pipelined and sold back to the U.K.

The real story, however, continued to be our strong increases in natural gas production which occurred through the drill bit. Production levels were up 15 percent from the second quarter of last year; and at the end of June, production is up 13 percent over 2001 entry rates. This growth includes only a small amount of production from Ladyfern, which only came on in significant quantities late in June. Steve will talk more about our natural gas expansion in just a few moments.

But getting back to the quarter, I wanted to note that while production in each of natural gas and crude oil were higher than the first quarter, natural gas pricing was about Cdn $6.00 per MCF versus the Cdn $9.30 per MCF we received in Q1. Somewhat offsetting this gas price reduction were higher gate prices received on our liquids production. While gas prices in the short run continue to decrease, they are still above the historical levels of the last several years; and we continue to make good returns on our natural gas operations despite this lower pricing. This lower gas pricing, however, also positively impacts our per unit operating costs as steaming costs in our thermal operations have declined. More importantly, however, as Al mentioned, heavy oil differentials and the cost of condensate used for blending purposes have decreased since late June, with the result that we are experiencing significantly stronger heavy oil netbacks.

I wish to comment on our current oil hedges in place. It is important to note that the company does not hedge pricing unless it is for a specific purpose designed to protect the cash flow base or provide some certainty for budget purposes. During the second quarter, we were in a situation where the West Texas Intermediate price was high and so were related differentials. While over time the West Texas Intermediate price and differentials work in concert to normalize heavy oil pricing in the U.S. $14.00 to U.S. $16.00 range, there can be time lags in this market equilibrium. Management was concerned about the possibility of a rapid decline in the West Texas Intermediate price levels with a time lag before heavy oil differentials also decreased. In order to protect against this, the company entered into costless collars on West Texas Intermediate prices of approximately U.S. $26.50 to U.S. $30.50 for an additional 80,000 barrels per day through the remainder of 2001. This brings our total oil hedge for the balance of the year to 100,000 barrels per day at costless collars from U.S. $26.52 to U.S. $30.44 dollars.

That is a summation of the first quarter, and I'll now ask Steve to discuss the operational issues.

Steve Laut: Thanks John. As you recall, during the first quarter we refocused our capital spending program from the original 2001 plan. We reduced our spending on heavy oil and focused more on gas. From an operational perspective, we significantly reduced our steam injection at Primrose due to high natural gas prices. Performance in the second quarter and for the rest of the year will reflect these two decisions. Reallocating capital is consistent with our ongoing management approach to project portfolio management. We work to identify those projects that provide the highest returns to the market; and projects that are temporarily delayed, such as heavy oil, are only deferred to the future when we can get higher returns. This large in-house portfolio of quality projects and our ability to effectively allocate our capital is unique to CNQ.

CNQ bases all of its investment decisions on a constant, long-term price outlook. Our view for gas is Cdn $4.60 per MCF at AECO over the long term. Therefore, our capital allocation criteria has not changed at this point. Although over the near term heavy oil prices have rebounded significantly, we do not anticipate reallocating capital spending in 2001 from gas back to heavy oil. The result of reallocating our capital in 2001 has seen our gas from the drill bit increase to 930 million cubic feet a day from an exit rate in 2000 of 830 million cubic feet a day, and that is significant from a drill bit perspective.

As was announced in our press release last week, our second excellent Ladyfern well is capable of producing in excess of 100 million cubic feet a day. We believe that we have several other wells capable of similar production levels which will be drilled in the next few months. CNQ believes that we will we able to get our Ladyfern production up to 100 million cubic feet a day by early September, followed by an additional 40 million cubic feet a day coming on in late September, which would take us to 140 million cubic feet a day. A further 60 million cubic feet a day is anticipated to come on in December, taking us to just around 200 million cubic feet a day of gas from Ladyfern.

This winter, you will also see us begin our search for a Ladyfern look-a-like in the area. In fact, we have already identified a couple of leads that we plan to follow up on this winter. We believe that significant pools will be found and, given our extensive land base in the region and our large 2-D seismic database, we believe we are well-positioned to find Ladyfern look-a-likes. However, it is unlikely that the size of these pools will be as large as Ladyfern itself.

So far this year, we have drilled in excess of 800 gross wells and are expecting a further couple of hundred wells to be drilled in the latter half of the year. The focus of our last half drilling program will be:

<u>Canada</u>: Shallow gas drilling in southern areas, as well as additional medium oil horizon wells in the Pelican Lake area.

<u>United Kingdom</u>: The third well in the Kyle pool is currently being drilled and will be completed in September.

<u>Côte d'Ivoire</u>: We will continue our development drilling program in Espoir, as well as a potential exploration program at Baobab, with two additional structures being targeted to drill as well.

The Espoir development itself, which we operate and own 60 percent of, is proceeding on schedule, with the wellhead tower being installed in early April. The tender assisted drilling rig continues the batch drilling of seven wells, with operations presently at the intermediate casing stage. The FPSO, scheduled for arrival in late 2001 to early 2002, is on schedule; and we expect first production late in Q1 of 2002. Initial production levels of around 7,500 barrels a day of oil and 20 million cubic feet a day of natural gas net to CNQ are expected when that comes on.

At Baobab, just eight kilometers south of Espoir, we had a successful exploration tests of 6,700 barrels a day. That happened in the first quarter and has already been press released. This field may contain somewhere between 500 million and 750 million barrels of oil in place. Appraisal drilling will help us to determine the recoverable reserves. We believe that recoveries could be anywhere from 15 percent to as high as a 50 percent recovery factor, likely around the 30 percent mark. What is very exciting about this play is that it confirms our interpretation of the 3-D seismic, our understanding of the geology, and our belief that these trends contains oil and not natural gas. This is important due to the high number of Baobab look-a-like structures in the area. As I said before, we will drill two of these in the drilling program that we are hoping to starting this fall.

Côte d'Ivoire is the first sign of Canadian Natural's continuing the same operational philosophy internationally that it has successfully employed in Western Canada. We operate, maintain high ownership interests, dominate the land base, and control the infrastructure in our areas. With Espoir, the Baobab discovery, and our land holdings in Côte d'Ivoire, implementation of this philosophy is apparent.

To quickly update you on other developments noted during the first quarter conference call:

- First, negotiations on a long-term agreement with refiners to provide certainty in our heavy oil differential continues to be a high priority. While I cannot give you much information at this time, it is possible that some sort of arrangement could be concluded by the year-end. Of course, any deal we enter into would add significant value for our shareholders.

- Second, reductions in steam injection during the first half of 2001 had a significant impact on oil production from Primrose. With lower gas prices, we are now ramping up steam injection at Primrose at higher rates than we started at in June; and we expect to see a corresponding bump in production in late 2001 and early 2002. It is reflective of the first quarter decision to reduce steaming that we have seen drops in Primrose oil.

- Third, in an effort to protect our in-situ operations from operating cost volatility through natural gas spikes, we are initiating pilot tests of dual-burning steam generators at Tangleflags in Saskatchewan and at Primrose. Pilot testing at Tangleflags will begin in September, and we will do one at Primrose this winter. The entire commercial steam generation facilities will be converted once all regulatory approvals are received, which is expected sometime in 2002. This would enable us to burn raw heavy oil rather than gas, if prices make that optimal, with the equivalent cost of gas at about Cdn $3.50 per MCF.

- Fourth, we continue to seek regulatory approval for the high pressure steam conversion of our in-situ wells; and we expect that late in 2002. If approved, this could increase our well production on existing cyclic operations from Primrose from around 100 barrels a day, per calendar day, to around 400 barrels a day, per calendar day.

- With respect to pricing, as shown in the press release, heavy oils prices have recovered dramatically from the first quarter, with thermal heavy oil wellhead prices in excess of Cdn $27.00. You have seen primary heavy oil prices in the Cdn $28.00 range and, of course, Pelican Lake is over $29.00. This increase in price is due to heavy oil differentials narrowing from U.S. $13.00 in the first quarter to around U.S. $5.50 in August and condensate premiums reducing from U.S. $5.50 a barrel, premium U.S. dollars, to around U.S. $1.00 in August. This drop in differentials is consistent with our belief that heavy oil differentials roughly track the 3-2-1 crack spreads. These crack spreads continue to fall and were about U.S. $2.50 a barrel last week, compared with about U.S. $15.00 a barrel earlier this year. From a producer's perspective, we believe that this bodes well for heavy oil differentials for the remainder of the year.

- Finally, our Project Horizon, the oil sands project near Fort McMurray, continues to get stronger, both in terms of bench strength and in terms of project economics. We now have a very strong team in place with an in-depth knowledge of oil sands technology, design, construction, operations, open pit mining, and upgrading. Our public disclosure document was issued and an open house was held during the second quarter with our belief that the community supports this project. Finally, having looked at the results from our first quarter drilling program, we believe that our leases are significantly better than originally thought, both in terms of bitumen content and strip ratios. Our strip ratios are between 0.9 and 1.3, and our total volume to bitumen-in-place was around 9. Our ore grade is around 11 percent, which is very similar to the qualities of the Suncor Millennium project. An added benefit to our project is that we have both an in-situ and a mine operation in close proximity to each other, which should provide cost savings for the overall project.

In summary, operationally things are working very, very well for Canadian Natural. Our gas growth from the drill bit is up substantially. Our light oil is looking very good with the Baobab discovery and the Espoir development in Côte d'Ivoire. Horizon is gathering momentum, and we are heading toward the start of construction in 2004. And, of course, heavy oil pricing has rebounded significantly. With that, I'll turn it back to you John.

J. Langille: Thank you very much, Steve, for that overview of some of the exciting activities currently going at Canadian Natural. Finally, I would like to ask Doug Proll to comment on our U.S. bond issuance and our current outlook for the remainder of 2001.

Doug Proll: Thanks, John, and good morning everyone. As John and Al pointed out, we recently filed with the securities regulators new debt shelf prospectuses in both Canada and the United States. Each brought up to $1 billion of local currency. Concurrent with these new shelves, we initiated rating discussions with Moody's, receiving a Baa1 rating, which is at the higher end of our international peer group's ratings.

While we have not drawn under the Canadian shelf, we did complete in July a draw of U.S. $400 million in the United States. This debt matures in 10 years and maintains a 6.7 percent interest rate. This is the lowest coupon of any Canadian E&P issuer of U.S. debt in the last two years.

This issuance also had ancillary benefits in that it exposed our company to many new U.S. investors that may also consider equity investments in the company.

In looking at our forecast results for the current year, we anticipate cash flow from operations of over Cdn $2 billion, based upon current production levels and the strip pricing in the marketplace. We continue to steward a capital expenditure program of Cdn $1.7 billion, directed primarily towards Cdn $1.4 billion dollars in Canada, Cdn $86 million in the North Sea, and Cdn $214 million in our other international areas offshore West Africa.

We anticipate that Cdn $48 million will be paid as dividends to our common shareholders and that Cdn $250 million be incurred in our share buyback program. To date, we have completed buybacks of 2.5 million shares at an average price of $44.61 per share.

Our anticipated year-end debt will then amount to $2.5 billion. This will significantly improve our debt-to-book capitalization ratio to around 40 percent from 50 percent at year-end 2000 and our debt-to-cash flow ratio to between 1.1 and 1.2 times.

I would like now to hand the call back to Al for some closing comments.

A. Markin: Thanks John Langille, Steve Laut, and Doug Proll. I think one of the things that becomes more and more obvious is that with our balanced portfolio, we continue to provide steady, solid, and profitable growth. Our exposure to different products means that we are not as subject to volatility in cash flows; and our ability to grow production in different products also means that we believe we can maintain that balance in the near, mid-term, and long-term. We have the operational, financial, and human resource capability to execute our plans in an effective and efficient manner. Steady as she goes, we continue to work hard, stay focused, keep our costs low, and deliver volume growth. So I'd like to now turn it back to John.

J. Langille: Thank you very much, Al. Operator, I would now like to open up the conference call to any questions that we may have.*

*Q&As have been edited for length/clarity

Operator: Thank you. Your first question is from May Chilton of JP Morgan. Please proceed with your question.

M. Chilton: Good morning. Could you just give us a snapshot of where your current production volumes are at, both on gas as well as oil and liquids?

S. Laut: Our gas production today is approximately 930 million cubic feet a day and oil production is approximately 205,000 barrels a day in total.

M. Chilton: Okay. Looking into the third and the fourth quarter, is there any maintenance that you are expecting in the North Sea in the third quarter that could impact production volumes? And then in the fourth quarter, as you start to see some impact from your steaming activities at Primrose, where do you think we can see production volumes growing to?

S. Laut: In the third quarter, there will be some North Sea turnarounds -- a lot of that happened in the second quarter and July as well -- so you will see production volumes stay around where we are right now; and we will turn roughly 205,000 barrels a day for the third quarter. With regard to steaming, we do not expect to see any real big kick in the steam until late in the fourth quarter; and production will continue to stay at the current level, or perhaps slide a little bit into the fourth quarter, at Primrose. So, for the fourth quarter we expect to see production relatively stable on the oil side. And gas, obviously we will see that ramp up with Ladyfern coming onstream -- that will be a significant ramp up.

M. Chilton: Okay. And with regard to 2002 CAPEX, can you just give me a sense of directionally and what sort of magnitude you're thinking right now?

S. Laut: Capital expenditures will be roughly where they are this year, around $1.7 billion -- $1.5 billion to $1.7 billion -- in capital expenditures, with roughly the same allocation between Canada and international.

Operator: Your next question is from Wendy Nichols of Credit Suisse First Boston. Please proceed with your question.

W. Nichols: You mentioned that the operating costs on your thermal and heavy and whatnot, that they were coming down. Do you have unit out costs for primary heavy thermal at Pelican separately?

S. Laut: Yes, we do. Primary heavy oil costs are around Cdn $6.50 a barrel. With Primrose operating costs, we have higher steam/oil ratios right now as we're ramping up the steam, so our steam/oil ratio is about 4.4; and electricity prices are down around the $50.00 per megawatt range. That would give us operating costs around Cdn $6.50 per barrel, after you take electricity off. And Pelican is around Cdn $2.40 per barrel.

Operator: Your next question is from Wilf Gobert of Peters & Co. Please proceed with your question.

W. Gobert: Could you talk a little more about what's going on with Ladyfern from an operational standpoint, your negotiations with your partners on pooling or restricting production?

S. Laut: We are in discussions with our full partners -- AEC, Murphy, and Apache -- and we believe that we are fairly close to reaching an agreement. I would expect this will happen over the next week or two. As to what the deal would look, we anticipate some sort of a production cap and that we would all allocate that cap based on the productive capacity we have in the pool.

W. Gobert: So it would not involve a formal unitization, but rather an agreement amongst the operators as to production levels?

S. Laut: That's correct.

Operator: Your next question is from Andrew Hogg of Yorkton Securities. Please proceed with your question.

A. Hogg: A couple questions. What is production at Primrose/Wolf Lake right now, and what was production in Q2 for Pelican?

S. Laut: Primrose/Wolf Lake production is currently 34,000 barrels a day, today. It did peak for a week in January at around the 50,000 barrel a day mark, so you can see how it has come off on the cycle, which is normal. Pelican Lake production is around 35,000 barrels a day.

A. Hogg: And do you see leaving Pelican flat through the rest of the year, or will you grow that?

S. Laut: It will grow slightly; but as you know, in these horizontal wells, you have steep declines initially in the first part as we keep on drilling wells, so it will ramp itself up slowly. We think we can ultimately achieve 45,000 barrels a day at Pelican.

A. Hogg: And when you get the steaming back up again in the first quarter of next year, do you expect to get up to 50,000 barrels a day again?

S. Laut: Yes.

Operator: Your next question is from David Stenason of Scotia Capital. Please proceed with your question.

D. Stenason: My question relates to your overall natural gas production. You are currently at 935 million cubic feet a day and expect to be at 200 million cubic feet a day, incremental from Ladyfern, by the end of the year. Can we use, basically, the addition of those two numbers as a guide to what you might average in terms of gas production for the year 2002?

S. Laut: That 200 million cubic feet incremental includes 55 million cubic feet that we are already producing at Ladyfern today, so it is not a true 200 incremental. Remember, we have declines of about 25 percent that we have to account for in 2002; but we expect to exit the year about 1 billion cubic feet per day. We haven't done our budget yet for 2002, so we aren't giving guidance at this point in time.

D. Stenason: Okay. I have a second question. Very early in the presentation, Al mentioned light-heavy differentials being in the $5.00 a barrel area. Could you just define that differential, if it's Canadian or U.S. dollars, and exactly what the differential is? What gravities?

A. Markin: It is U.S. dollars and WTI to Lloyd blend crude.

D. Stenason: And exactly what is the number again right now?

A. Markin: To date, the spot is U.S. $5.00 and we think the post-price for August will come in around U.S. $5.50.

Operator: Your next question is from Scott Inglis of FirstEnergy. Please proceed with your question.

S. Inglis I wonder if you could just comment a little bit further on the drilling in the Côte d'Ivoire, specifically at Baobab. You said you were going to drill a couple of separate structures commencing in the fourth quarter, or are you going to be stepping out Baobab?

S. Laut: What we'll have in Côte d'Ivoire, we have a drilling rig coming this fall -- it's scheduled to come in October or November, depending on soon it gets off the well it is currently drilling. It will drill an appraisal well at Baobab first, the second well will be a look-a-like structure, the third well will be another appraisal well on Baobab, and the fourth well will be another different structure, another Baobab look-a-like. That will take us into 2002 before we get all that drilling completed.

S. Inglis: And are the look-a-like structures, would they be of similar size?

S. Laut: They're of similar size.

Operator: Your next question is from Brian Dutton of UBS Warburg. Please proceed with your question.

B. Dutton: How far out could you hedge the Lloyd blend differential? You said it's around $5.50 now. Could you actually go out and do a transaction, say for a year or two, at that kind of price?

S. Laut: No, you can't, Brian. It's very difficult to do heavy oil differentials; there's really no liquidity in the market. You almost have to do it with a buyer on the other side.

B. Dutton: Okay, and that's what's driving your refining transaction that you're seeking?

S. Laut: That's correct.

Operator: Your next question is from Robert Plexman of CIBC World Markets. Please proceed with your question.

R. Plexman: When will you reach the point where you know which kind of development scheme you want, whether it's going to be tied back to the Espoir platform or whether you will be looking at a standalone type of development? Also, regarding the steaming operation, rebuilding the production at Primrose -- will that involve the use of a high-pressure process, or is that just continuing the same kind of process that you've been using up to date?

S. Laut: The Baobab structure development is likely to be a standalone; and that's the reason why we're drilling two of the look-a-like structures so early because if they hit, or one of them hits, it would allow us to design and build a larger FPSO. A larger FPSO could tie Baobab and one of its look-a-likes together, resulting in a more economic project gained from the infrastructure.

R. Plexman: Okay.

S. Laut: That is the likely scenario, but we have to drill appraisal wells to determine whether that will happen or not. On the steaming -- the answer to that is, most of the field will be under low-pressure cyclic steam because we don't have approval yet for high-pressure steam. We do, however, have two pads with high-pressure steam approval; and obviously those will be under high pressure as we ramp up our steam.

M. Chilton: First, can you just remind us again what your capital cost estimate for Espoir is, either on a gross or on a net basis? Second, the emulsion technology that you're testing at Pelican Lake, if you pilot that this year, do you think you could roll that out in 2002; and what sort -- how big a roll out -- could that be? The whole field, or is it in certain sections?

S. Laut: I'll answer the second question first. At Pelican Lake, we are testing the emulsion flood in a field pilot this fall. We won't know results from that right away; I believe you need to have at least six months worth of injection to see if it's going to work. If so, we would start later in 2002 to go on a step-by-step approach to implement it field-wide. As far as the Espoir development, it's around U.S. $250,000 million for the total development of the field, with 100 million barrels of oil recoverable, and about 200 BCF of gas.

Operator: Your next question is from Will Wutherich of Wutherich & Company. Please proceed with your question.

W. Wutherich: I'd like to focus a little bit more on West Africa. Would you see a long-term production plan being taken for your West African plays? Secondly, how easy is it to operate in this jurisdiction? What kind of political environment are you dealing in? Lastly, is there a local market for the gas?

S. Laut: I will focus on Côte d'Ivoire because that's where most of the action will happen. We think we will take this 7,500 barrels a day net initially, ramping up to 16,000 and then higher, probably 25,000 to 30,000 ultimately. Depending on the results at Baobab -- how large the pool is and the look-a-likes -- I could see us get up to 100,000 barrels a day out of West Africa within four to five years. But again, that's depending on the success. The gas market in Côte d'Ivoire is limited, but the price is relatively good at $2.50 MCF and all gas produced in association with oil gets first priority and will be used to generate electricity in Côte d'Ivoire. As far as the politics in Cote d'Ivoire, the country is actually relatively stable as far as the government bureaucracy and the judicial system. They've had some instability politically, but it's becoming more stable. We have experienced no difficulties operating in Cote d'Ivoire.

A. Markin: And we're offshore in all of our projects there.

Operator: You have a follow-up question from Wilf Golbert of Peters & Company. Please proceed with your question.

W. Golbert: Thank you. I have two questions. First, could you please confirm, is that $2.50 per MCF in U.S. dollars or Canadian dollars for Côte d'Ivoire?

S. Laut: U.S. dollars.

W. Golbert: Secondly, back to heavy oil in Canada. I think there are at least two pilot projects for heavy oil upgrading, field upgrading, that have been announced and that are underway. You've talked in the past about the variety of heavy oil strategies you've looked at. Do you see anything coming on a pilot of a field upgrading?

S. Laut: We have evaluated, I think, almost every one of those technologies; and we feel that there may be two or three that are on the verge of being there, being commercially viable. Some of those are being piloted. We see it in the near term, but probably not for the next couple of years.

W. Golbert: So, you don't see any new pilots being announced?

S. Laut: Oh, there'll be new pilots, but actual commercial operations are probably at least two years away.

W. Golbert: Sure, but what about new pilots, new processes, pilots for new processes, being announced? Do you see yourself being involved in something like that soon?

S. Laut: Possibly.

Operator: Mr. Langille, there are no further questions at this time. I will now turn the call back to you. Please continue with your presentation or closing remarks.

J. Langille: Thank you very much, operator, and thank you for your attendance ladies and gentlemen. As usual, if you have any further follow-up questions, please do not hesitate to call any one of us or call Cory Bieber; and we will get back to you with answers to your questions. Again, thank you very much. We are looking forward to an exciting second half of 2001.

Operator: Ladies and gentlemen, that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.