Saskatchewan Wheat Pool

For Immediate Release
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Regina, Saskatchewan
Listed: TSE
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Pool committed to managing through drought – 1st quarter results highlighted

Saskatchewan Wheat Pool today announced first quarter results that reflect the impact of last summer's drought on western Canadian agri-businesses. Chief Executive Officer, Mayo Schmidt said, "As expected, the drought has and will continue to affect all our operations to some degree throughout fiscal 2002. We remain committed to managing through this year by sticking to our game plan. We will continue to rationalize our business portfolio, reduce our debt obligations, and maximize our grain pipeline through tendering, increased customer contact, and superior marketing programs."

The Pool recorded consolidated sales and operating revenues of $673 million compared to $792 million for the first quarter of fiscal 2001. The decline primarily resulted from the effect of drought conditions on the Agri-products segment and the exclusion this year of sales from XCAN Grain Pool Ltd. In addition, first quarter sales to October 31, 2001 do not include Heartland Livestock Services, which was sold effective August 1, 2001 as part of the Pool's divestiture program.

Earnings before interest, securitization, taxes, depreciation and amortization, (EBITDA) were $17 million compared to $31 million in the first quarter last year. While the company continued to reduce costs, drought conditions this summer impacted earnings in all five business segments.

EBITDA from the Grain Handling and Marketing segment reflect lower volumes and tightening of margins due to aggressive pricing along with a change in product availability and mix. Drought conditions reduced production in Western Canada by 21% and by 28% in Saskatchewan where the majority of the Pool's facilities are located. However, the Pool's primary shipments were only 7% below last year's level and exceeded industry shipments which dropped 12% year-over-year for the first quarter of fiscal 2002. Wholly owned port terminals fared well relative to the rest of the industry with volumes through the Pool's facility in Vancouver down only 1.2%, compared to a 14% reduction in total shipments through that Port. At Thunder Bay, shipments through the Pool's facility tracked the 21% decline in Canadian Wheat Board grain through the eastern port in the first three months of the year.

Agri-products EBITDA declined due to lower sales volumes as a result of poor moisture conditions and margin pressures created by intense competition. And at CanAmera Foods, extremely low Canadian canola and soybean supplies have increased input costs in a global environment where high vegetable oil stocks are reducing edible oil prices.

Highlights from the quarter include:

- The Pool recorded a pre-tax gain on the Heartland Livestock sale of $5.3 million in the first quarter of fiscal 2002.
- Balance sheet debt declined $76 million year-over-year or 9%, reflecting the Pool's efforts to de-leverage the Company.
- The Company responded quickly to the impact of the drought, implementing seasonal service adjustments and layoffs. At the same time, the Pool eliminated 150 permanent positions. As a result, the Pool expects to save $2 million in fiscal 2002 and $5 million annually thereafter.
- For the first three months of fiscal 2002, the Pool eliminated $10 million in operating costs and expects to exceed its fiscal 2002 cost reduction target of $33 million by year-end.

- The Pool shipped 90% of its volumes in multi-car unit trains, up from 77% last year. 66% of those volumes were in 50 and 100 car trains compared to 55% in fiscal 2001.

- The Pool was successful in securing, on average, 33% of Canadian Wheat Board tenders under the new transportation agreement implemented on August 1, 2001. This, coupled with the Pool's new customer service strategy, which is generating 22,000 contacts per week, has had a positive impact on market share. As a result, the Pool is targeting a one to three point market share improvement by year-end.

The operating loss, prior to interest, securitization and taxes (EBIT) and the gain on sale was $0.8 million compared to earnings of $12.6 million a year earlier. For its first quarter of fiscal 2002, the Pool reported a loss of $15.7 million or $0.42 per share, prior to the gain on sale compared to a first quarter loss last year of $5.6 million or $0.15 per share. The consolidated net loss for the period was $12.4 million or $0.33 per share compared to a loss of $5.6 million ($0.15 per share) last year.

Cash flow used in operations was $6.1 million ($0.16 per share) for the first three months of fiscal 2002 compared to cash flow from operations of $12.5 million or $0.33 per share in the first three months of fiscal 2001. Capital expenditures were $4.3 million versus $8.8 million in the first quarter of fiscal 2001 and the Pool generated $4.8 million from asset sales, primarily elevators that were targeted for closure during last year's rationalization process.

Commenting on the Pool's financial situation, Mike McCord, Executive Vice President of Finance and Chief Financial Officer said, "Our number one priority this year is to strengthen our balance sheet by continuing to de-leverage the Company. We have plenty of availability through our bank loans and securitization program to meet our business needs this year. At the same time we are committed to reducing debt levels and on November 30, 2001, we met our repayment obligation under the banking arrangement, reducing the availability under the term loan facility by $95 million."

"The drought has ended our string of year-over-year performance improvements and the next two quarters will remain challenging", added CEO Schmidt. "But it has not had an impact on our ability to execute to plan. The entire industry is undergoing unprecedented change and over the next several months, we expect to capitalize on opportunities that will arise as our competitors significantly rationalize their infrastructures. The Pool was the first in Western Canada to aggressively address the issue of excess capacity and we have eliminated over one million tonnes of capacity in the past 24 months. Our closure program is complete and we are well ahead of the industry in terms of implementing productivity enhancements to fully maximize our dominant network of multi-car loaders and port terminals. Our focus for the remainder of the year will not change. We intend to further strengthen our competitive position through asset dispositions and cost reduction initiatives. Assuming a return to normal weather conditions, the Pool expects to be back on track, driving for profitability in fiscal 2003."

Three Month Volumes to October 31
(000's of tonnes)

	Increase (Decrease)	F2002	F2001
Primary Elevator Shipments	-7.1%	1,976	2,126
Terminal Operations			
Vancouver	-1.2%	687	695
Thunder Bay	-21.4%	364	463
Share of Affiliates	-56.4%	112	257
	-17.8%	1,163	1,415

CONSOLIDATED BALANCE SHEETS

	As at October 31		As at July 31
	2001	2000	2000
	(in thousands)		(in thousands)
	(unaudited)	(unaudited)	(audited)
ASSETS		(Restated)	
Current Assets			
Cash	**$ -**	$ 65,839	$ 13,238
Note receivable	**5,000**	-	5,000
Short-term investments	**-**	4,087	-
Accounts receivable	**275,948**	383,134	241,410
Inventories	**318,658**	286,576	271,920
Prepaid expenses	**13,457**	13,737	13,055
	613,063	753,373	544,623
Investments	**13,247**	74,586	13,838
Capital Assets	**781,121**	843,079	797,951
Other Long-Term Assets	**190,558**	136,871	186,485
	$ 1,597,989	$ 1,807,909	$ 1,542,897
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	**$ 33,491**	$ -	$ -
Short-term borrowings	**18,110**	271,971	8,080
Members' demand loans	**30,393**	37,988	35,204
Accounts payable	**244,325**	351,011	216,890
Long-term debt due within one year	**161,630**	15,903	156,514
	487,949	676,873	416,688
Long-Term Debt	**543,673**	537,020	549,225
Other Long-Term Liabilities	**80,198**	54,632	75,685
Non-Controlling Interest	**3,129**	5,475	5,863
	1,114,949	1,274,000	1,047,461
Shareholders' Equity			
Share capital	**457,697**	457,706	457,699
Retained earnings	**25,343**	76,203	37,737
	483,040	533,909	495,436
	$ 1,597,989	$ 1,807,909	$ 1,542,897

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

	Three months ended October 31	
	2001	**2000**
	(in thousands)	
	(unaudited)	**(unaudited)**
Sales and Other Operating Revenues	**$ 673,338**	$ 791,801
Cost of Sales and Expenses		
Cost of sales and operating expenses	**635,340**	735,264
Selling and administrative expenses	**21,354**	24,681
Depreciation and amortization	**17,760**	18,775
(Gain) on disposal and provisions	**(5,283)**	-
	669,171	778,720
Earnings (Loss) Before the Undernoted	**4,167**	13,081
Equity earnings (loss) of significantly influenced companies	**60**	(549)
Non-controlling interest	**294**	82
Earnings (Loss) Before Interest and Taxes	**4,521**	12,614
Interest expense	**17,912**	15,709
Securitization fees and expense	**3,752**	4,259
Earnings (Loss) Before Corporate Taxes	**(17,143)**	(7,354)
Recovery of corporate taxes	**4,749**	1,722
Net Earnings (Loss)	**(12,394)**	(5,632)
Retained Earnings, Beginning of Period		
As previously reported	**37,737**	85,900
Changes in accounting policies		
Income taxes	**-**	1,940
Revenue recognition	**-**	(6,005)
As restated	**37,737**	81,835
Retained Earnings, End of Period	**$ 25,343**	$ 76,203
Earnings (Loss) Per Share	**$ (0.33)**	$ (0.15)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended October 31	
	2001	**2000**
	(in thousands)	
	(unaudited)	**(unaudited)**
SALES		
Grain Handling and Marketing	$ 440,640	$ 502,810
Agri-products	52,953	89,481
Agri-food Processing	159,780	152,841
Livestock Production and Marketing	28,475	55,743
Publishing and Other	2,895	3,167
Intersegment sales	(11,405)	(12,241)
	$673,338	**$791,801**

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended October 31 2001 (in thousands) (unaudited)				Three months ended October 31 2000 (in thousands) (unaudited)			
	EBITDA	**D&A**	**Provisions**	**EBIT**	EBITDA	D&A	Provisions	EBIT
Grain Handling and Marketing	**$ 10,819**	**$ 7,626**	**$ -**	**$ 3,193**	$ 13,934	$ 8,489	$ -	$ 5,445
Agri-products	**(727)**	**2,871**	**-**	**(3,598)**	2,996	2,805	-	191
Agri-food Processing	**7,619**	**4,274**	**-**	**3,345**	12,058	4,173	-	7,885
Livestock Production and Marketing	**2,967**	**2,594**	**-**	**373**	5,200	2,821	-	2,379
Publishing and Other	**403**	**85**	**-**	**318**	486	99	-	387
Segment Results	**21,081**	**17,450**	**-**	**3,631**	**34,674**	**18,387**	**-**	**16,287**
Reconciling differences:								
Corporate expenses	**(4,082)**	**310**	**(5,283)**	**891**	(3,990)	388	-	(4,378)
Tax Provision on Equity Earnings	**(1)**	**-**	**-**	**(1)**	705	-	-	705
Per Financial Statements	**$ 16,998**	**$ 17,760**	**$ (5,283)**	**$ 4,521**	**$ 31,389**	**$ 18,775**	**$ -**	**$ 12,614**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended October 31 (in thousands) (unaudited) 2001	2000
Cash From (Used in) Operating Activities		
Net loss	**$ (12,394)**	$ (5,632)
Add/(deduct) items not involving cash		
Depreciation and amortization	**17,760**	18,775
(Gain) on disposal and provisions	**(5,283)**	-
Future taxes (recovery)	**(5,723)**	(1,374)
Equity (earnings) of significantly influenced companies	**(60)**	549
Pension and other items	**(118)**	223
Non-controlling interest	**(294)**	(82)
Cash flow (used in) from operations	**(6,112)**	12,459
Changes in non-cash working capital items		
Accounts receivable	**(12,352)**	70,314
Securitization of accounts receivable	**(28,928)**	(209,983)
Inventories	**(53,535)**	3,813
Securitization of inventories	**3,506**	(26,765)
Accounts payable	**27,977**	103,792
Prepaid expenses	**(1,309)**	3,036
Changes in non-cash working capital	**(64,641)**	(55,793)
Cash used in operating activities	**(70,753)**	(43,334)
Cash From (Used in) Financing Activities		
Proceeds of long-term debt	**685**	6,331
Repayment of long-term debt	**(1,261)**	(1,720)
Proceeds of short-term borrowings	**10,030**	137,971
Repayment of members' demand loans	**(4,811)**	(10,846)
(Decrease) increase in other long-term liabilities	**(107)**	22
Decrease in share capital	**(2)**	(6)
Cash from financing activities	**4,534**	131,752
Cash From (Used in) Investing Activities		
Capital asset expenditures	**(4,276)**	(8,816)
Proceeds on sale of capital assets	**4,755**	-
Divestitures	**19,964**	-
Decrease in investments	**94**	841
Decrease in other long-term assets	**(1,047)**	(1,319)
Cash from (used in) investing activities	**19,490**	(9,294)
Increase (Decrease) in Cash and Cash Equivalents	**(46,729)**	79,124
Cash and Cash Equivalents, Beginning of Period	**13,238**	(9,198)
Cash and Cash Equivalents, End of Period	**$ (33,491)**	$ 69,926
Cash Flow Per Share	**$ (0.16)**	$ 0.33

Cash and cash equivalents consist of cash, short-term investments and bank indebtedness.

With 21 operating companies, Saskatchewan Wheat Pool is Canada's largest publicly traded agri-business co-operative headquartered in Regina, Saskatchewan. Its core business operations are grain handling and marketing and agri-product sales. These operations are complemented by livestock, food processing and value-added businesses that allow the Pool to leverage its pivotal position between prairie farmers and destination customers in North America and around the world. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

Additional information on the Pool's first quarter result for the period ending October 31, 2001 is available on its website at http://www.swp.com/financial/.

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