



Saskatchewan Wheat Pool

For Immediate Release

November 1, 2002
Regina, Saskatchewan
Listed: TSX
Symbol: SWP.B

Pool Records Fourth Quarter Profit

Saskatchewan Wheat Pool announced today a profit for the fourth quarter ended July 31, 2002 of \$5.1 million, prior to provisions. This compares to earnings of \$9.3 million in the fourth quarter last year.

CEO Mayo Schmidt said: "We remained focused on managing events within our control, continued to reduce debt and costs and implemented marketing programs to drive market share gains. We have secured the necessary funding to execute our fiscal 2003 business plan and have the support of our banks. We look forward to capitalizing on our renewed commodity pipeline as normal growing conditions return."

The Pool sold its interest in an oilseed processor in the fourth quarter and recorded a provision related to staff reductions and country closures. In addition, the company recorded a provision of \$24.6 million associated with its joint venture port terminal in Manzanillo, Mexico. Since opening in June of 1999, market conditions have deteriorated and the terminal's performance has not met expectations. As a result, the Pool recorded the provision to reflect the company's best estimate of the impairment of value of its investment and other related costs. After accounting for all one-time items, the net loss for the quarter was \$41.1 million compared to a net loss of \$10.1 million last year.

The Pool's primary shipments for fiscal 2002 compared favourably with the rest of the Canadian grain industry. Primary shipments for the year were 7.3 million tonnes, down only 12 per cent from last year (industry shipments declined 22 per cent). Wholly owned port terminal volumes were 3.4 million tonnes, compared to 4.2 million tonnes last year. Again, the Pool performed well in light of overall industry declines of 24 per cent.

For the Pool's Agri-products segment, poor precipitation levels and depleted topsoil moisture reduced producers' purchases for the year. The Pool's Agri-food segment posted strong results in fiscal 2002. Can-Oat Milling continued with record contributions, generating substantial growth over the past 12 months. Prairie Malt also strengthened results for the period by focusing on higher-margin business. Results for the company's livestock segment reflected asset dispositions, lower hog prices and high feed costs.

The Pool recorded a loss for the year of \$42.1 million prior to provisions, or \$1.12 per share, compared to a \$17.2 million loss (\$0.46 per share) in fiscal 2001. The consolidated net loss for fiscal 2002, which includes one-time charges of \$50.1 million, was \$92.2 million or \$2.46 per share, compared to a net loss of \$44.1 million or \$1.18 per share in fiscal 2001.

Despite a tough year, the Pool made substantial progress against its key objectives.

- Balance sheet debt at July 31, 2002 declined \$249 million or 32 per cent compared to July 31, 2001.
- Through the SWP/Farm Credit Canada Input Financing Program, the Pool has substantially reduced its reliance on securitization and has driven down working capital usage.
- Operating costs were down by approximately \$35 million in fiscal 2002, bringing the reductions from its restructuring efforts to more than \$60 million over the last 24 months, far exceeding expectations.
- The Pool's Western Canadian market share increased two points or 10 per cent to 23 per cent from 21 per cent last year, a significant accomplishment given that the drought and corresponding production declines were much more pronounced in Saskatchewan, where the majority of Pool facilities are located.

The Pool amended its financing agreement with its banks and has \$275 million in operating and term loans to fund its Fiscal 2003 business plan. Included in the agreement is a deferral of debt repayments to November 30, 2003, and funding to support the Pool's securitization program. At the same time, the Pool announced its intention to enter into discussions with its banks and Medium Term Note holders to develop a consensual plan to deal with its debt obligations.

"With two consecutive years of drought, it is key to ongoing operations for the company to identify strategic alternatives and implement a plan to further reduce our senior secured debt," Schmidt said. "We believe we can complete this restructuring in the next couple of months, and have agreed, as part of our financing agreement with the banks, to do so by January 31, 2003."

CONSOLIDATED BALANCE SHEETS

	As at July 31	
	2002	2001
	(in thousands)	
ASSETS	(audited)	(audited)
Current Assets		
Cash	\$ -	\$ 25,759
Note receivable	-	5,000
Short-term investments	27,132	19,718
Accounts receivable	127,132	241,410
Inventories	191,843	271,920
Prepaid expenses	10,235	13,055
	356,342	576,862
Investments	10,275	13,838
Property, Plant and Equipment	638,417	797,951
Other Long-Term Assets	202,346	186,485
	\$ 1,207,380	\$ 1,575,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank indebtedness	\$ 30,952	\$ 32,239
Short-term borrowings	2,967	8,080
Members' demand loans	24,624	35,204
Accounts payable	207,970	216,890
Long-term debt due within one year	17,321	156,514
	283,834	448,927
Long-Term Debt	456,224	549,225
Other Long-Term Liabilities	62,766	75,685
Non-Controlling Interest	1,286	5,863
	804,110	1,079,700
Shareholders' Equity		
Share capital	457,692	457,699
Retained Earnings (Deficit)	(54,422)	37,737
	403,270	495,436
	\$ 1,207,380	\$ 1,575,136

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended July 31		Twelve months ended July 31	
	2002 (in thousands) (unaudited)	2001 (unaudited)	2002 (in thousands) (audited)	2001 (in thousands) (audited)
Sales and Other Operating Revenues	\$ 784,099	\$1,001,028	\$ 2,781,292	\$ 3,302,658
Cost of Sales and Expenses				
Cost of sales and operating expenses	730,859	904,814	2,632,068	3,055,066
Selling and administrative expenses	17,289	28,358	76,526	102,247
Depreciation and amortization	17,026	18,351	70,937	75,723
Loss on disposals	7,884	20,065	17,606	20,065
Restructuring and other provisions	54,360	-	54,360	13,323
	827,418	971,588	2,851,497	3,266,424
Earnings (Loss) Before the Undernoted	(43,319)	29,440	(70,205)	36,234
Equity earnings of significantly influenced companies	168	67	114	2,759
Non-controlling interest	201	(365)	867	(487)
Earnings (Loss) Before Interest and Taxes	(42,950)	29,142	(69,224)	38,506
Interest expense	11,773	17,505	57,761	65,059
Securitization fees and expense	909	5,286	7,796	21,382
Earnings (Loss) Before Corporate Taxes	(55,632)	6,351	(134,781)	(47,935)
Recovery of (provision for) corporate taxes	14,537	(16,413)	42,622	3,837
Net Earnings (Loss)	(41,095)	(10,062)	(92,159)	(44,098)
Retained Earnings, Beginning of Period				
As previously reported	(13,327)	48,432	37,737	85,900
Changes in accounting policies				
Income taxes	-	(633)	-	1,940
Revenue recognition	-	-	-	(6,005)
As restated	(13,327)	47,799	37,737	81,835
Retained Earnings (Deficit), End of Period	\$ (54,422)	\$ 37,737	\$ (54,422)	\$ 37,737
Earnings (Loss) Per Share (basic and diluted)	\$ (1.10)	\$ (0.27)	\$ (2.46)	\$ (1.18)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended July 31		Twelve months ended July 31	
	2002	2001	2002	2001
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited)	(audited)	(audited)
SALES				
Grain Handling and Marketing	\$ 391,041	\$ 502,962	\$ 1,743,208	\$ 1,955,575
Agri-products	284,955	289,411	435,938	516,140
Agri-food Processing	96,938	149,688	545,010	604,755
Livestock Production and Marketing	25,421	48,658	101,446	242,092
Publishing and Other	1,240	3,438	6,352	16,210
Intersegment sales	(15,496)	6,871	(50,662)	(32,114)
	\$ 784,099	\$ 1,001,028	\$ 2,781,292	\$ 3,302,658

SEGMENT EARNINGS FROM OPERATIONS – THREE MONTHS

	Three months ended July 31 2002				Three months ended July 31 2001			
	(in thousands)				(in thousands)			
	(unaudited)				(unaudited)			
	EBITDA	D&A	Loss/(Gain) or Provisions	EBIT	EBITDA	D&A	Loss/(Gain) or Provisions	EBIT
Grain Handling and Marketing	\$ 6,598	\$ 8,256	\$ 24,600	\$ (26,258)	\$ 22,408	\$ 7,729	\$ -	\$ 14,679
Agri-products	24,869	3,030	-	21,839	39,992	3,203	-	36,789
Agri-food Processing	9,333	2,863	7,412	(942)	6,174	4,286	20,065	(18,177)
Livestock Production and Marketing	(2,426)	2,283	472	(5,181)	4,641	2,716	-	1,925
Publishing and Other	54	-	-	54	446	86	-	360
Segment Results	38,428	16,432	32,484	(10,488)	73,661	18,020	20,065	35,576
Reconciling differences:								
Corporate expenses	(2,081)	594	29,760	(32,435)	(5,993)	331	-	(6,324)
Tax Provision on Equity Earnings	(27)	-	-	(27)	(110)	-	-	(110)
Per Financial Statements	\$ 36,320	\$ 17,026	\$ 62,244	\$ 42,950	\$ 67,558	\$ 18,351	\$ 20,065	\$ 29,142

SEGMENT EARNINGS FROM OPERATIONS – TWELVE MONTHS

	Twelve months ended July 31 2002				Twelve months ended July 31 2001			
	(in thousands)				(in thousands)			
	(audited)				(audited)			
	EBITDA	D&A	Loss/(Gain) or Provisions	EBIT	EBITDA	D&A	Loss/(Gain) or Provisions	EBIT
Grain Handling and Marketing	\$ 27,655	\$ 32,961	\$ 24,600	\$ (29,906)	\$ 54,557	\$ 34,342	\$ 12,153	\$ 8,062
Agri-products	21,827	11,659	(7,818)	17,986	49,322	11,459	-	37,863
Agri-food Processing	35,376	15,111	28,991	(8,726)	39,139	17,006	20,065	2,068
Livestock Production and Marketing	3,833	9,559	7,467	(13,193)	21,169	11,206	-	9,963
Publishing and Other	643	142	(11,034)	11,535	4,073	366	-	3,707
Segment Results	89,334	69,432	42,206	(22,304)	168,260	74,379	32,218	61,663
Reconciling differences:								
Corporate expenses	(15,628)	1,505	29,760	(46,893)	(20,999)	1,344	1,170	(23,513)
Tax Provision (Recovery) on Equity Earnings	(27)	-	-	(27)	356	-	-	356
Per Financial Statements	\$ 73,679	\$ 70,937	\$ 71,966	\$ (69,224)	\$ 147,617	\$ 75,723	\$ 33,388	\$ 38,506

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended July 31		Twelve months ended July 31	
	2002	2001	2002	2001
	(in thousands)		(in thousands)	
	(unaudited)		(audited)	
Cash From (Used in) Operating Activities				
Net loss	\$ (41,095)	\$ (10,062)	\$ (92,159)	\$ (44,098)
Add (deduct) items not involving cash				
Depreciation and amortization	17,026	18,351	70,937	75,723
Loss on disposals	7,884	20,065	17,606	20,065
Restructuring provisions	46,259	(2,532)	46,259	10,767
Recovery of future income taxes	(16,498)	13,251	(48,482)	(10,592)
Equity earnings of significantly influenced companies	(168)	(67)	(114)	(2,759)
Pension and other items	(653)	(7,441)	(8,552)	(10,826)
Bank refinancing amortization	2,145	3,431	12,046	3,431
Non-controlling interest	(201)	365	(867)	487
Cash flow from (used in) operations	14,699	35,361	(3,326)	42,198
Changes in non-cash working capital items				
Accounts receivable	(11,779)	(143,382)	189,450	53,302
Securitization of accounts receivable	6,301	149,032	(123,555)	(75,824)
Inventories	111,291	83,236	16,456	27,471
Securitization of inventories	3,745	(18,569)	7,451	(40,019)
Accounts payable	(51,023)	(42,710)	(24,303)	(20,295)
Prepaid expenses	(273)	(5,747)	2,412	3,624
Changes in non-cash working capital	58,262	21,860	67,911	(51,741)
Cash from (used in) operating activities	72,961	57,221	64,585	(9,543)
Cash From (Used in) Financing Activities:				
Proceeds of long-term debt	-	21,495	5,488	373,523
Repayment of long-term debt	(82,858)	(27,287)	(227,363)	(216,587)
Proceeds of short-term borrowings	-	-	-	120,502
Repayment of short-term borrowings	(25,404)	(68,696)	(135)	(254,000)
Proceeds (repayment) of members' demand loans	(2,093)	870	(10,580)	(13,630)
(Decrease) increase in other long-term liabilities	(3,966)	(1,355)	(4,358)	258
Amounts received from minority interest parties of a subsidiary	-	-	-	129
Decrease in share capital	(5)	(2)	(7)	(13)
Cash (used in) from financing activities	(114,326)	(74,975)	(236,955)	10,182
Cash From (Used in) Investing Activities:				
Property, plant and equipment expenditures	(882)	(2,696)	(12,389)	(23,132)
Proceeds on sale of property, plant and equipment	3,525	3,033	12,752	9,784
Divestitures	68,368	41,302	153,622	52,302
Decrease in investments	-	53	2,553	1,216
Decrease (increase) in other long-term assets	2,309	(1,970)	(1,226)	(18,373)
Cash from investing activities	73,320	39,722	155,312	21,797
Increase (Decrease) in Cash and Cash Equivalents	31,955	21,968	(17,058)	22,436
Cash and Cash Equivalents, Beginning of Period	(35,775)	(8,730)	13,238	(9,198)
Cash and Cash Equivalents, End of Period	\$ (3,820)	\$ 13,238	\$ (3,820)	\$ 13,238

Saskatchewan Wheat Pool is a publicly traded agribusiness headquartered in Regina, Saskatchewan. Anchored by a prairie-wide grain handling and agri-products marketing network, the Pool channels prairie production to end-use markets in North America and around the world. These operations are complemented by value-added businesses and strategic alliances, which allow the Pool to leverage its pivotal position between prairie farmers and destination customers. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

This release contains forward looking statements that involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such statements. Important factors that could affect these statements include, without limitation, producer's decisions regarding total planted acreage, crop selection, and utilization levels of farm inputs such as fertilizers and pesticides; weather conditions; Canadian grain export levels; changes in government policy and transportation deregulation; world agricultural commodity prices and markets; changes in competitive forces including pricing pressures; and global political and economic conditions, including grain subsidy actions of the United States and European Union.

The Pool's financial statements, notes and management discussion and analysis will be available on SEDAR (www.sedar.com) in the coming days.

Media: Media may contact Dawn Blaus at 306-569-4291 to arrange interviews regarding today's announcement.

Shareholders: Investors may contact the Investor Relations department at 306-569-4525.