SWP CONFERENCE CALL

DECEMBER 13, 2002

1ST QUARTER REPORT TO OCTOBER 31, 2002

Colleen Vancha:

Good morning. Thank you for joining us. I would encourage you to read the Quarterly Report available on the Pool's website at www.swp.com. If you have previously book-marked the site, please refresh your link. We have upgraded the site and your old settings may no longer work.

Following today's briefing by our CEO, I would ask that if you have questions or require clarification to call the Investor Relations Department at 306-569-4525. For media, if you would like to schedule an interview with our CEO, please call Dawn Blaus directly at 306-569-4291. I'd now like to turn the call over to Mayo Schmidt.

Mayo Schmidt:

Good morning Ladies and Gentlemen:

Saskatchewan Wheat Pool recorded consolidated sales and operating revenues in the first quarter of Fiscal 2003 of $470 million compared to $673 million in the first quarter last year. Approximately 70% of the variance reflects sales last year from companies that were subsequently sold.

First quarter EBITDA of $1.2 million compares to $13.2 million last year once we exclude divested companies. Low grain volumes and lower earnings from the Company's pork production operations were primarily responsible for the decline.

On the cost side, interest and securitization costs decreased $9 million in the quarter, illustrating the benefits of our debt reduction initiatives over the past two years.

Depreciation and amortization also declined, down 27% from last year's quarter, largely reflecting the positive impact of the company's divestiture program.

We also continued to focus on efficiency improvements. In the first quarter, the Pool reduced costs from its grain, agri-products and head office operations by $7 million compared to the same period a year ago.

The net loss for the period was $15.6 million or ($0.42) per share, slightly better than the comparable $15.7 million loss, prior to a gain on sale recorded in that quarter.

Before I provide the overview of results from our primary businesses, I think it would be appropriate to take some time to talk about our biggest challenge - the weather.

Over the past six months, we have experienced the most unusual weather in our history. Lingering drought conditions from the previous fall were aggravated by a lack of winter moisture and a dry growing season. The crops received little or no moisture in the critical early growing stages, and by mid-summer it was apparent that many crops were simply not going to be viable.

In July, the grasshoppers came. While not truly a weather-related event, the swarms of grasshoppers took advantage of dry conditions and in many areas, stripped crops to the ground. Frost followed and was particularly damaging given the development stage of the crops. Throughout September, it rained. Much too late for the crop in the field, the rains served as yet another obstacle producers had to overcome as they tried to get their crops in the bin. The snow arrived early and many producers were still in the fields well into November, using modern technology and Prairie ingenuity to combine swaths covered in snow. Still, there is an estimated 10 to 15 per cent of the crop not yet harvested. It will simply have to wait until spring – and the quality will be poor.

The entire industry has been sharply affected by these abnormal weather events. Western Canadian grain production is down 45% and the decline for some of the higher margin crops is even more severe. The Canadian Wheat Board, which is responsible for marketing wheat and barley, only expects to export 8.2 million tonnes this year, which is 55 percent lower than in normal years.

Against this backdrop, the Pool's primary shipments for the first quarter of Fiscal 2003 were down 22%. For the six major grains, Western Canadian shipments declined 36% in the first quarter, while at the Pool our decline was 27%, outperforming the industry. At the same time we saw market share hold and even improve slightly illustrating the commitment and support of our producers, more of whom are delivering their grain to the Pool.

Exports declined dramatically. Despite the slowdown, we continued to maximize our multi-car loading strength, shipping 95% of our grain in unit trains. That's up from 90% last year.

Our wholly owned port terminal volumes were approximately half a million tonnes lower than the first quarter last year. The decline reflects the reduction of exports I just described, along with a suspension of volumes through our Vancouver terminal because of a labour dispute at the port.

EBITDA for the Grain Handling and Marketing segment was $8.3 million, reflecting lower volumes, margins, and an accrual for grain volume insurance of approximately $4.6 million.

Sales for the Agri-products segment for the first quarter were $44 million, down from $53 million in the first quarter last year. The primary reason for the decline was reduced sales of agricultural equipment. In addition to rationalizing various equipment lines, the Pool saw demand decline for storage bins due to the small crop. Sales of fertilizer were stronger in the first quarter of 2003 than last year, while crop protection product sales were similar. Unfortunately, the potential for additional crop protection product and fertilizer sales in the quarter was hampered by the late harvest and early winter weather, which cut short the regular fall application period.

EBITDA for the three months was a loss of $(5.9) million compared to a loss of $(0.7) million in the first quarter last year. The primary variance was lower service charge revenue associated with the introduction of the Pool's Farm Smart program, which transferred much of the Pool's agri-products financing to Farm Credit Canada and John Deere. The decline in the service charge revenue was largely offset by a corresponding reduction of interest and securitization expenses on the company's income statement.

Sales for the Agri-food Processing segment grew 23% after eliminating the sales contributions from divested companies. Can-Oat Milling once again drove the sales improvement, while Prairie Malt saw sales drop slightly as the impact of the drought began to take hold.

EBITDA for the Agri-food Processing segment was down slightly reflecting similar results from Prairie Malt and slightly lower results from Can-oat. Wet harvest conditions reduced crop quality and delayed the availability of new oats. This, combined with the drought, lowered EBITDA for their quarter.

Our last segment contains Heartland Pork, the remaining feed mills and the aquaculture operation. Heartland Pork marketed 78,000 finished hogs in the quarter compared to 84,000 in the first three months of last year.

EBITDA for the quarter was a loss of $(2.9) million compared to $2.3 million in earnings for the same period, after divestitures. The decrease reflected lower results from Heartland Pork. The selling price for pork was much lower this year and the cost associated with feed rose, further eroding Heartland Pork's margins.

Moving to the balance sheet, total debt at October 31, 2002 was down $210 million, reflecting our efforts to reduce debt. The Pool's total debt-to-equity ratio at October 31, 2002, was 59:41 compared to 62:38 at October 31, 2001.

Operationally as we look forward to the remainder of the year, the Pool's efficiency improvements over the past 24 months will serve it well through this prolonged period of low volumes and earnings. We will work prudently to utilize our merchandizing and logistics expertise to meet our commitment to customers.

Renewed moisture levels throughout the Prairies this Fall are the first signs of improved growing conditions for next year. In addition, the small canola and malting barley crops of 2002 will drive renewed demands in 2003. However, because of drought and fall rains, the availability of certain certified seeds will be limited. More intense crop management is expected for all commodities, especially the higher input crops such as canola, given that commodity prices have strengthened. We need to keep in mind that the Agri-products business is extremely seasonal and expectations for the year will depend on growing conditions and commodity price expectations during the spring of 2003.

For the Agri-food businesses, we expect Prairie Malt's contribution to weaken due to the lack of quality malt barley available to maltsters. According to the latest Statistics Canada report, barley production was down 48% from the 10-year average to 6.2 million tonnes. Quality is extremely poor and much of the crop is expected to end up in the feed market.

Can-Oat intends to take measures to source quality oats from alternate markets to supplement western Canadian supplies and therefore their contribution is not expected to hit last year's record. However it is still expected to remain strong.

To conclude, fiscal 2003 will be a challenging year for the Pool. Operationally we will manage the business to the current economic environment. Financially we will focus on completing our financial restructuring to better align our balance sheet with our cash flow potential.

Thank you for your time. As Colleen said, please visit the website for additional information or give us a call if you require clarification on our quarterly results.

Colleen Vancha:

Thank you Mayo. This call has been recorded and will be available through playback until next Wednesday by dialing 1-416-695-9731.

Again, shareholders with questions may call 306-569-4525 and media may call 306-569-4291.