

Saskatchewan Wheat Pool
First Quarter Conference Call
December 14, 2004

Colleen Vancha:

Good afternoon ladies and gentlemen. Thank you for joining us for the Pool's 1st quarter conference call. CEO Mayo Schmidt will take you through today's press releases and we will then open the call to question and answers. Mayo - I'll turn the call over to you.

Mayo Schmidt:

Thank you Ladies and Gentlemen. The Pool has announced a very significant initiative today and while we could spend time reviewing the 1st quarter results, I believe the detail in the press release and MD&A that is posted to our website clearly highlights how the unusual weather during the harvest period impacted our performance.

I would be pleased to take your questions about the quarterly results during the question period. It is my intent, however, to focus my comments on the capital markets initiative that we announced just hours ago.

Today is a very important day for the Pool, its employees, its members, its customers and its shareholders. We are embarking on a new chapter in Pool history – one that I believe and that the Board of Directors believes is absolutely critical to the long-term viability of this very important organization. The Pool's proposed re-capitalization is a bold and comprehensive plan that allows us to act decisively and swiftly to deal with our balance sheet well in advance of 2008.

The first step in this re-capitalization was the work required to solidify our operating requirements for the near-term.

You will note in the press release we issued today, that the Pool's Board of Directors approved two binding letters of commitment for new operating and term loans.

The first, with GE Canada, is a \$250 million, three-year term loan:

- It is an revolving asset backed facility that we will utilize to fund the Pool's daily working capital requirements and is support by the Pool's receiveables and inventories.

- The facility will replace the Pool's existing operating loan that matures on July 31, 2005.

The second, which is financed by an institutional investor, that wishes to remain unnamed, provides \$100 million of senior secured notes.

- These notes will replace the Pool's current \$79 million term bank debt.
- The remainder will be used to support the Pool's liquidity needs.
- The current arrangements provide for an initial two-year term with extensions for two additional years, at the option of the Pool.
- Both agreements are subject to the completion of due diligence satisfactory to the lenders, legal documentation and general closing conditions.

This is an important first step in our re-capitalization alternatives. Finalization of the new operating and term loans will secure the necessary funding to support our operations and we look forward to executing the rest of the initiatives we have presented today to further position the Pool for long-term viability.

I now would like to turn your attention to the capital markets initiative that we just announced.

- Today marks a new chapter in the Pool's history.
- You may recall on August 6, 2004, we announced we were reviewing capital market options to explore opportunities to further strengthen our balance sheet and lower our interest costs.
- We have set out our future path to performance – a path that we believe is absolutely vital to the Pool's future.

Taken together, this initiative will advance our objectives to:

- Reduce debt;
- Lower interest costs;
- Position the Pool to access equity markets for future business needs.
- With our current non-voting share structure, we do not have access to the equity markets;
- Our convertible notes impede our share price and limit the potential for future share price appreciation

- And like all players in the industry we remain vulnerable to adverse weather conditions.

So we have set forth a course of action that we believe will result in:

- A stronger balance sheet and lower cost financing to improve our competitive position through good and bad times;
- A more responsive, flexible Pool that our farm customers and employees can depend on for the long-term.

It is our responsibility to make the changes now to ensure the future viability of this organization.

Specifically, the proposed initiative involves a number of steps. We will be seeking approval to:

- Continue the Pool as a company incorporated under the *Canada Business Corporations Act*.
- We will consolidate our existing Class A and Class B shares into a single class of common voting shares,
- We will exchange the Pool's convertible notes into the new single class of shares.
- We will be revitalizing our governance model with a new Board model. While details still need to be finalized, we will contemplate the appropriate representatives that reflect the economic interest of all stakeholders.
- Delegates, shareholders and noteholders will be asked to approve the transaction.

We believe the time is right to act now so when market conditions warrant, we can take the necessary steps to reduce debt by accessing new equity from the marketplace.

- By accessing equity, we can reduce our debt and alleviate some of the financial restrictions that exist within debt financing;
- It is this action that will, not only better protect the Pool and its customers from uncontrollable weather events, but allow us to grow our business as opportunities arise.
- We will also be creating a new Board structure that is consistent with public companies and better reflects the economic interests of all of the Pool's shareholders and customer base.
- All Pool shareholders will have the same voting rights.

- We will also establish a new member-run co-operative
- It will be the first of its kind in western Canada
- It will be structured based on the Pool's market centre structure, and
- It will provide professional development and leadership growth opportunities to the Pool's customer base across Western Canada.

We are pleased to be in a position to share our approach to a re-capitalized Pool that will benefit from a revitalized governance model and stronger financial position.

Colleen, I'll turn the call over to you for the question and answer session:

Colleen

Thank you Mayo. I would now like to move into the question and answer session. Wayne Cheeseman, our CFO, Fran Malecha, head of the Grain Group and Doug Weinbender, who runs our Agri-products business, are also here to answer your questions. Operator we will now take calls from participants. I would ask that we take questions from the market first and then move to media questions.

Questions and Answers: