VITERRA INC.

ANNUAL INFORMATION FORM
January 19, 2011

VITERRA INC. – ANNUAL INFORMATION FORM
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1. DEFINITIONS

"21st Century"	means 21C Holdings, L.P. and its subsidiaries comprising the 21st Century Grain Processing group.
"ABA"	means Australian Bulk Alliance.
"ABB"	means ABB Grain Ltd. which was acquired by the Company on September 23, 2009.
"ACCC"	means Australian Competition and Consumer Commission.
"agri-business"	means businesses engaged in the purchasing, storage, handling, processing and marketing of agricultural products and supplies and the provision of related services.
"ARO"	means asset retirement obligation.
"AU"	means United Grain Growers Limited (a wholly owned subsidiary of the Company operating as Agricore United from June 15, 2007 until it was amalgamated with the Company on November 1, 2007).
"AUD"	means Australian dollars.
"AWSA"	means Agricultural Warehousing Standards Association.
"Board grains"	means wheat and barley sold by or on behalf of the CWB into the export market or domestically for human consumption.
"CDIs"	means CHESS Depositary Interests.
"CFL"	means Canadian Fertilizers Limited.
"CGC"	means the Canadian Grain Commission.
"COOL"	means country of origin labeling.
"CPRS"	means Carbon Pollution Reduction Scheme.
"CWB"	means the Canadian Wheat Board.
"Dakota Growers"	means Dakota Growers Pasta Company, Inc. and its subsidiaries comprising the Dakota Growers group.
"DBRS"	means Dominion Bond Rating Service.
"EBITDA"	means earnings before financing expenses, taxes, amortization, gain (loss) on disposal of assets, integration expenses, and net foreign exchange gain (loss) on acquisition.
"ETS"	means emissions trading scheme.
"EU"	means the European Union.

"food processing"	means a combination of processing farm commodities and marketing the value-added products derived therefrom; for example, rolled oats are processed from raw oats and malt for the brewing industry is made from malt barley.
"GHG"	means greenhouse gas.
"GMO"	means Genetically Modified Organism.
"GSU"	means Grain Services Union.
"HACCP"	means Hazard Analysis Critical Control Point.
"Hi-Pro"	means Unifeed Hi-Pro Inc.
"IPCO"	means Interprovincial Co-operative Limited.
"ISO"	means International Organization for Standardization.
"Moody's"	means Moody's Investors Service.
"MSAA"	means the *Maritime Services (Access) Act 2000 (SA).*
"NGER Act"	means the *National Greenhouse and Energy Reporting Act.*
"NZUs"	means New Zealand Units.
"open market grains"	means all grains other than Board grains and includes open market grains, non-CWB wheat and barley and special crops.
"Prairie Malt"	means Prairie Malt Limited.
"primary elevator"	means a grain elevator licensed by the CGC to purchase and receive grain directly from producers.
"port terminal"	means a grain elevator located at a coastal port (or Great Lakes port in Canada) licensed to receive, clean, dry and process grain and to co-ordinate shipments of grain abroad or for domestic use.
"S&P"	means Standard & Poor's Corp.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval
"SH&E"	means Safety Health and Environment.
"TSX"	means Toronto Stock Exchange.
"Viterra" or "Company"	means Viterra Inc. and its predecessors, including Saskatchewan Wheat Pool Inc. and Saskatchewan Wheat Pool, and unless the context otherwise requires, includes subsidiaries, joint ventures and entities which Viterra has an investment accounted for by the equity method.

“Viterra Australia”	means Viterra Australia Pty Ltd. and its subsidiaries.
“WEA”	means Wheat Exports Australia.
“Westco”	means Western Co-operative Fertilizers Limited, which continued under the *Canada Business Corporations Act* on October 28, 2008 as Westco Fertilizers Ltd., and which was then amalgamated with the Company on November 1, 2008.
“U.S.”	means the United States of America.
“USD”	means United States dollars.

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Forward-Looking Information

Certain statements in this Annual Information Form and the information incorporated herein are forward-looking statements and reflect Viterra’s expectations regarding future results of operations, financial condition and achievements. All statements included or incorporated by reference in this Annual Information Form that address activities, events or developments that Viterra or its management expects or anticipates will or may occur in the future, including such things as growth of its business and operations, competitive strengths, strategic initiatives, planned capital expenditures, plans and references to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company and other such matters, are forward-looking statements. In addition, when used in this Annual Information Form, the words “believes”, “intends”, “anticipates”, “expects”, “estimates”, “plans”, “likely”, “will”, “may”, “could”, “should”, “would”, “outlook”, “forecast”, “objective”, “continue” (or the negative thereof) and words of similar import may indicate forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of Viterra to be materially different from any future results, performance and achievements expressed or implied by those forward-looking statements. The risks include, but are not limited to, those factors discussed in the Company’s Management’s Discussion and Analysis for the year ended October 31, 2010 under the heading “Risks and Risk Management”. The uncertainties and other factors include, but are not limited to, weather risk; food and feed product safety risk; commodity price and trading risk; sovereign and political risk; capital market risk; liquidity risk; financial reporting risk; credit risk; foreign exchange risk; interest rate risk; merger and acquisition risk; regulatory risk; corporate and social responsibility risk; third-party relationship risk; information technology risk; talent management and succession planning risk; and employees relations risk. Many of these risks, uncertainties and other factors are beyond the control of the Company. All of the forward-looking statements made in this Annual Information Form and the documents incorporated herein by reference are qualified by these cautionary statements and the other cautionary statements and factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual developments or results anticipated by the Company and its management will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Company.

Although Viterra believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this Annual Information Form. In addition to other assumptions identified in this Annual Information Form, assumptions have been made regarding, among other things:

- western Canadian and southern Australian crop production and quality in 2010 and subsequent crop years;
- the volume and quality of grain held on-farm by producer customers in North America;
- movement and sales of Board grains by the CWB;
- the amount of grains and oilseeds purchased by other marketers in Australia;
- demand for and supply of open market grains;

- movement and sale of grain and grain meal in Australia and New Zealand, particularly in the Australian states of South Australia, Victoria and New South Wales;
- agricultural commodity prices;
- general financial conditions for western Canadian and southern Australian agricultural producers;
- demand for seed grain, fertilizer, chemicals and other agri-products;
- market share of grain deliveries and agri-products sales that will be achieved by Viterra;
- extent of customer defaults in connection with credit provided by Viterra, its subsidiaries or a Canadian chartered bank in connection with agri-products and feed product purchases;
- ability of the railways to ship grain to port facilities for export without labour or other service disruptions;
- demand for oat, pasta, canola and malt barley products, and the market share of sales of these products that will be achieved by Viterra;
- ability to maintain existing customer contracts and relationships;
- the availability of feed ingredients for livestock;
- cyclicality of livestock prices;
- demand for wool and the market share of sales of wool production that will be achieved by Viterra's subsidiaries in Australia;
- the impact of competition;
- environmental and reclamation costs;
- the ability to obtain and maintain existing financing on acceptable terms; and
- currency, exchange and interest rates.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to Viterra.

To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions.

Viterra disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by Canadian securities laws.

2. INCORPORATION

Incorporation

Saskatchewan Wheat Pool Inc. was created as Saskatchewan Wheat Pool on March 25, 1924, pursuant to "An Act to Incorporate Saskatchewan Co-operative Wheat Producers Limited", a private act of the Saskatchewan legislature. The legislation was subsequently amended and consolidated several times.

Saskatchewan Wheat Pool approved a share capital reorganization at a special meeting of delegates held in July 1994. Under the reorganization, 25 par value shares were converted to one Class "A" Voting Share and the balance of such par value shares of the member were converted to Class "B" Non-Voting Shares.

On March 31, 2005, Saskatchewan Wheat Pool completed its recapitalization and became a federal corporation governed by the *Canada Business Corporations Act* such that *The Saskatchewan Wheat Pool Act, 1995* no longer applied to Saskatchewan Wheat Pool Inc. The Act was repealed by the Saskatchewan legislature on April 27, 2006.

On June 15, 2007, Saskatchewan Wheat Pool Inc. completed its acquisition of all of the shares of United Grain Growers Limited, operating as Agricore United.

On November 1, 2007, Saskatchewan Wheat Pool Inc., United Grain Growers Limited and Pacific Elevators Limited amalgamated and carried on business under the name of Viterra.

On March 13, 2008, Saskatchewan Wheat Pool Inc. formally changed its name to "Viterra Inc."

On November 1, 2008, Viterra Inc. amalgamated with 6317979 Canada Inc., Can-Oat Milling Inc., AgPro Grain Management Services Ltd., 4496787 Canada Inc. and Westco Fertilizers Inc. (formerly Western Co-operative Fertilizers Limited) and carried on business under the name "Viterra Inc."

On November 1, 2010, Viterra Inc. amalgamated with Manitou Hog Enterprises Ltd., Bear Hills Pork Producers Ltd., Carrot River Valley Pork Producers Ltd. and Horizon Pork Producers Ltd. and carried on business under the name "Viterra Inc."

The registered office of the Company is located at 2625 Victoria Avenue, Regina, Saskatchewan, S4T 7T9.

Intercorporate Relationships

A listing of Viterra's material subsidiaries and other affiliates is attached as Appendix A, and forms part of this Annual Information Form.

3. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Viterra is a vertically integrated global agri-business headquartered in Canada. The Company was founded in 1924 and has extensive operations across Western Canada and Australia, with facilities in the United States and New Zealand. Viterra has offices in Canada, the U.S., Australia, New Zealand, Japan, Singapore, China, Switzerland, Italy, Ukraine, Germany, and India.

As a major participant in the value-added agri-food supply chain, the Company operates in three interrelated segments: Grain Handling and Marketing, Agri-products, and Processing. The consolidation of these segments, beginning in the first quarter of 2010, better aligns Viterra's external reporting with its internal operating structure. Geographically, Viterra's operations are diversified across Canada (primarily in Western Canada), Australia, New Zealand and throughout the United States. Viterra wholly owns pasta production, malt production, oat milling, canola processing and livestock feed manufacturing operations. Viterra's North American operations also participate in malt processing through a 42% ownership interest in Prairie Malt Limited and in fertilizer manufacturing through its 34% ownership in Canadian Fertilizers Limited.

Viterra is also involved in other commodity-related businesses through strategic alliances and supply agreements with domestic and international grain traders and food processing companies. The Company markets commodities directly to customers around the world in more than 50 countries.

Other Corporate Developments

Other major events and conditions, including significant acquisitions and dispositions, that have influenced the Company's development over the past three years or are expected to have a significant influence on future operations include the following:

Fiscal 2010

- During fiscal 2010, the Company expanded its international grain business with the opening of offices in Germany, Ukraine and Italy. These sales offices complement the Company's trading hub in Geneva and better position the Company to market essential food ingredients into Europe, North Africa and other destinations.

- On September 23, 2010, the Company reaffirmed its commitment to construct a state-of-the-art malt house and container packing facility 52 kilometres southeast of central Sydney in New South Wales, Australia. The project was initiated by ABB Grain Ltd. ("ABB") prior to Viterra's acquisition of the Australian agri-business. The plant will add to Viterra's malt position in Australia. The new, efficient malt house will have the capacity to produce approximately 110,000 metric tonnes of malt annually. It will also include an adjacent container packing facility that will handle a further 147,000 tonnes of grain each year. The project aligns with Viterra's strategy to grow its value-added segment and further position the Company as a global food ingredient manufacturer and supplier. The new build ensures capacity to service projected long-term growth in Asian malt markets.

- On August 19, 2010, the Company announced the opening of a new high throughput grain terminal near Sexsmith, Alberta, approximately 18 kilometres north of Grande Prairie, to meet growing market demand in the Peace River area. The concrete and steel facility was developed at an estimated capital cost of $22 million, featuring 30,000 tonnes of grain storage and 104-railcar loading capability. The Company is also constructing a full service retail centre at the site, featuring a high throughput fertilizer plant and a 20,000 square foot warehouse.

- On August 17, 2010, the Company acquired all of the issued and outstanding partnership units of 21st Century, a U.S.-based processor of oats, wheat, and custom-coated grains, for an all cash purchase price of $90.5 million USD, subject to adjustments for debt, cash and working capital levels. 21st Century operates two plants in the Central U.S., an oat mill in South Sioux City, Nebraska and a facility that mills wheat near Amarillo, Texas.

- On May 5, 2010, the Company acquired all of the issued and outstanding shares of Dakota Growers, a leading producer and marketer of dry pasta products in North America. The acquisition represented a total enterprise value of $240 million USD, which included equity value and anticipated net cash/debt at closing, subject to certain adjustments for transaction costs and other closing adjustments.

- On April 21, 2010, the Company completed the sale of its 50 percent interest in the Australian Bulk Alliance ("ABA") joint venture to Sumitomo. The acquisition price paid was $8.6 million AUD, which was based on an independent valuation of the assets. ABA's storage network consists of eight country sites in Victoria and New South Wales as well as the ABA grain terminal at the Port of Melbourne.

- On April 20, 2010, the Company confirmed that it entered into a joint venture with Guangxi Beibu Gulf International Port Group Co. Ltd. to build a canola crushing facility in the province of Guangxi, South China at the port of Fangchenggang. The plant is expected to crush 2,000 metric tonnes of canola per day, or approximately 680,000 tonnes annually. Viterra's investment is estimated to be approximately $20 to $25 million USD. Viterra will hold a 49 per cent interest in the enterprise, the maximum allowable investment in the market, while its partner Guangxi Beibu Gulf International Port Group will have a 51 per cent share. The joint venture will be known as Fangchenggang Maple Grain & Oil Industrial Co. Ltd. Construction began in May 2010 and is expected to be complete in the second half of fiscal 2011.

- On January 20, 2010, the Company officially opened its state-of-the-art deep sea grain terminal at Outer Harbor in South Australia. The Outer Harbor terminal was initiated by ABB in late 2006. The berth is capable of fully loading Panamax size vessels (50,000 to 70,000 deadweight tonnes) and part-load Cape size ships (70,000 to 120,000 deadweight tonnes). By being Panamax-capable, Outer Harbor delivers considerable savings and largely eliminates the necessity for costly, two port loadings that were necessary when larger ships berthed in Adelaide.

- On December 7, 2009, the Company filed a Business Acquisition Report including financial statements for ABB for the period October 1, 2008 to September 23, 2009, which reflected the Australian business' financial performance prior to Viterra's acquisition.

Fiscal 2009

- On September 25, 2009, Viterra announced that it entered into an agreement to acquire the assets of Lakeside Fertilizer, a division of XL Foods and southern Alberta's largest independent retailer of fertilizer and agricultural chemicals. It includes six retail outlets in Bow Island, Brooks, Claresholm, Medicine Hat, Taber and Vauxhall, Alberta. The acquisition increased Viterra's total number of retail sites to 259 across Western Canada.

- On September 23, 2009, Viterra announced the successful implementation of its acquisition of ABB by the Scheme of Arrangement, pursuant to the implementation agreement between ABB and Viterra signed on May 19, 2009. Viterra and its wholly owned subsidiary Viterra Australia Pty Ltd provided consideration to or for the benefit of ABB shareholders consisting of an aggregate cash amount of $751.7 million AUD ($703.4 million Canadian dollars) and an aggregate of 78,296,645 new shares of Viterra. In exchange, all ordinary shares of ABB were registered in the name of Viterra Australia Pty Ltd. The 56,250,000 subscription receipts of Viterra that were issued by private placement on May 13, 2009 at $8.00 per subscription receipt were exchanged into Common Shares of Viterra on September 23, 2009, on the basis of one Common Share per subscription receipt. Trading on the Toronto Stock Exchange of the 56,250,000 Common Shares issued in exchange of the subscription receipts commenced on September 23, 2009. In satisfaction of obligations under the Implementation Agreement, on September 23, 2009, four new directors were appointed to Viterra's Board of Directors. In order to facilitate these appointments, one existing director resigned and sat as a Board observer.

- On June 25, 2009, the Company purchased certain assets of Associated Proteins Limited Partnership of Ste. Agathe, Manitoba, Canada for a total consideration of $76.1 million. The acquisition consisted of a canola crush plant with production capacity of 1,000 metric tonnes per day that supplies North American end-use markets.

Fiscal 2008

- On September 9, 2008, the Company announced that it had opened a new office in Singapore that will serve as the Company's Asian headquarters, manage trading activity in the region and pursue new value-added opportunities and relationships to extend Viterra's pipeline in Asia.

- On April 28, 2008, the Company announced that Unifeed Hi-Pro Inc., a wholly owned subsidiary of Viterra doing business as Hi-Pro Feeds, signed a definitive purchase and sale agreement for certain assets of Gore Bros., Inc. and Gore's Trucking, Inc. of Clovis, New Mexico and Comanche, Texas, at a total cost of approximately $25.3 USD million. After synergies, the Feed segment EBITDA contribution was expected to increase by approximately 20%.

- On March 4, 2008, Viterra announced that Unifeed Hi-Pro Inc., a wholly owned subsidiary doing business as Hi-Pro Feeds, had closed on its purchase of Sunrise Feed, LLC of Cheyenne and Elk City, Oklahoma. The acquisition included a feed mill with 100,000 tons per year capacity and a retail outlet in both Cheyenne and Elk City.

4. DESCRIPTION OF THE BUSINESS

4.1 GRAIN HANDLING AND MARKETING

The Grain Handling and Marketing operations accumulate, store, transport and market grains, oilseeds and special crops. This business includes grain storage facilities, and processing plants strategically located in prime agricultural growing regions of North America and Australia. This segment also includes wholly-owned port export terminals located in Canada and Australia. The International Grain group, through their sales offices, is now handling the merchandising of grains and oilseeds between origination and offshore destination customers. In addition, the International Grain group will source commodities from locations where Viterra has no assets. Total sales and revenues for Grain Handling and Marketing for the year ending October 31, 2010 were $5,651 million. (2009 - $4,177 million. 2009 results included contributions from ABB from September 24, 2009 to October 31, 2009).

Description of the Business - North America

Viterra's North American grain handling and marketing business consists of country grain elevators, including specialty plants and port terminals.

Country Grain Elevators - Viterra operates a network of country grain elevators consisting of 83 locations, including 66 high throughput elevators with 50- or 100- car spots. In addition to the 83 grain handling facilities, the Company owns/operates ten specialty plants, 8 of which are located in Western Canada and 2 of which are located in North Dakota and Minnesota. Grain storage capacity of the grain handling facilities by province is as follows:

	High Throughput Elevators		Conventional Elevators*	
Province	Number	Storage Capacity (in metric tonnes)	Number	Storage Capacity (in metric tonnes)
Manitoba…………….	12	220,590	3	39,340
Saskatchewan……….	37	1,031,930	12	101,780
.				
Alberta……….……...	17	474,010	8	42,430
British Columbia…….	-	-	2	17,700
TOTAL……………...	**66	1,726,530	25	201,250

*Viterra's 8 specialty plants which are located in Western Canada have been included in the conventional elevators number and storage capacity figures.
**CMI Terminal Ltd. & Gardiner Dam Terminal Ltd. (Joint Venture/Producer Terminals) – Included in high throughput total

Unlike a number of its competitors, the Company has a large, geographically dispersed and strategically located country grain elevator network. The Company believes that the size and scope of its network positions it to be a preferred supplier for end-use grain markets. In addition to competing for grain handling volumes on the basis of price and service, the Company secures additional grain handling volumes by contracting with farmers early in the crop year, or even before planting.

Viterra has an agency agreement with the Canadian Wheat Board ("CWB") entitling it to handle Board Grains, for which it receives tariffs set by the Company. In the case of open market grains, the farmer receives payment from Viterra based upon a contracted price for the grade, reduced by charges levied for freight, elevation, inspection and other fees and services.

The Company strives to handle grain on a "just-in-time" basis; however, there are times when grain may be stored in an elevator for some time before it is shipped to a domestic or international customer. At both the country elevator and the port terminal level, cleaning and blending of grain can occur. Handling, cleaning, blending and storage are key factors under the Company's control that affect margins and profitability. Grade gains are a more variable factor and are derived by blending grains at lower primary standards with higher grades so as to allow the aggregated mix to meet the minimum higher grade standards. The Company may also recover or lose grain through the cleaning process.

It is customary for country grain elevators to undergo a periodic "cut-off" to reconcile actual inventory by grade with perpetual inventory records. To the degree that weights and grades at the time of the reconciliation differ from the weights and grades at the time of purchase, the Company may realize a gain or loss of revenues. The general level of grain prices and the price differences between grades can also affect the Company's revenues.

Port Terminals - The Company's port terminal business links its country grain elevators with offshore customers, providing processing and logistics services to ensure timely delivery of grain to fulfil the CWB's, the Company's and/or other exporters' sales commitments. The following table sets out information regarding the port terminal operations in which the Company has an interest:

Port Location	Licensed Storage Capacity (in metric tonnes)	Ownership Interest
Vancouver, BC (Cascadia Terminal)…...	282,830	100%
Vancouver, BC (Pacific Terminal)………	199,150	100%
Prince Rupert, BC………………………..	209,510	*54.2%
Thunder Bay, ON (Terminal 7, A & B)...	362,650	100%
Thunder Bay, ON (Terminal C)…..…….	231,030	100%
TOTAL…………………..……………….	1,285,170	

*Through a co-tenancy arrangement, the Company has an undivided interest (currently 54.2%), which fluctuates based on usage, in a terminal in the Port of Prince Rupert, BC.

Grain transported by rail from country grain elevators to a port terminal is unloaded, cleaned to export standards (if necessary) and stored prior to being loaded onto ships. The Canadian Grain Commission ("CGC") officially weighs and inspects all Canadian grain that is unloaded at a terminal elevator. Dockage is removed during the cleaning process and cleaning charges are earned by the Company at this time. The material removed during the handling process is passed through a reclamation system to produce byproducts. Some byproducts (feed screenings and mixed feed oats) are sold "as is", and the remaining refuse screenings are pelletized and sold domestically and/or internationally as feed inputs. Revenues from the sale of byproducts can vary substantially depending on the underlying values of grain commodities with which they compete. Clean, graded grain is stored until it is required to be loaded onto a vessel. During the shipping process, CGC officials weigh, inspect and grade the shipment and, at completion, issue a *Certificate Final for Canadian Grain*. The Company collects charges for elevation, cleaning, storage, drying and a variety of other services from the shipper of the grain (CWB for Board Grains, other exporters for open market grains) when the vessel has been loaded.

As is the case with country grain elevators, port terminals have the potential to blend and mix some grades of grain to enhance the overall quality of grain and its value. The reconciliation of actual inventories to reported stocks occurs at least once every 30 months (as required by CGC regulations unless extended by the CGC).

Grain Marketing - The Company's grain marketing business focuses on the development of domestic and export markets for grains handled by the Company. The first aspect of this business is primarily a merchandizing function consisting of establishing relationships with farmers (purchase, control and receipt of grain) and end-use customers (sale, delivery and quality). The Company's North American and International marketing groups (see International section below) work with end-use customers to coordinate the delivery of the particular type and grade of grain required by the end-use customer at a particular time. The Company has established relationships with numerous end-use customers, both domestically and internationally, as well as thousands of farmers across Western Canada. Viterra, as an accredited exporter, also markets Board Grains on behalf of the CWB.

The second aspect of grain marketing is logistics. The Company's logistics capabilities permit it to utilize its network of country grain elevators and port terminals to efficiently meet end-use customers' needs. The Company co-ordinates the timely transportation and delivery of required grains to its strategically located elevators. The Company's logistics ability and country elevator capacity allow it to load many railcars rapidly and move grain quickly to the port terminals in which the Company has an interest. By shipping most of its grains in multi-car blocks, the Company is able to take advantage of significantly reduced freight rates consistent with shipping greater volumes, ensuring that the Company is able to fulfil specific market needs and providing customized "just-in-time" service to end-use customers. The final aspect of grain marketing is risk management in respect of the Company's grain purchases, sales and inventory, which generally is accomplished by hedging in commodities futures markets and managing the quality in the Company's inventory positions.

Viterra is also a marketer of a number of special crops, including dry beans, mustard, lentils, canary seed, specialty peas and specialty oats. The dry bean business within Viterra is focused in southern Alberta and southern Manitoba. The Alberta facilities at Taber and Bow Island handle a variety of bean types. The Manitoba program is operated via a state-of-the-art facility at Carman, Manitoba and handles a number of bean varieties and processes peas for the split pea market. Lentil and specialty peas are processed through the Ray, North Dakota facility. The specialty oat program processes its product at a newly upgraded plant in Camrose, Alberta as well as at Saskatoon, Saskatchewan. The Company also provides producers with a number of flexible contracting options for other special crops that they grow, including canary seed and mustard.

Viterra is a North American mustard contractor, processor and marketer of mustard worldwide. Viterra currently has four mustard seed processing facilities across North America: Warner, Alberta; Moose Jaw, Saskatchewan; Melville, Saskatchewan; and Minneapolis, Minnesota. These facilities clean and process mustard purchased from a network of growers across the Great Plains of North America for sale to consumers of yellow, brown and oriental mustard. The Company produces a whole ground yellow mustard at Minneapolis and a deheated, ground yellow mustard at Warner, Alberta.

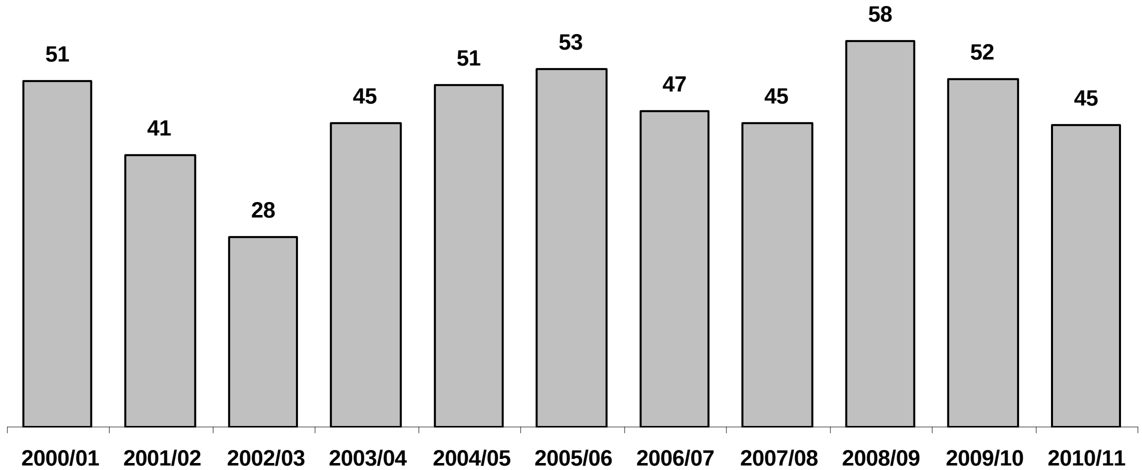
The Company's grain handling and marketing earnings fluctuate in relation to the amount of grain handled, the destination (export or domestic), the margins earned on merchandising open market grains and operational performance (blends, rail incentives, terminal loading efficiency).

Viterra has historically had grain volume insurance to protect the cash flow of the Company from significant declines in grain volumes as a result of drought or other weather-related events. For 2010, the Company had $75 million of coverage in place for Canadian and Australian exposure. For 2011, the Company has 48.9% of the $75 million of coverage in place under a multi-year program. The Company intends to place additional coverage for 2011.

Description of the Industry – North America

Canada is a significant producer and exporter of grains, with about 14% of the world wheat trade for the 2009-10 year. Canada is the world's second largest exporter of grains and oilseeds, with the bulk of productive capacity in Western Canada. Typically, 93% of Canada's average production (50.7 million metric tonnes) of the "six major" grains (wheat, barley, canola, oats, flax and peas) comes from this region.

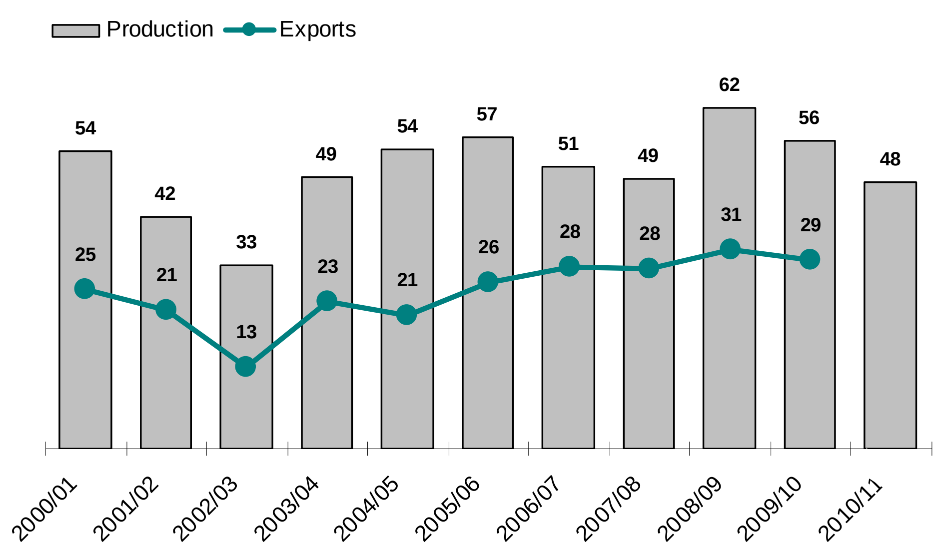
Western Canadian Production of Six Major Grains (millions of metric tonnes)
For periods ended July 31



Source: Statistics Canada, Field Crop Reporting Series, Vol. 89, No. 8

On average, about 60% to 65% of this total (30 to 32 million tonnes), in addition to a variety of other special crops, is delivered into the Prairie primary elevator system to grain handling companies such as Viterra. About 75 - 80%, or 24 million tonnes, of grain handled through the primary elevator network is exported by rail or ocean-going vessels through the ports of Vancouver and Prince Rupert, British Columbia, Thunder Bay, Ontario, Churchill, Manitoba and the St. Lawrence Seaway. Grain that is not handled through the primary elevator network is sold by producers domestically to millers, maltsters, crushers or feed manufacturers or is used on-farm or placed into farm storage.

Canadian Production of Six Major Grains vs. Exports (millions of metric tonnes)
For periods ended July 31



Source: Statistics Canada, Field Crop Reporting Series, Vol. 89, No. 8 and Canadian Grain Commission, "Exports of Canadian Grain" July 2010

Handling begins with the transportation of grain from the farm to the country (or primary) elevator. Either the farmer or the grain handling company arranges transportation of grain by truck to the country elevator where grain is purchased. The grain is weighed, graded and dockage is assessed. (Dockage is an estimate of foreign material, such as weeds, seeds, broken kernels and other grains.) The farmer is then issued a cheque for saleable grain delivered, based upon contracted price for the grade, reduced by charges levied for freight, elevation, inspection and other fees and services. Grain may be stored in the country elevator before it is shipped to a domestic customer, such as a flour mill, feed mill, maltster, or to a port terminal. At unload at the port terminal, all grain is again weighed and inspected and an official weight and grade is assessed by the CGC. It is also cleaned to export standard, if necessary, and is stored until it is transported to end-use customers. Grain can also be cleaned to export standard at the country elevator. If the grain is shipped for export from a country elevator, it is similarly weighed and inspected by CGC staff as it is loaded onto railcars. The certificate for western Canadian grain issued for each shipment of grain is internationally recognized and accepted as the CGC's guarantee of grain quality and quantity.

The Company's grain handling and marketing business in Canada has numerous competitors, including Richardson International (Pioneer), Cargill Incorporated, Paterson Global Foods Inc., Parrish & Heimbecker Limited, Louis Dreyfus, and other smaller companies. Unlike a number of the Company's competitors, the Company's elevators are geographically dispersed across Western Canada, broadening its access to the market, the variety of grains it can source and minimizing its risk from poor weather in particular regions. The Company believes the principal factors on which its grain handling and marketing business competes are price and service. Viterra believes that it competes favourably with respect to these factors.

Canadian Regulation

Canadian agriculture, in general, and the western Canadian grain industry in particular, is highly regulated. While provincial regulation plays a role, most of the regulation affecting the grain industry is federal. The principal Canadian federal statutes are the *Canadian Wheat Board Act*, the *Canada Grain Act* and the *Canada Transportation Act*. Farming and agri-business are also affected by Canadian federal and provincial environmental laws, which impact the distribution and retailing of fertilizer and crop protection products.

The Canadian Wheat Board - The principal mandate of the CWB is to market in an orderly manner, in domestic and export trade, wheat and barley grown in Western Canada. The precise role of the CWB varies by commodity and by the market into which the commodity is sold. The CWB has a monopoly over the domestic sale of western Canadian wheat used for human consumption and barley used for malting purposes. The grains regulated by the CWB are known as "Board Grains". Grains not regulated by the CWB (principally oats, flax, rye, canola, domestically consumed feed barley, feed wheat, peas and other special crops) are known as "open market grains". Canola, soybeans and flax are also known as "oilseeds" because they are principally used in the production (also known as "crushing") of edible and non-edible oils.

The CWB arranges the sale of Board Grains to domestic and international customers, either directly or through an accredited exporter such as Viterra. Once sales have been confirmed, it is the CWB's responsibility to ensure that the proper quantity and quality of Board Grains is available for the purchaser at an agreed upon location, principally either at port terminals in Thunder Bay, Ontario or Churchill, Manitoba; one of several transfer elevators along the St. Lawrence Seaway; or port terminals in Vancouver or Prince Rupert, British Columbia; or at another location specified by domestic, U.S. or Mexican end-use customers.

The CWB undertakes many activities aimed at managing the flow of Board Grains from farmer to purchaser, including "delivery" management (through the administration of contract calls for Board Grains), the determination of the quantity and quality of Board Grains available for sale at the port terminals or other locations at which it could be sold, and the co-ordination of the movement of Board Grains by rail to port terminals and domestic or foreign end-use customers (including the allocation of railcars to grain handling companies so they may ship Board Grains).

Grain handling companies, including Viterra, act as agents of the CWB, with Board Grains representing about 50% of Viterra's total grain volume handled. An area of importance to both farmers and the grain handling companies is the manner in which prices are set and payment is made for Board Grains. Each year, on or before August 1, the CWB, by way of a Government of Canada Order-in-Council, announces the initial price ("Initial Price") for Board Grains. The Initial Price is a form of partial payment to farmers, paid per metric tonne of grain delivered. Pursuant to a handling agreement ("Handling Agreement") with the CWB, grain handling companies determine the price paid to farmers for Board Grains by taking the Initial Price and deducting freight, elevation, inspection and other fees and services. Grain handling companies also collect storage revenue from the CWB for the period of time the Board Grains are stored in their facilities.

Payment of the Initial Price is financed by grain handling companies and paid to farmers on behalf of the CWB. The grain handling companies, in turn, are reimbursed for their financing costs by the CWB once the grain is unloaded at the port terminal or at a CWB domestic, U.S. or Mexican end-user facility. The CWB sells Board Grains throughout the crop year and when a final accounting is done, remits a "final payment" to farmers. The final payment represents the net price achieved from all sales made for a given Board Grain of a particular grade throughout the year, on an average or "pooled" basis, less the Initial Price and the CWB's own operating costs. In the event that the price received by the CWB is lower than the Initial Price paid, the Government of Canada is required to bridge the shortfall.

The CWB also issues tenders for a portion of its export program for wheat and barley. The current target is equal to 20%. The CWB calls for tenders from grain handling companies once a week for Board Grains, and it may accept bids on any portion of the grain that it puts out to tender. Grain handlers may respond to the tender by indicating how many tonnes of the current requirement it will supply and what tariff or fees for service in supplying the tonnes would be applicable. The lowest grain handling tariff bid is expected to be accepted, subject to the size of the amount tendered (e.g., the CWB may prefer to allocate certain minimum quantities to be delivered to a ship from a single port terminal) and past performance of the company tendering. The successful bidders will receive railcar allocations sufficient to transport the Board Grains from their country grain elevators to the port terminal.

Under its railcar general allocation policy, the CWB allocates railcars to grain handling companies on a zone basis for the delivery of non-tendered Board Grains. The allocation is based on a weighting of (i) the weighted average of the grain handling company's Board Grain receipts during the prior 18 weeks and (ii) the undelivered portion of producer contracts with the CWB for delivery to a particular grain handling company, providing the undelivered portion does not exceed the eighteen-week average of receipts. There are 13 geographic areas that make up the different zones and it is up to the companies to allocate awarded railcars among country grain elevators within each zone. The allocation process consists of General Car Awards and Advanced Car Awards, the difference being the notice period that the grain handling company receives before the cars are spotted for loading at the country grain elevators. Advanced Car Awards are made prior to General Car Awards and make up 20% of the total 80% railcar allotment. General Car Awards make up the remaining 60% of the total 80% railcar allotment. The CWB permits domestic end-use customers to designate the grain handling company that will handle the Board Grains they purchase. In the event that particular grain handling companies have not been provided sufficient railcars to deliver the Board Grains that have been accepted, the CWB has retained the right to allocate railcars by train run or station.

Canadian Grain Commission - The CGC is an agency of the Government of Canada, established under the *Canada Grain Act*. The principal objectives of the CGC and the *Canada Grain Act* are the regulation of grain handling in Canada and the establishment and maintenance of quality standards for Board Grains and open market grains. The *Canada Grain Act* and the regulations set out parameters for the licensing of grain dealers and licensing the operation of grain handling facilities ("primary elevators"), including such matters as the weighing, grading and treatment of grain, monitoring the condition of inspection equipment and facilities, the certification of grain for export purposes, the regulation of allowable charges (including maximum permitted levels) and financial integrity standards. Operators of grain handling facilities must obtain a license from the CGC.

Canada Transportation Act - Under the *Canada Transportation Act*, the railways are subject to a limit or "cap" on the total revenues they can generate on the transport of wheat, barley, oats, flax, rye and canola (and pulses and other special crops) to port terminals. The cap is adjusted annually depending on the volume of grain transported, the average length of haul and inflation. The railways are free to establish freight rates within this overall revenue cap.

In December 2008, the railways increased the multiple car block freight incentives, favouring those companies that can load in 50- and 100- car blocks depending on the commodity being shipped and the railway's ability to supply 50- or 100- car blocks. Viterra expects to maximize rail incentives from the railways by shipping about 84% of its total export shipments in 50- or 100- railcar loads. The remaining shipments would not otherwise be eligible for rail incentives as these shipments relate primarily to inter-provincial and/or U.S. movements of grains where customer facilities are not equipped to handle multi-car blocks and to movements of specialty crop commodities which may not be shipped in 50- or 100- car loads.

Open Market Grains - Open market grains are subject to the *Canada Grain Act* and by and large fall under the *Canada Transportation Act* 'revenue cap'. These grains, oilseeds and pulses are not subject to the *Canadian Wheat Board Act*. As a result, the price paid by grain handling companies to farmers for open market grains is determined directly by market forces. Grain handling companies make arrangements for the rail transportation of open market grains to port terminals or directly to end-use customers.

Changes to Canadian Legislation

Canadian Wheat Board Act - In light of the current minority position, the federal government is unlikely to pass legislation to change the mandate of the CWB, as all three opposition parties have indicated their support for the single desk. At this time changes from within the CWB are unlikely. Director elections were held this year in the 5 odd-numbered districts; the results were announced December 12, 2010 and 4 of the 5 directors elected have indicated their support of the single desk. Of the 10 total elected farmer directors 8 have indicated their support of the single desk.

Canada Transportation Act - The Government of Canada introduced amendments to the *Canada Transportation Act* – known as Bill C-8 which came into effect in February, 2008. The key provisions of Bill C-8 are:

- Complaints can now be filed with the Canadian Transport Agency on railway ancillary and penalty charges;
- Groups of shippers will be able to request Final Offer Arbitration where the group has a common complaint.

These provisions should give shippers greater ability to challenge railways on matters of rates and services. With the passage of Bill C-8, the Government of Canada has initiated a comprehensive review of railway service, as requested by grain shippers. The final report and associated recommendations are expected to be released in early 2011.

Description of the Business - Australia

Country Grain Elevators - Viterra owns and operates a network of 108 grain storage and handling facilities (106 in South Australia and two in Victoria) which feed grain into the South Australia grain export terminals, with a total non-export terminal storage capacity of 7.0 million tonnes. When combined with the storage capacity of the export terminals, Viterra has a total of 10.2 million tonnes of storage capacity.

Approximately 52% of Viterra South Australian storage facilities are concrete silos and steel sheds, while 48% are on-ground bunkers. During late 2010, the Company added an additional 0.8 million tonnes of bunker capacity to deal with an anticipated larger than average crop. Approximately 80% of grain is received by 42 of these sites.

Grain Export Terminals - Viterra owns and operates eight bulk grain export terminals in the state of South Australia. Three of these terminals can fully load Panamax-size vessels (52,000 to 75,000 deadweight tonnes). The eight terminals have a combined storage capacity of 3 million tonnes. The export terminal located at the Outer Harbor of Port Adelaide (completed in 2009) provides the previously unavailable service of fully loading Panamax-size vessels in the Port Adelaide port zone, delivering economic advantage to its owner and users.

Viterra is the sole provider of such services to the grain industry in South Australia. The vast majority of grain grown in that state is destined for the export market and all bulk export grain from South Australia passes through a Viterra grain export terminal on its way to an export market.

ABB had a 55-year history of providing open access to grain exporters to its infrastructure and this has recently been further emphasized with recent Australian Competition and Consumer Commission (“ACCC”) approval of Viterra’s Access Undertaking.

The Company provides an array of services to assist vessels and performs cargo operations in port including ship agency services, stevedoring services for the loading of grain export cargoes, and in recent instances, stevedoring for non-grain import cargoes such as fertilizer and meal.

The Company provides the majority of grain stevedoring services in South Australia with an almost 100% market share of the 5.2 million tonnes of grain that was loaded through Viterra’s export terminals in 2009-2010.

Container Packing Operations - Viterra has a container packing business which packs grain into shipping containers on behalf of grain traders/marketers who choose not to export their grain in bulk. This business is headquartered at Laverton in Victoria, adjacent to the Port of Melbourne, Australia’s busiest container port.

The Company operates out of four locations in Australia (two in Victoria and two in South Australia) and is in the process of constructing a new container packing operation at Minto, New South Wales. In addition to packing containers, the Company offers grain cleaning services. Viterra’s customers are Australia’s leading grain exporters.

Grain Marketing - Viterra accumulates grain from growers and traders and then carries and consolidates this grain into saleable parcels for on-sale to domestic customers and Viterra’s International Grain group. Viterra supplies cereals (wheat, barley, oats, sorghum), legumes (peas, beans, lentils) and oilseeds (canola). In addition to grain, the Company also supplies agri-feed commodities and proteins (soy meal, palm kernel expeller). Viterra deals in the freight market, endeavouring to provide the commodity to the customer on a delivered basis. By doing this, Viterra achieves greater control over the ultimate service provided to the customer and provides the opportunity to earn a margin on the freight as well as the grain. Credit terms tend to be on the basis of 30 days from delivery for domestic business while export cargoes are paid for at the time of shipping with a Letter of Credit.

Freight Agreement - Rail freight is provided to Viterra's storage business in South Australia via a five-year Grain Rail Haulage Supply and Retailing Agreement that was entered into in November, 2008. Standard gauge rail assets have the ability to service key sites in Victoria and New South Wales located on standard gauge rail track, and have the ability to service Victorian ports. Road freight is provided to Viterra via many contractors.

Description of the Industry - Australia

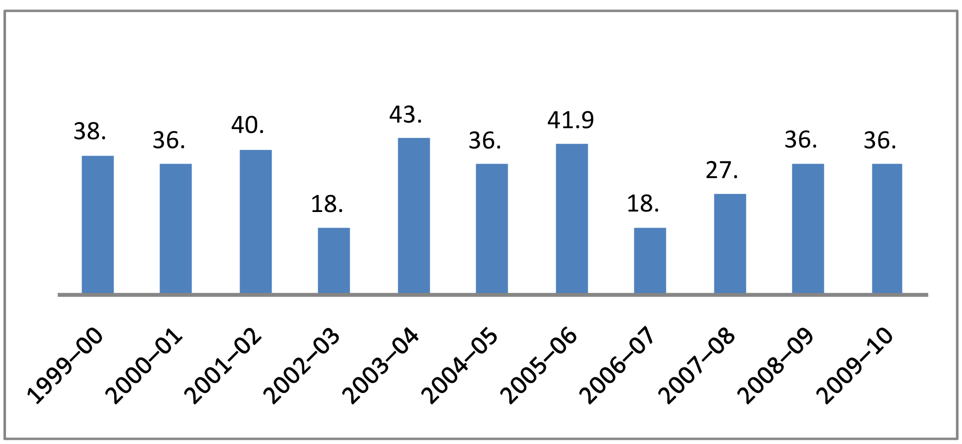
Grain handling in Australia, as in Canada, begins with the movement of the commodity from the farm to the country elevator receival network where the product is weighed, graded, and prepared for shipment. Grain is then shipped from the country elevator to domestic customers (such as a flour mill, maltster, or feed facility) or to a port terminal. Unlike the Canadian system, there is little on-farm storage in South Australia. Growers in this region use Viterra's storage and handling system and pay warehousing fees, until such time as they choose to sell their grain into the market. Various marketers bid on growers' grain through the year. As such, inventory turns are low, typically less than one turn.

There has been a steady stream of consolidation in the Australia grain industry over the past 20 years, broadly coinciding with the onset of domestic deregulation. As a result, there has been a marked increase in the competitiveness of the grain industry, evidenced most visibly by the number of exporters of wheat which have increased from one company prior to deregulation (being the Australian Wheat Board) to 22 companies in 2008-09. Following deregulation in July 2008, 22 companies have been accredited by Wheat Exports Australia ("WEA"), the governing body, to export wheat in bulk from Australia. Viterra's Wheat Export license was recently affirmed by the WEA.

Since 1997-98, Australia has sown between 18.0 and 22.7 million hectares (one hectare equals 2.471 acres) of crop, with 22.5 million hectares sown in 2009-10. Area sown has averaged 20.7 million hectares over the period.

Since 1998-99, Australia has annually produced between 18 and 43 million tonnes of grain, averaging 34 million tonnes per annum over that period. Since 1999-2000, South Australia has annually produced between 2.7 and 8.5 million tonnes of grain, averaging 5.7 million tonnes per annum over that period.

Total Australian Grain Production
(millions of metric tonnes)

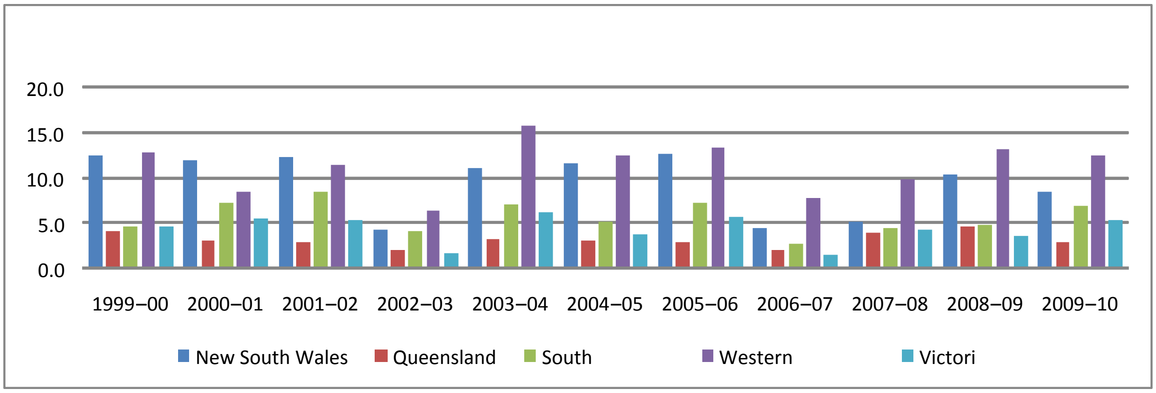


Total production includes wheat, barley, lupins, canola, sorghum, cottonseed, field peas, maize, chickpeas, sunflower seed, faba beans and lentils.
Source: Australian Bureau of Agricultural and Resource Economics

On a nationwide basis, wheat is the largest crop, averaging 20.2 million tonnes, followed by barley (7.2 million tonnes), sorghum (2.1 million tonnes), canola (1.6 million tonnes) and lupins (1.0 million tonnes). Together, wheat and barley represent 80% of Australian grain production.

Geographically, Western Australia is the largest grain growing state in Australia, producing 33% of the crop on a 10-year average basis. Next largest is New South Wales at 29% followed by South Australia at 17%, Victoria at 12% and Queensland at 9%.

Australian Grain Production by State
(millions of metric tonnes)

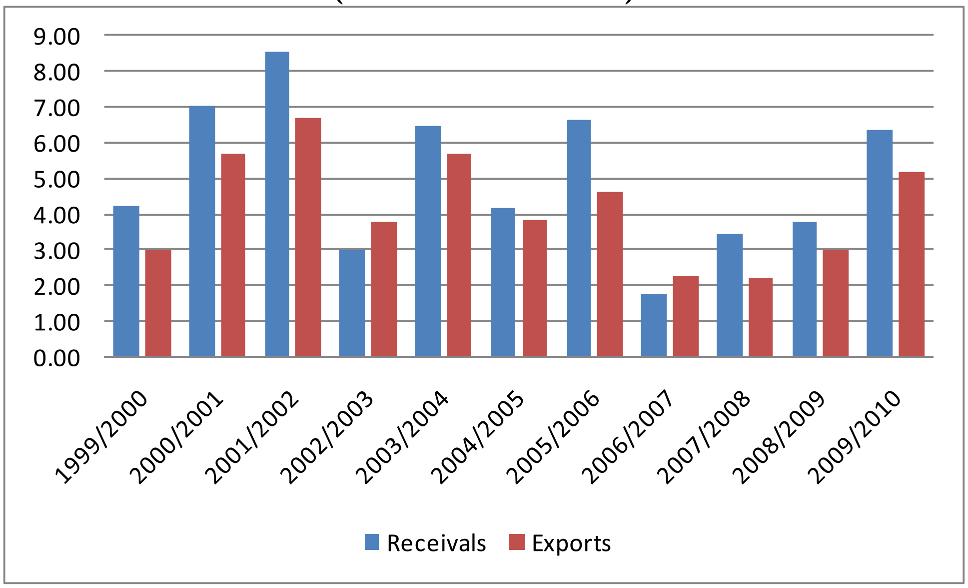


Total production includes wheat, barley, lupins, canola, sorghum, cottonseed, field peas, maize, chickpeas, sunflower seed, faba beans and lentils.
Source: Australian Bureau of Agricultural and Resource Economics

On average, Australia exports 17.9 million tonnes of grain produced and 72% of all grain received into "Corporate" grain storage and handling facilities. Corporate storage and handling facilities are defined as those operated by the CBH Group (Western Australia), GrainCorp (Queensland, New South Wales & Victoria), AWB Limited (Queensland, New South Wales, Victoria & South Australia), ABA (New South Wales & Victoria) and Viterra (South Australia & Victoria). Combined they account for approximately 50 million tonnes of storage and handling capacity across Australia.

On average (over last 5 years), South Australia exports 3.4 million tonnes of grain of the 4.4 million tonnes of grain received by Viterra and the 5.2 million tonnes that is grown in the state. This equates to 77% of Viterra receivals being exported and 63% of the entire crop produced in South Australia.

South Australian Exports and Receivals
(millions of metric tonnes)



Source: Viterra estimates based on internal company information and grain company annual reports.

Australian Regulation

Australian agriculture has moved to liberalize its grain markets by abolishing the single desks for the export of all grains. As a transitional measure, legislation such as the *Wheat Export Marketing Act, 2008* (Commonwealth) requires exporters to hold a licence to export, having demonstrated that they are fit and proper companies.

Additional requirements are imposed on the Viterra subsidiary Viterra Operations Ltd. as the operator of a port terminal in respect of the export of bulk wheat, pursuant to a voluntary Port Terminal Services Access Undertaking given by Viterra Operations Ltd. on September 24, 2009. These requirements include the provision of access and a prohibition on vertical discrimination.

Viterra is licensed and has reporting requirements under a number of state-based environmental statutes such as the *Environment Protection Act 1993* (SA) and must provide workers with safe systems of work pursuant to state-based safety legislation, such as the *Occupational Health, Safety and Welfare Act*, 1986 (SA).

Wheat Export Marketing Act 2008 (Commonwealth of Australia) - The *Wheat Export Marketing Act 2008* requires that companies wishing to export bulk wheat from Australia must be accredited by WEA. In order to be accredited, WEA must conclude that the exporter is a fit and proper person based on a number of specified criteria including adequate financial resources and sound risk management practices.

In addition, if as in the case of Viterra, the exporter or an associated entity operates a port grain terminal, the port operator must pass an "access test". The access test requires that on and from October 1, 2009, the port operator has disclosed on its web site daily shipping stem (shipping schedule) information and that the ACCC has accepted a port access undertaking pursuant to Part IIIA of the *Trade Practices Act 1974* (Commonwealth of Australia). On September 29, 2009, the ACCC accepted a port access undertaking from Viterra Operations Ltd. applicable for two years from October 1, 2009 to September 30, 2011. On the same date, WEA notified its accreditation of Viterra Ltd. as a bulk wheat exporter for the corresponding term of two years subject to a number of conditions including that the Company provide access to bulk wheat exporters pursuant to the undertaking.

The port access undertaking approved by the ACCC requires that Viterra offer accredited wheat exporters a minimum access agreement and that the Company does not discriminate against access seekers in favour of its own marketing division, except where such discrimination can be justified on the basis of cost. In addition, Viterra must not prevent or hinder access to the Company's port services. Viterra must publish its access agreement and port operating protocols on its web site. Viterra must negotiate with access seekers regarding the terms of the minimum access agreement or access to additional services and access seekers have the right to call for arbitration if not satisfied.

A government review of the current wheat marketing arrangements in Australia was conducted during 2010. The Productivity Commission has recommended further market deregulation by:

- abolishing the Wheat Export Accreditation Scheme, WEA and the Wheat Export Charge on September, 30 2011; and
- removing the access test requirements for accredited grain port terminal operators on September 30, 2014.

The Government has indicated that it will carefully consider the Productivity Commission's recommendations and consult with industry representatives before finalizing a response in 2011. Viterra has continued to operate under the existing policy framework of the *Wheat Export Marketing Act 2008* and is proposing a revised access undertaking be in place from October 1, 2011 until September 30, 2014 for each of its grain port terminal facilities.

Maritime Services (Access) Act 2000 (SA) - The MSAA contains a regulatory framework for specified port services in South Australia. Following the purchase by ABB of the shipping belts and shiploaders from the Government of South Australia in 1997, access to those assets was declared a Regulated Service under the MSAA. Part 3 of the MSAA provides a framework for the negotiation of access. It provides for conciliation and arbitration to occur for disputes over access to Regulated Services that cannot otherwise be resolved between the service provider and access seeker.

Changes to Australian Legislation

Barley Exporting Act 2007 (SA) – The *Barley Exporting Act 2007* established a regime under which barley exporters were required to be licensed for a three-year transitional period which was intended to allow South Australian growers time to consolidate their risk management and grain marketing skills following the abolition of the barley single desk for the export of South Australian barley in 2007. The Act was repealed on July 1, 2010 at the end of this three-year period.

Description of the Business - International

The role of the International Grain group is to optimize Viterra's grain pipeline by managing trade flows and relationships between points of origination and key destination markets. The International Grain group accomplishes this by developing and maintaining strong customer relationships in destination markets, as well as by seeking out international value-added processing opportunities.

The group also coordinates with Viterra's North American and Australian grain handling and marketing operations to maximize throughput for origination assets by relaying global demand information from destination markets back to origination markets. By marrying both supply and demand information the International Grain group is developing market insights that enable the Company to effectively coordinate the global logistics and grain flows for Viterra, thereby linking customer with supplier, and in turn maximizing value in the grain pipeline.

Additional value is derived by the International Grain group by capitalizing on pricing relationships that exist between commodities and across different locations and times. By developing a shared global mindset, having access to both supply and demand information and access to Viterra's Canadian and Australian grain accumulation networks, the International Grain group can profit from inconsistencies that arise in these pricing relationships by directing Viterra's grain flow accordingly. The International Grain group is taking increasing responsibility for shipping and logistics activities which are crucial in moving grain from areas of surplus to areas of need in order to capture this value.

The International Grain group is relatively new and expanding in markets where it competes with companies that vary significantly on size, scale and operations.

4.2 AGRI-PRODUCTS

Viterra is involved in the sale of seed, crop protection products, fertilizer, and equipment to producers. Viterra's Agri-products operations also include an ownership interest in a nitrogen fertilizer manufacturer and a network of retail locations. Total sales for Agri-products for the year ended October 31, 2010, were $1,797 million. (2009 - $1,650 million).

Description of the Business – Canada

Viterra's Canadian Agri-products segment operates a network of 262 retail locations throughout Western Canada. The locations are geographically distributed relative to the crop production (growing) regions of the Prairie Provinces. Each retail facility is involved in the specialized sales of crop inputs such as bulk fertilizer, bagged seed, crop protection products and agricultural equipment, such as grain storage bins. Many locations also store and sell anhydrous ammonia, a cost-effective form of nitrogen fertilizer. Product distribution is supported by a series of two central warehouses, located in Saskatchewan and Alberta, and registered to International Organization for Standardization ("ISO") 9001:2000 standards. The Company's Agri-products segment also provides extensive agronomic information and advice to its customers, enabling and better equipping them to make informed crop input decisions, offers customized application of crop input products and arranges for financing services for customers purchasing crop inputs from the Company.

Fertilizer - Viterra is a major distributor of fertilizer in Western Canada. The Company also has an investment in fertilizer manufacturing and access to a stable source of fertilizer supply, through its joint venture, Canadian Fertilizers Ltd. ("CFL"). CFL manufactures fertilizer at a world-scale urea and ammonia plant located in Medicine Hat, Alberta, and supplies about 30% of the fertilizer needs of Viterra's customers. Viterra is entitled to receive approximately 500,000 metric tonnes of CFL's merchant-produced fertilizer product, split equally between granular urea and anhydrous ammonia. Viterra is committed to the Canadian Fertilizer Institute's Ammonia Code of Practice in its handling and storage of ammonia.

The Company distributes fertilizer throughout Western Canada through its network of country grain elevators and agri-products retail facilities. Dry fertilizer is a commodity that is sold on an unbranded basis. Typically, fertilizer is purchased in standard or "straight" grades and then blended to meet the various specific nutrient requirements of the customer. These requirements vary depending on a number of factors, including past fertilization practices, natural soil fertility and crop rotations. Requirements are determined through soil sampling and analysis conducted with and/or for the customer. Competitive prices and the ability to secure a stable source of supply are key competitive factors.

Crop Protection Products - Viterra is a significant distributor of crop protection products in Western Canada. The Company offers a large number of crop protection products, including herbicides, insecticides, fungicides and seed treatments through its network of agri-products retail facilities across Western Canada. While most crop protection products are sold directly to customers through the Company's retail network, the Company in some cases also provides custom application services to its customers using chemical application equipment owned or leased by the Company. Viterra complies with the environmental protection standards of the Agricultural Warehousing Standards Association (the "AWSA") in its storage and handling of crop protection products, through its network of AWSA-compliant warehouses at its agri-products retail facilities.

While older crop protection products continue to be replaced with improved ones and branded products are increasingly giving way to generic products, the overall size of the market for crop protection products in Western Canada has not grown significantly in recent years. Viterra has introduced a number of private label branded crop protection products in order to compete with the increased number of generic products available in the market, and to maintain and grow its market share. Major grain handling companies and independent agri-product retailers compete in this segment.

<u>Seed Products</u> - The seed industry consists of seed breeding, development, production, processing, treatment, distribution and retailing. Viterra is one of the largest distributors of seed products in Western Canada, and markets, distributes and sells numerous proprietary and publicly available seed varieties. The Company maintains an in-house seed breeding and development operation and is involved in varietal and proprietary seed development, including research and development through a seed laboratory at Innovation Place located in Saskatoon at the University of Saskatchewan, and through several strategic alliances or other arrangements with leading seed breeding companies. The Company's business strategy focuses on retail distribution of seed while continuing to access seed technology through new and existing strategic relationships.

<u>Agricultural Equipment Sales and Other Revenue</u> - The agricultural equipment market in Western Canada includes grain handling, storage, and aeration equipment. The value chain is based on manufacturers producing equipment and then selling the equipment directly to retailers, such as Viterra, who in turn sell equipment to agricultural producers.

<u>Financial Products</u> - Through Viterra Financial™, the Company acts as an agent for a Canadian chartered bank that extends trade credit at competitive rates to customers of the Company's Agri-products business. Approximately 80% of Viterra Financial™ approved credit is unsecured, with the remaining balance secured by a personal property registration that covers a crops and proceeds security agreement. The sale of crop inputs peaks in May and June as new crops are sown, with a significant portion being credit sales. Depending on underlying customer credit ratings, payment terms typically extend to October 23 of the same year and February 23 of the following year to coincide with settlement from the proceeds of crops harvested and delivered into the country elevator system. As a result, eligible customers benefit from financial products that accommodate their cash flow requirements. The Company continues to directly manage the customer relationship and receives an agency fee for performing front-end credit review and management services. During the 2010 fiscal year, the approved credit offered under this financing vehicle exceeded $1.4 billion, with customer usage peaking at $580 million in July 2010.

Viterra Financial™ offers loans to feed products customers to purchase feeder cattle and feeder hogs, as well as related feed inputs, with terms that do not require payment until the livestock is sold. During the 2010 fiscal year, the approved credit offered under this financing vehicle exceeded $107 million, with customer usage peaking at $56 million in April 2010.

Under these programs, the Company provides a limited indemnity to the bank for a portion of any loan losses. The Company expects to continue to reduce the amount of credit or credit support it directly provides to farmers in connection with its crop production and feed products businesses. As a result, the Company benefits by reducing its borrowings to finance customer purchases, thereby lowering financing costs. Sales financed through Viterra Financial™ are immediately funded and essentially represent "cash sales" to the Company.

<u>Description of the Industry – Canada</u>

The total market size in Western Canada is represented by the total seeded acreage, which has remained at about 60 million acres over the last decade. Although seeded acreage has remained relatively stable, input usage has climbed and, since 2000, the overall market (excluding equipment sales) has grown from about $2.9

billion in sales to about $4.6 billion in 2009 and dropped to approximately $4.0 billion in 2010 due to significant unseeded acres as a result of excessive moisture in Western Canada.

The Company's Agri-products business competes against the agri-products businesses of other grain handling companies, co-operatives and numerous independent retailers in supplying fertilizer products, crop protection products and seed to agricultural producers. The competitive landscape in Western Canada is a mature market and highly fragmented, made up of over 240 competitors servicing over 900 locations throughout the region. Viterra operates 262 retail locations in Western Canada. Independent retailers collectively comprise about another 30% of the market, followed by a number of major grain handling companies, which sell seed, fertilizer, crop protection products and/or small agricultural equipment. Unlike the grain handling segment, deregulation, globalization and consolidation have had little effect on the crop input distribution and retail network.

Description of the Business - Australia

In Australia, Viterra operates twelve depots across South Australia, through which it sells seed, fertilizer and crop protection products. The Company also has five fertilizer warehouses in the region (four in South Australia and one in Victoria) and operates a wool brokering and export business.

Wool - Viterra's wool operation, an important link in Viterra's relationship with growers in Australia, extends to South Australia, Western Australia and Victoria. The Company's wool business has two components, domestic and export. Domestically, Viterra moves wool from the farm to sell at auction. For about 60% of the volume, Viterra acts as a broker for the wool grower and for 40% of the business, acts as the principal buyer either selling into auction or supplying to end use customers or exporters. Internationally, wool is sold to destination customers in countries such as China, India and Italy.

Fertilizer - Viterra is an importer, blender, wholesaler and retail distributor of fertilizer in South Australia, Victoria and New South Wales. Wholesale distribution in Victoria, New South Wales and South Australia is via a third party agent/dealer network accounting for 80% of total volume tonnes sold, with the balance sold via Viterra's depots in South Australia. Viterra sells approximately 130,000 tonnes per annum (60% ammonium phosphates and 40% nitrogen-based).

Seed - The Company manages a portfolio of 18 field crop seed varieties, with the majority being barley and wheat varieties. It participates in research and development through an equity ownership in the University of Adelaide Barley Breeding Program, which allows Viterra the first right of refusal over all new barley varieties. The Company also has an agreement with the South Australian Research and Development Institute for the commercialization rights to the National Oat Breeding Program for milling oat varieties.

Description of the Industry – Australia

The average area sown to field crops in Australia over the past ten years is approximately 22 million hectares (54 million acres). The Australian fertilizer market in 2009 was 2.7 million tonnes (excluding Western Australia). The total Australian crop protection products market was worth $1.7 billion AUD in 2009. Herbicides make up 45% of this market, 35% is animal health, 13% is insecticides and 7% includes fungicides and plant growth regulators. Market size of the seed business in Australia is estimated by the Australian Seed Federation to be between $700 and $900 million AUD. The overall Australian agri-products market is estimated at $6.0 billion AUD (Viterra estimate).

Australia is the largest global producer and exporter of wool, accounting for nearly one-quarter of global production according to the International Wool Textile Organisation. Approximately 98% of Australia's wool is exported, with China being the dominant destination, taking 67% of Australia's wool exports. The volume of Australia's wool production has been in decline over the last 20 years. During that time, the number of sheep has dropped from roughly 170 million to 70 million. Australia's wool production has decreased while Chinese production has increased to a point where they are now broadly equivalent.

4.3 PROCESSING

Viterra's Processing segment is an important aspect of the Company's value chain. Overall, this segment extends the Company's pipeline by producing food ingredients for consumer products companies and food processors around the world. This segment also consists of feed manufacturing operations that provide feed and nutritional supplements to the feed industries, primarily in Canada, the United States and New Zealand. Total sales for Viterra's processing segment for the twelve-month period ended October 31, 2010, were $1,296 million. (2009 - $943 million).

Description of the Business – North America

Viterra operates pasta processing, wheat milling, oat processing, malt, canola processing and feed mill facilities across Canada and the U.S.

Pasta Processing - Viterra operates a vertically integrated, state-of-the-art durum wheat milling and pasta production facility in Carrington, North Dakota and a pasta production plant in New Hope, Minnesota. The Company purchases wheat which is processed through its milling facility into semolina and wheat flours that are then used to produce dry pasta products. The business operates 340,000 metric tonnes of wheat milling capacity producing up to 254,000 metric tonnes of pasta.

Pasta production consists of a mixing, extrusion and drying process. The primary ingredients are semolina and water, although egg, tomato, spinach or other ingredients may be added to produce certain products. The finished dry pasta is packed to meet different markets and customer requirements.

The pasta products manufactured by the Company consist of over 100 different shapes and are sold to customers in all markets, retail and institutional. In addition to the dry pasta produced, the Company purchases additional dry pasta shapes from other manufacturers and resells them. This practice is widely followed by many pasta manufacturers for efficiency and production capacity reasons, and allows distribution of wider product lines to customers. Outside purchases of pasta, excluding imports, comprised approximately 0.15% for the period May 5, 2010 through October 31, 2010.

The Carrington, North Dakota facilities are certified by the Organic Crop Improvement Association, which allows these facilities to offer 100% organic pasta and semolina. These facilities allow for the isolation of the durum, semolina and pasta to enable this certification.

The Company's pasta products are manufactured using a comprehensive HACCP program, which requires strict monitoring in all aspects of the manufacturing process, to ensure food quality and safety. The Company undergoes food safety and product quality audits at various times throughout the year and consistently receives high scores.

In addition to its pasta products, the Company markets semolina, durum wheat flour and other flour blends to other food product manufacturers as market conditions allow. Lower grade second clear flours and millfeed by-products of the durum milling process are sold primarily for animal feed. Revenues from mill product sales represented approximately 5% of pasta processing's net revenues for the period May 5, 2010 through October 31, 2010.

Oat Milling - Viterra's oat and specialty grain milling business operates 540,000 metric tonnes of oat milling capacity and 101,250 tonnes of wheat milling capacity. The Company manufactures oat-based food ingredients for the industrial market at its mills in Manitoba, Saskatchewan, Alberta, and Nebraska; wheat-based food ingredients for the industrial and retail market at its mill in Texas; and coated and clustered grain-based food ingredients for the industrial market at its manufacturing plant in Nebraska.

The primary target geography for all plants is the United States, but there are also some marketing efforts in Mexico and Central and South America. Food ingredients are transported to North American destinations by truck and rail, while offshore markets are accessed by ocean going vessels. With close to 90% of Canada's oat production occurring in the Prairie Provinces, Viterra's Canadian oat mills are well positioned as origin mills in the heart of the oat production region. The Company's Nebraska mill, with raw material supplied by its Canadian grain handling assets, is competitively positioned as a destination mill, enjoying strong local demand for byproducts and shorter ingredient delivery distances. The Texas wheat mill has the advantage of being both an origin mill relative to U.S. winter wheat production, and a destination mill relative to its target market**.**

Canola Processing – Viterra operates an expeller press plant located in Ste. Agathe, Manitoba, which has an annual processing capacity of 340,000 tonnes per year. Oil and meal are produced using the expeller-pressed process as opposed to the North American standard wherein hexane is used to maximize oil yields. A merchandising opportunity for Viterra exists for canola oil in the natural food market since the solvent hexane is not used in the process. Customers have been willing to pay a premium for expeller-press canola oil.

The Company competes primarily within Canada and the U.S. The key marketing innovation for 2011 is to develop the Non-GMO market for expeller-pressed canola oil. This innovation would allow the business to attain more profitable crush margins and work more directly with world class food manufacturers.

Malt - Canada (42.38% ownership interest) - Prairie Malt Limited's facility in Biggar, Saskatchewan processes barley into malt primarily for the brewery industry. Viterra owns 42.38% of Prairie Malt, while 57.62% is held by Cargill. As part of the Company's interest in Prairie Malt, a barley supply agreement was signed requiring Prairie Malt to take a majority of its barley requirements from Viterra, subject to quality, cost and availability. The contract is to remain in effect until terminated by agreement or when Viterra no longer holds shares in Prairie Malt. Prairie Malt's customers are located both domestically and internationally, including the United States, Mexico, the Pacific Rim, South America and Latin America. Malt is transported either by truck or railcar, with the majority of railcar shipments going to Canadian ports where it is then loaded onto ships bound for offshore markets.

Feed Products - The core business activity in Viterra's North American feed products business consists of manufacturing, sale and distribution of feed products and related micro, macro and commodity ingredients for commercial and acreage-based livestock producers. Specialty feed formulations and feed product manufacturing is well diversified between dairy and beef cattle, poultry, swine and other specialty livestock feeds. The Unifeed Financial® credit program is now operated under the name Viterra Financial™. Unifeed mill operations and Unifinance® credit have been rebranded under the Viterra name.

The majority of Viterra's livestock feed products are delivered in bulk to farmers by truck directly from the feed mills or pre-mix facilities. In addition, the Company distributes bagged feed products through independent dealers and Company-owned retail outlets at most of the Company's feed mills and pre-mix facilities.

In Canada, feed manufacturing is conducted at six feed mills and one pre-mix manufacturing facility located in British Columbia, Alberta, and Manitoba.

Viterra's wholly-owned U.S. subsidiary, Unifeed Hi-Pro Inc. ("Hi-Pro"), owns seven feed mills and commodity blending sites in Texas, Oklahoma, Montana and New Mexico that manufacture complete feeds, supplements pre-mixes and commodity ingredients for ranchers and dairy farmers in Texas, New Mexico, Oklahoma and other south central U.S. markets. Hi-Pro also owns and operates a shuttle train unloading facility near its mill in Dexter, New Mexico, which steams flaked corn for regional dairy producers.

Name and Location	**Current Volume(1)**	**Nominal Capacity(1)**
Viterra Feed Products Chilliwack, British Columbia	272,500	275,000
Viterra Feed Products Sherwood Park, Alberta	115,000	150,000
Viterra Feed Products (Pre-mix) Ponoka, Alberta	30,000	35,000
Viterra Feed Products Olds, Alberta	112,500	150,000
Viterra Feed Products Lethbridge, Alberta	245,000	340,000
Viterra Feed Products Carman, Manitoba	50,000	80,000
Viterra Feed Products St. Anne, Manitoba	75,000	80,000
Viterra Feed Products, Feed Processing Station, Logan, Montana	12,500	20,000
Hi-Pro Lubbock, Texas	30,000	65,000
Hi-Pro Friona,	250,000	300,000
Texas	185,000	300,000
Hi-Pro Clovis, New Mexico	337,500	300,000
Hi-Pro Comanche, Texas		
Hi-Pro Cheyenne, Oklahoma	37,500	60,000
Hi-Pro Dexter, New Mexico	252,500	300,000

(1) Metric tonnes

All of Viterra’s Canadian feed mills are federally certified or compliant with HACCP guidelines. Viterra’s U.S. feed milling assets are compliant with local state and federal operating standards for feed milling.

Manufactured feeds provide all, or a significant portion, of the nutritional requirements of the livestock being fed. Pre-mixes and supplements supply a base mix of vitamins and minerals, which, along with commodities, fulfils the needs of livestock producers who complete their own on-farm feed manufacturing.

To enhance its relationships with livestock customers, Viterra also provides value-added services to complement its manufacture, sale and distribution of feed products. These include financial services, nutritional consulting, and ingredient forward contracting services.

As noted above under “Description of the Business – Agri-products”, through Viterra Financial™, the Company acts as an agent for a Canadian chartered bank that extends credit at competitive rates to customers of the Company. The Viterra Financial™ program includes both agri-products and feed product customers of the Company. For feed product customers, the Company may provide financing to credit-worthy livestock operations for purchase of feeder cattle, feed inputs and services. Viterra Financial™ credit is typically secured by a personal property registration that covers the financed livestock and related feed products. The Company also provides some credit directly to livestock customers and takes security that may include collateral mortgages, personal property registrations that cover all personal property, and third party guarantees. In both cases, the customers are required to purchase their feed product requirements from the Company.

Description of the Industry – North America

The Company's food processing businesses compete in the global oats and wheat processing, canola processing, pasta processing and global malt export markets where the markets for the Company's products are highly price competitive and may be sensitive to product substitution. A number of large, international companies compete in these markets.

Pasta Processing - Viterra estimates North American annual dry pasta demand to be roughly 1.8 million tonnes, including pasta used in dinners, side dishes and meal solutions. In addition to the domestic market for dry pasta, much smaller domestic markets exist for refrigerated and frozen pasta.

The pasta industry identifies domestic dry pasta into two basic markets: retail and institutional. The Company recognizes the institutional market as being comprised of ingredient and foodservice sales.

Retail Market - The retail market includes sales of branded and private label pasta to grocery stores, club stores, mass merchants and other consumer retail operations. A significant portion of the retail market is represented by established national or regional pasta brands. The Company estimates that Barilla, New World Pasta Company and American Italian Pasta Company account for over 75% of the branded retail market. The Company focuses a majority of its retail marketing efforts on private label sales. The Company is among the market leaders in private label sales.

Institutional Market - Ingredient sales consist of pasta used by food processors as an ingredient or component in a further-processed or combination food product. Such food products include dry pasta dinners, including macaroni and cheese, frozen entrees, refrigerated salads, canned entrees, baby food, and canned and dry soups. The size of the ingredient market is influenced by the number of food processors that choose to produce pasta internally rather than outsource.

Food service sales are to commercial and non-commercial eating establishments such as restaurants, business and industry cafeterias, managed services, hotels and motels, retail vending, recreation, mobile and other away-from-home eating outlets. Marketing dry pasta to this market generally consists of selling to a network of competitive distribution organizations and buying groups, and selling dry pasta to individual restaurant chains and other operator organizations.

Co-Pack Arrangements - A portion of each end-user market is supplied under "co-pack" arrangements between pasta manufacturers. These agreements involve the sale of dry pasta products between pasta manufacturers in order to supply short-term volume deficiencies such manufacturers suffer from time to time in meeting customer requirements, and to allow a manufacturer to draw upon particular areas of expertise of other manufacturers, which may be more cost beneficial than self-manufacturing. Co-pack sales comprised approximately 1.7% of pasta processing's net revenues for the period May 5, 2010 through October 31, 2010.

Oat & Specialty Grain Milling - Canada is the third largest oat producer and the largest oat exporter in the world, representing 65% of the world's oat export trade. In 2010, total world oat production decreased to 20.1 million tonnes, including oats for feed and human consumption. Canada's oat production has remained relatively consistent over the past fifteen years and represents about 15% of the world's total. Close to 90% of Canada's oats are produced in Western Canada, with the majority, about 78%, grown in Saskatchewan and Manitoba. In 2009, total harvested area decreased in all three Prairie Provinces as a result of lower area seeded due to poor weather, lower yield and poor growing conditions this year.

The primary markets for oat products are hot and cold breakfast cereals and nutrition snack bars. The oat manufacturing industry consists of cereal manufacturer/brand managers such as Quaker Oats and General Mills, and independent industrial manufacturers that sell primary and finished oat products to cereal manufacturers. Primary products include sized whole groats (whole oats with the hulls removed) and steel cut groat chips that have been conditioned and are fit for human consumption. Primary products produced by industrial manufacturers are either sold to cereal manufacturers for finishing or finished by industrial manufacturers for sale to cereal companies. Finished products are primary products that have been processed into flakes, flour, bran or blended oatmeal combinations.

Overall, demand for oat ingredients is growing, fuelled primarily by the widely appreciated nutritional benefits of this cereal grain. The Food and Drug Administration in the U.S. approved a health claim for oat-based products, stating that the soluble fiber from oatmeal, as part of a low-saturated fat and low-cholesterol diet, may reduce the risk of heart disease. This official view of whole grain consumption has heightened consumer interest in oat-based foods. Many cereal and snack bar makers are now altering their product lines to include whole grains, a positive development for the oat industry over the long term.

Wheat is a staple and natural whole grain, grown and processed with little chemical application. Wheat flour is functionally important for a broad range of bakery applications, including the growing flatbread and tortilla segment. Wheat flour demand is resistant to adverse economic conditions since wheat is a very affordable food source.

Canola - Canola seed processing is an attractive segment of the food market. Canola oil has a distinct advantage over other vegetable oils due to its oil fat content characteristics (low in saturated fat and high in monounsaturated fat).

With three new crush plants commissioned in Canada in 2010 the percentage of canola acreage crushed domestically is expected to surpass canola seed being exported in 2011. The two dominant export markets for canola oil are the U.S. and China. Aside from occasional purchases by Europe, other Asian countries comprise most of the remaining demand for oil. The increase in volumes to the U.S. are largely related to the burgeoning demand for oils suitable for producing low or zero trans-fat food products.

In Canada, canola seed is grown primarily in Manitoba, Saskatchewan, and Alberta. Production is expected to grow from approximately 9 million tonnes in 2008 to approximately 15 million tonnes in 2015. Viterra's position as a leading exporter and handler of canola creates synergies through the internal sourcing of canola seed required by Viterra's canola processing facility.

Malt - Western Canadian production of barley has averaged 10 million tonnes over the past ten years and, of this, approximately 2 to 2.5 million tonnes are accepted as malting barley, which is primarily used by the brewery industry. Of the 2 to 2.5 million tonnes, Canadian maltsters generally utilize half, with the balance exported throughout the world.

Feed Products - Canada accounts for approximately 3% of the global feed market. Western Canada accounts for about 22% of the country's commercial feed production. The underlying fundamentals of the animal feed industry are directly related to the supply and demand trends in the livestock species that consume feed.

Traditionally, Canada has exported about 50% of the beef and swine it produces, either as meat or live animals, primarily to the U.S., whereas dairy and poultry production is for domestic consumption via supply managed sectors. The economic downturn, strength of the Canadian dollar, along with non-tariff trade barriers, such as country of original labeling ("COOL") in the U.S., has impacted the relative production costs as compared to the U.S. These factors have created margin pressures for feed manufactures.

At times during fiscal 2010, beef and swine producers in Canada were operating below their cost of production. This caused severe economic pressures on our customers' ability to pay and reduced the overall demand for manufactured feed. These economic challenges have resulted in farm failures and an extremely competitive environment given the shrinking customer base and livestock population numbers.

For the Canada beef sector, Viterra supplies feed supplements to ranchers, feed lot operators and cow calf operators. In addition to the aforementioned implications of non-tariff trade barriers, such as COOL, industry feed demand was adversely affected by poor cattle markets and lower demand for beef associated with the general economic conditions. Viterra sells complete manufactured feed and vitamin and mineral pre-mixes to the swine sector.

The dairy market in Canada is supply managed, and matching supply and demand through quotas stabilizes the dairy market and related feed pricing. This market is expected to remain stable for the foreseeable future and any growth will be driven by population growth.

Canadian poultry producers purchase complete manufactured feed from commercial feed mills since few are large enough to economically mill their own feed rations. Poultry production is tightly controlled both provincially and nationally under supply managed quotas, and the Company does not expect significant expansion in this area apart from demand driven by population growth.

The Canadian feed manufacturing industry is a mature industry with surplus capacity in some regions of Alberta and Manitoba of 55%, resulting in competitive pricing and margin pressures, particularly associated with the slow recovery from the 2009 demand downturn. Many competitor feed manufacturing assets are older with some in need of significant maintenance capital as a result of minimal investment by poorly funded players during the past two years. In addition, growing consumer concern over food safety has resulted in regulatory changes that may prove challenging for on-farm feed manufacturing operations and outdated commercial feed mills, putting additional economic pressures on marginal players.

To put into context this feed manufacturing over-capacity, Canada beef population was 14.9 million as of January 1, 2005 and declined to 13.0 million as of January 1, 2010. The swine population was 15.1 million as of January 1, 2006 and declined to 11.6 million as of January 1, 2010. This represents population decreases of 13% and 23% respectively with the majority of the beef reduction in Alberta and the swine in Alberta, Manitoba and Ontario.

In Canada, the Company competes with public and private grain and feed companies and independent retailers, including the other five major firms operating in more than one province in Western Canada, which are: Cargill Limited (Nutrena Feeds), Federated Co-operatives Limited, Nutreco (Landmark Feeds), Masterfeeds and Ridley Canada Limited (Feed Rite). Competition is strong and there is ongoing consolidation of the industry through mergers, acquisitions and mill shutdowns.

The U.S. accounts for approximately 22% of the global feed market and the High Plains trading area accounts for about 6% of the country's commercial feed production. The underlying fundamentals of the animal feed industry are directly related to the supply and demand trends in the livestock species that consume feed.

At times during fiscal 2010, beef and dairy producers in the U.S. were operating below their cost of production. This caused severe economic pressures on customers' ability to pay and reduced the overall demand for manufactured feed. These economic challenges have resulted in farm failures and an extremely competitive environment given the shrinking customer base.

Viterra's U.S. feed milling business sells complete manufactured feed and vitamin and mineral pre-mixes to the beef and dairy sector. U.S. feed milling operations do not manufacture or sell significant quantities of swine or poultry feed as most are commercial integrated operations that own their own feed production facilities.

For the U.S. beef sector, Viterra's feed products business supplies feed supplements to ranchers, feed lot operators and cow-calf operators.

The dairy market in the U.S. is demand driven. The U.S. economic downturn that started in 2008 and the sharp drop in U.S. milk product exports led to wholesale milk prices falling below the cost of production for much of this time period. This has led to a feed demand decline due to herd reductions, farm failures and customers switching from higher margin fully manufactured feeds and supplements to survival rations, consisting of low margin commodities, by-products and silage.

In the U.S., the Company's feed products group competes with public and private grain and feed companies and independent retailers which are: Cargill Incorporated, ADM Feed Ingredients, J.D. Heiskell & Company, Land O'Lakes Incorporated and other local competitors. Competition is strong and there is ongoing consolidation of the industry through mergers, acquisitions and mill shutdowns.

Description of the Business – Australia and New Zealand

Viterra operates malt facilities in Australia. Viterra imports and distribute grains and meals, and operates storage, maize processing and feed milling assets in New Zealand.

Malt - Viterra is Australia's largest malt processor, operating eight processing plants strategically positioned across Australia, with the largest capacity volume in those states with the greatest barley supply. Viterra's Australian malt operation has an annual production capacity of up to 500,000 metric tonnes, of which 400,000 tonnes are destined for export markets and 100,000 tonnes are consumed domestically. Viterra supplies malt under the brand Joe White Maltings to major domestic and international brewers. Viterra's malt operations require approximately 600,000 tonnes of malt barley per year, representing 25% of the Australian malt barley crop. A new plant is presently being constructed at Minto in New South Wales which will add another 110,000 tonnes of capacity when complete.

Viterra operates approximately 63% of Australian malting capacity. The Company supplies approximately 50% of Australia's domestic malt demand requirements, exclusively supplying brewers Lion Nathan and Coopers, and provides approximately 68% of Australia's malt exports to countries like the Philippines, Singapore, Thailand, Vietnam, Korea and Japan.

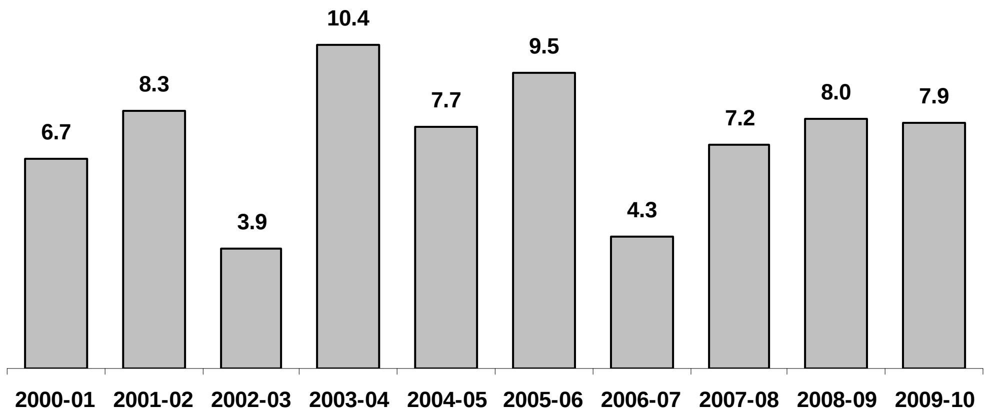
Feed Products - Viterra is a key importer and distributor of grains and meals into New Zealand. The Company imports and distributes approximately 745,000 tonnes or 46% of New Zealand grain and meal requirements split 570,000 tonnes meal and 175,000 tonnes grain. It also operates storage, maize processing and feed milling assets, including four feed mills with an annual production capacity of 330,000 tonnes.

New Zealand's meal and grain imports have increased by 21.3% per annum since 1999, driven by new meal requirements primarily in the dairy and poultry industries.

Description of the Industry – Australia and New Zealand

Malt - The Australian malt industry consists of four malt producers (Viterra, Graincorp, Malteurop and Kirin) and currently has the capacity to annually produce 790,000 tonnes of malt (consuming approx 950,000 tonnes of malting quality barley). The Australian barley crop has averaged 7 million tonnes over the last five years.

Total Australian Barley Production
(million tonnes)



Source: ABS - 7124.0- Historical Selected Agriculture Commodities, by State (1861 to Present), ABARE December 2010 Crop Report

While approximately 200,000 tonnes of malt is used to supply the Australian malt demand of brewers and food producers, the bulk of malt produced in Australia is exported to brewers in the Asian region.

Feed Products - New Zealand is a net importer of feed grain and protein meals, given the 5-year average domestic New Zealand production of feed wheat, barley and maize totals 755,000 tonnes against 2010 level of feed imports totaling approximately 1,609,000 tonnes (68% of feed commodities in New Zealand are imported). The domestic and imported feed grains and proteins are used as animal feeds for a variety of animals including; dairy, swine, poultry, equine and other (pet feed etc). Swine, poultry and other animal groupings represent 75% of the New Zealand feed grain usage with dairy comprising the remaining 25%. Swine, poultry and other animal groupings represent 16% of the New Zealand feed protein usage with dairy the remaining 84%.

Although poultry and swine volumes underpin compound feed production volumes, they are also low growth markets – with Viterra not expecting large growth in animal numbers. The dairy segment is growing more rapidly in animal feeds with the number of dairy cows increasing to meet increased demand for milk products globally.

The trend in New Zealand milk processed is increasing. From 2000 to 2009, there was an additional 4,414 million litres of milk processed in New Zealand, representing a compound annual growth rate of 3.6%. Dairy farmers are moving towards using supplementary feed on top of their animal pasture diets given the rise in cows per hectare and the cost of land in New Zealand. Pasture only diets can also lead to nutrient deficiency cows and while supplementary feed may only ever be a small part of the total feed consumed, compound feeds do offer the ability to promote productivity and herd health.

4.4 HUMAN RESOURCES

North America - As of October 31, 2010, there were 4,067 persons employed by Viterra and its wholly-owned subsidiaries, excluding Viterra Australia. Of this total, 1,609 were unionized employees who are represented by seven unions and whose employment is governed by eleven collective agreements.

Australia - As of October 31, 2010, there were 2,103 persons employed by Viterra Australia. Of this total, 1,404 were eligible to be union members and are represented by seven unions and whose employment was governed by eighteen collective agreements.

4.5 ENVIRONMENTAL MATTERS

Practices and Policies

The Company has well-defined polices and procedures relating to environmental matters outlined in its Safety, Health and Environment Policy (the "SH&E Policy"). Pursuant to the SH&E Policy, the Company's goals are to prevent injuries, protect against negative health impacts, and minimize environmental impacts. The guiding principles include the development of a comprehensive environment, health and safety program with best industry practices and the establishment of effective environment, health and safety workplace committee structures in all operating divisions. In addition, pursuant to the SH&E Policy, Viterra strives to evaluate environmental aspects of its business to provide products and services that have no undue impact, are safe for use, energy efficient and can be recycled, reused or disposed of safely and to encourage the safe use, transportation, storage and disposal of products by its customers.

The Company has a robust safety health and environment management system, based on the SH&E Policy, that sets out a fully integrated plan for safe production, to prevent injuries, protect against negative health impacts and minimize environmental impacts through the identification, assessment and control of hazards and employee education, awareness and alignment with program requirements. This system applies to all Viterra personnel, property, facilities, equipment, operations, processes, materials and wastes.

The Safety, Health & Environment Committee ("SH&E Committee"), a committee of the Board of Directors, and the Sustainability and Brand Executive Committee and the Risk Management Committee, which are both committees of management, are responsible for providing the Company with stewardship regarding environment matters.

Safety, Health & Environment Committee - The SH&E Committee is a committee of the Board of Directors that was formed in September 2009 and is currently comprised of four members. Its terms of reference can be found on the Company's website www.viterra.com under Corporate Governance. As part of its responsibilities, the SH&E Committee reviews, approves and makes recommendations to the Board of Directors, or to the board of directors of the Company's subsidiaries and affiliates, in respect of the Company's system for safety, health and the environment. The SH&E Committee holds regular *in camera* sessions where it meets in the absence of management.

Sustainability and Brand Executive Steering Committee - From a sustainability perspective, Viterra's strategic intent in 2009-2010 was to develop and implement an overall sustainability program across the organization. This has been completed. A key step in this implementation was to define organizational structures to ensure assignment of accountability throughout the organization. To that end, Viterra established the Sustainability and Brand Executive Steering Committee to oversee corporate direction, strategy, and policy. The committee is comprised of eight executive and vice-president level members. It oversees corporate direction, strategy, and policy on sustainability and ensures that organizational activities align with the Company's commitment to sustainability and the associated disclosure. The Sustainability and Brand Executive Steering Committee reports to the SH&E Committee.

In connection with sustainability, the Sustainability and Brand Executive Steering Committee is responsible for:

- Setting and approving high-level sustainability goals, frameworks, action plans and performance measures;
- Setting and approving global policies and public position statements related to sustainability issues;
- Approving final drafts of voluntary reports related to Viterra's sustainability practices and performance;
- Reviewing challenges and opportunities related to emerging sustainability issues and trends and setting direction as required; and
- Championing the ongoing development of Viterra's sustainability culture.

Two notable accomplishments to date by the Sustainability and Brand Executive Steering Committee are:

- The establishment of a Sustainability Working Group (with staff nominated by the Sustainability and Brand Executive Steering Committee) to operationalize sustainability throughout the organization.

- The adoption of a Commitment to Sustainability that will help guide the Company's actions and decisions and frames what the Company means by sustainability:

  As a leader in delivering essential food ingredients around the globe, at Viterra we understand our role in helping address the world's growing nutritional requirements. We also recognize our responsibility to drive business performance, and to be respectful of the communities and environment in which we work and live.

  Viterra is committed to meeting these challenges by continuing to embed social, environmental and economic considerations into the way we do business. Through these efforts, we aim to meet the expectations of our investors, customers, and employees and to act as a good corporate citizen by effecting positive change toward our shared future.

Environmental responsibility is a central feature of the Company's overall corporate strategy because of its role as a global food ingredients supplier. The Company's environmental programs incorporate the integrated business practices of sustainable development, risk management, pollution prevention, resource conservation and waste management. Greenfield development, daily operations, employee education, acquisition and divestitures and remedial activities (where warranted) are directed to protect the environment and mitigate environmental aspects of the business.

Examples of agricultural practice efforts related to environmental matters include seed variety research and development, the Company's carbon credit program that rewards growers financially for using no-till (or reduced-till) farming practices, and a variable rate technology program that enables farmers to apply fertilizer strategically. The Company has also reduced energy use at several facilities through a number of investments in more energy efficient technologies or practices.

Risk Management Committee - The Risk Management Committee is a committee of management that is currently comprised of five members at the executive and vice-president level. The Risk Management Committee oversees and directs the development of an integrated enterprise risk management framework for Viterra, which includes risks relating to the environment. The Risk Management Committee reports to the Audit Committee.

Environmental Requirements

The following discussion is a summary of environmental legislation that has an impact on the Company:

Laws and Regulations - Viterra's operations are subject to a variety of federal, provincial, state and local laws and regulations in the countries where it operates, which are predominantly North America and Australia. These laws and regulations mandate, among other things:

- the maintenance of air, soil and water quality standards;
- transportation of hazardous materials;
- site remediation and reclamation activities;
- regulation of greenhouse gas emissions; and
- energy efficiency standards.

The laws and regulations require the Company to obtain various environmental registrations, licenses, permits, inspections and other approvals in order to operate. These impose operational requirements on the Company's activities.

In North America, Viterra assesses emissions to monitor potential impacts to the business given pending and anticipated changes to the regulatory environment. The Company participates in mandatory reporting on emissions, such as the National Pollutant Release Inventory. Greenhouse gas ("GHG") emissions, are also assessed although reporting is not required, as GHG emissions of Viterra's existing operations are below existing or proposed North American GHG reporting thresholds. Emissions (particulates, ammonia, metals, GHG) monitored by Viterra are not currently subject to regulatory reduction criteria under current legislation. Apart from the resources that it takes to report and assess emissions, there is no direct financial impact to the business in relation to regulated emission reductions at this time. It is notable that emission reductions for particulates have the potential to be imposed in future and could have a material affect on the business; however, to the Company's knowledge, there are no impending GHG reporting requirements that would affect Viterra. The Company continues to keep abreast of the regulatory environment in anticipation of future operational and financial implications that have the potential to be material in nature.

In Australia, the Company is involved in a number of mandatory reporting programs including the *Energy Efficiencies Opportunities Act* and the *National Greenhouse and Energy Reporting Act* ("NGER Act"), which are two of the more significant federal programs. Since July 1, 2008, Viterra Australia has been required to report energy and emissions data under the NGER Act in preparation for an emissions trading scheme, known as the Carbon Pollution Reduction Scheme ("CPRS"). The Company anticipates that Australia will be attempting to introduce an emissions trading scheme at some point after July 1, 2012. The CPRS would impose a price on a tonne of carbon emitted and large emitters would have an obligation to purchase emissions permits. Energy, fuel and other inputs are expected to become more expensive with the introduction of an emissions trading scheme in Australia. The CPRS would impact Viterra both directly, as it would be required to purchase permits for at least one of its malt facilities, and indirectly via price increases for other inputs.

In New Zealand, the financial obligations of an emissions trading scheme commenced on July 1, 2010. The immediate impact is that there will likely be increases in energy and fuel costs, as the energy and fuel industries immediately face emissions liabilities under the New Zealand emissions trading scheme ("ETS") and may pass those costs on to their customers. A review of the New Zealand ETS is set to commence in February 2011, with a report due to the Minister for Climate Change by June 30, 2011. This review has the potential to result in amendments to the New Zealand ETS. With some exceptions, participants for agriculture are meat and dairy processors, exporters of live animals, fertilizer importers and manufacturers, and egg producers. Importers who import less than one tonne of synthetic fertilizer per annum are exempt from the New Zealand ETS. Participants in the New Zealand ETS for agriculture will have to report activities and surrender New Zealand Units to account for agricultural emissions. For fertiliser importers, emissions are measured based on volumes of fertiliser imported into New Zealand. Participants may apply for and receive allocations of NZUs to help offset the cost. Compulsory reporting begins in 2012, however the requirement to surrender NZUs begins only in 2015. Voluntary reporting begins in 2011.

Viterra is developing a global greenhouse gas inventory that will be used to guide strategic decisions related to emissions and energy management.

Asset Retirement Obligations - All properties have environmental site assessments conducted upon acquisition and divestiture. Certain properties will have an asset retirement obligation (an "ARO") stipulated by contractual obligations or other legal requirements. An ARO is generally related to dismantlement and site restoration or other legal termination and retirement of an asset.

There is an ARO for decommissioning and reclamation of former Westco production sites and the former Earth Sciences lease (on the Calgary lands). The ARO recognizes the liability for the former production sites in Calgary and Medicine Hat, Alberta and the former Earth Sciences lease. The period to complete the reclamation project is estimated to be about five years from the current date (pending receipt of required regulatory approvals and necessary physical conditions facilitating remediation activities). The Company's ARO was $16.4 million at October 31, 2010 (2009 - $17.5 million), which management believes is adequate based on the facts and circumstances currently in existence. All decommissioning and reclamation work in Calgary and Medicine Hat, Alberta is being conducted under plans approved by Alberta Environment. The Company is working with the Canadian Nuclear Safety Commission for regulatory approval of certain activities on the Earth Sciences site.

There is an ARO for decommissioning and reclamation of the Pacific Terminal Operations on leased property in Vancouver, British Columbia. The ARO recognizes the estimated clean-up costs for the Pacific Terminal Operations to return the leased property to its original condition, at the expiration of the lease agreement. The lease agreement expires on July 31st, 2022, with decommissioning and reclamation activities to commence in 2020. The Company's ARO was $10.0 million at October 31, 2010 (2009 - $0 million).

The Company has a joint venture interest in a fertilizer manufacturer that has certain obligations with respect to plant decommissioning and land reclamation upon cessation of operations. The Company has not recorded an ARO for these obligations at October 31, 2010 because it does not currently believe there is a reasonable basis for estimating a date or range of dates of cessation of operations. In reaching this conclusion, the Company considered the historical performance of the facility and has taken into account factors such as planned maintenance, asset replacements and upgrades of plant and equipment, which if conducted as in the past, can extend the physical life of the facility indefinitely. The Company also considered the possibility of changes in technology, risk of obsolescence, and availability of raw materials in arriving at its conclusion.

Interprovincial Co-operative Limited ("IPCO"), an affiliate of the Company, has sites in Winnipeg, Manitoba and Saskatoon, Saskatchewan, for which it is responsible to carry out remediation work due to contamination caused by its past operations. A thorough routine environmental site assessment was completed at the Winnipeg manufacturing site in September 2004. Based on the assessment, Manitoba Conservation concluded that the site was in environmental compliance at that time but did ask IPCO to address potential inadequacies with the containment system. As part of the ongoing environmental monitoring at the site, contaminant concentrations in groundwater monitoring wells were tested and have shown to not have substantially changed in the years 2004, 2005, 2006, and 2008. The next round of sampling and reporting to Manitoba Conservation occurred in 2010, with soil core samples being obtained in October. The sample analysis is underway. The Saskatoon site had a herbicide soil contamination problem that was addressed by a remediation agreement that was executed by Saskatchewan Environment, the Rural Municipality of Corman Park and IPCO. The remediation work was completed in 2003 and a long-term site monitoring program was approved by

Saskatchewan Environment. Neither the Rural Municipality nor Saskatchewan Environment required that any sampling of adjacent test wells be undertaken in 2010.

Water - In Australia, the Company produces more than 500,000 tonnes of malt each year and is a large industrial user of water in the malt process. There is a risk that water may become more expensive in Australia due to concerns over availability of drinking water for citizens. There is also a risk that water may not be available in sufficient quantity for Viterra's requirements.

The Company is addressing this risk by installing water recycling plants in two of its eight malt manufacturing plants and is reviewing the business case for extending this program to the remaining plants. Viterra is also funding a research program in Adelaide looking to develop varieties of barley that require single steeping during the malting process. Research into single steeping varieties of barley has the potential to reduce the water used in the malting process by 30% to 40% and to significantly reduce the energy used.

4.6 FOOD AND FEED SAFETY

Increased concern over the safety of food is focusing attention on the way food is grown, handled and processed. End-use buyers are demanding greater assurances that the products they purchase are safe.

ISO Quality and Food Safety Management Systems – Viterra's quality and food safety management systems were recommended for continued registration in May 2008 to the ISO 9001:2000 quality management system and conformity to the ISO 22000:2005 food safety standard by NSF International Strategic Registrations, Ltd. This registration covers Viterra's grain handling facilities in Manitoba, Saskatchewan and Alberta as well as the port terminals in Thunder Bay, Ontario and Vancouver, British Columbia. Continued registration has also been obtained by the Quality Control Lab in Regina to the ISO 9001:2000 standard. In addition, Viterra's food safety management system has attained registration to the GMP+B2 standard (Good Manufacturing Practices) at some of our grain handling facilities that ship commodities such as flax to the European Union. GMP+B2 is a standard based in the Netherlands by the Dutch Feed Board for regulation of foreign suppliers of animal feed materials.

Viterra has also achieved continued registration to the CGC's Canadian Identity Preserved Recognition System at the Company's special crop facilities that handle mustard and at the organic facility in Rowatt.

The Company's food processing businesses are similarly registered to several standards, including AIB (American Institute of Baking), BRC (British Retail Consortium) and SQF (Safe Quality Food), while the feed processing segment complies with federal HACCP requirements and the Canadian industry's Feed Assure™ program.

Most recently, to address increasing consumer awareness and concerns over food safety and traceability in a consistent manner across the organization, the Company is undertaking an integration of quality systems. Building on existing HACCP principles and conformity to the multiple standards utilized in the various business units, Viterra has initiated efforts to standardize food safety and quality systems to the ISO 22000 based family of standards.

The ISO 9001:2000 standard is an internationally recognized quality management system that focuses on the development of processes and procedures designed to provide the end-use customer with assurance of consistent product quality. The ISO 22000, a HACCP based food safety management system that incorporates the management systems approach of ISO 9001, is designed to protect the food supply from biological, chemical and physical hazards and was developed as a standard to harmonize the many national and private food safety standards in existence around the world. This standard can be applied to any process in the food chain, from field to store, making it ideal for the broad scope of Viterra's operations. With many of the global events that have taken place recently (i.e. Listeriosis, Bio-terrorism, genetically modified organism concerns and bovine spongiform encephalopathy) along with the fact that ISO and HACCP are quickly becoming an industry standard, the implementation of quality systems and food safety programs has become increasingly important.

These registrations have significant benefits and are one of the many tools used to ensure destination customers are receiving consistent product quality and safe food product.

U.S. Bioterrorism Act - In 2002, the *U.S. Public Health and Bioterrorism Preparedness and Response Act* became law. The Act was designed to improve the ability of the U.S. to prevent, prepare for and respond to bioterrorism and other public health emergencies. The Food and Drug Administration is responsible for developing and implementing regulations on major provisions of the Act. In 2003, the Food and Drug Administration published two regulations in the U.S. Federal Register, which came into effect December 12, 2003:

Registration of Food Facilities – (Section 305 of the Act)
Prior Notice of Imported Food – (Section 307 of the Act)

As a major exporter of grains and oilseeds to the U.S., Viterra has complied with the U.S. regulations and is registered as a shipper/exporter.

Canadian National Marine Security Program - Announced in May 2004 by the Government of Canada, this program mandates Canada's ports and marine facilities to modernize and strengthen their security systems and programs. Viterra has installed fencing, card lock systems and video cameras to secure its port facilities in Vancouver, British Columbia and Thunder Bay, Ontario to meet the program requirements.

Bio-Safety - The Cartagena Protocol on Bio-Safety came into effect in 2003 and is designed to contribute "to the safe transfer, handling and use of living modified organisms resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity, taking into account risks to human health and specifically focusing on trans-boundary movements". The Bio-Safety Protocol is a mandatory, global labeling system that will affect the vast majority of world commodity trade. While it is in effect, Canada has not ratified the Cartagena Protocol as there are a number of key issues that remain to be resolved.

Viterra is working with the Canada Grains Council to address these key issues, specifically:
- documentation and the requirement to identify the presence of a living modified organism;
- the form of sampling and testing required at the point of export and the associated cost; and
- the attribution of liability be addressed in the event of an inadvertent movement of genetically modified commodities.

5. MANAGEMENT’S DISCUSSION AND ANALYSIS

The Company’s Management’s Discussion and Analysis for the year ended October 31, 2010 is incorporated herein by reference. The Management’s Discussion and Analysis for the year ended October 31, 2010 can be found on SEDAR at www.sedar.com under Viterra’s name.

6. RISK FACTORS

A description of risk factors which the Company is subject to can be found in its Management’s Discussion and Analysis for the year ended October 31, 2010 under the heading “Risks and Risk Management”.

7. DIVIDEND POLICY

The Board of Directors has established a formal dividend policy and, on December 1, 2010, the Board of Directors declared a five cents Canadian ($0.05) dividend payable on February 10, 2011 to shareholders of record on January 20, 2011. The dividend rate is currently intended to be ten cents Canadian ($0.10) per Common Share per year and will be reviewed semi-annually by the Board of Directors in light of the Company's cash flow, earnings, financial position and other relevant factors.

The Company's financing agreements do not contain any restrictions regarding the payment of dividends with the exception of the trust indenture for the Series 2007-1 and Series 2009-1 Notes. Under this trust indenture, the dividend restriction currently allows dividends totaling $2.1 billion, and so would not currently function as a restriction on future dividend payments.

Viterra has not paid any dividends on its shares in the last three fiscal years.

8. SHARE CAPITAL

The Company’s authorized capital consists of an unlimited number of Common Shares. The holders of the Common Shares are entitled to receive notice of, attend and to cast one vote per Common Share held at all meetings of the holders of the Common Shares. The holders of the Common Shares are entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of the Common Shares are entitled to receive, equally on a share-for-share basis, the remaining assets of the Company in the event of liquidation, dissolution or winding up of the Company or other distribution of assets and property of the Company among its shareholders for the purpose of winding-up its affairs. As at October 31, 2010, 371,596,933 Common Shares were issued and outstanding.

On September 23, 2009, Viterra issued 68,629,939, CHESS Depositary Interests (“CDIs”). As of October 31, 2010, 24,185,304 CDIs (with the underlying Common Shares, which are held in trust, included in the above noted issued and outstanding Common Share number) remain issued and outstanding. CDIs are units of beneficial ownership held and registered with a depositary clearing house in Australia. See “10. Market for Securities”.

9. RATINGS

	Corporate / Issuer Rating	Senior Unsecured Notes	Trend
Standard & Poor’s	BBB-	BBB-	Stable
Dominion Bond Rating Service Ltd.	BBB (low)	BBB (low)	Stable
Moody’s Investors Services	Ba1	Ba1	Stable

Standard & Poor’s

S&P’s credit ratings for long-term debt instruments range from AAA to D. A rating of BBB is defined as having adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

A plus (+) or minus (-) on an S&P credit rating is used to show the relative standing of an issue within the major rating categories.

Dominion Bond Rating Service Ltd.

DBRS’s credit ratings for long-term debt instruments range from AAA to D. A rating of BBB is defined as having adequate credit quality. Protection of interest and principle is considered adequate, but the entity is more susceptible to adverse changes in financial and economic conditions, or there may be other adversities present which reduce the strength of the entity and its rated securities. The addition of “(high)” or “(low)” is an indication of the relative standing within the major rating category.

Moody’s Investors Services

Moody’s credit ratings for long-term debt instruments range from Aaa to C. A rating of Ba is defined as having speculative elements and the future cannot be considered as well assured. Often the protection of interest and principle payments may be very moderate and, thereby, not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

Moody’s applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

It should be understood that a security rating is not a recommendation to purchase, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

10. MARKET FOR SECURITIES

The Common Shares are traded publicly on the Toronto Stock Exchange under the stock symbol “VT”. The price range and trading volume for the Common Shares were as follows:

Month	High	Low	Close	Volume	Average Daily Volume
October 2009	11.80	9.89	10.30	36,066,088	1,717,433
November 2009	11.18	9.95	10.65	25,497,733	1,214,178
December 2009	10.65	9.50	9.87	39,286,259	1,870,774
January 2010	10.80	9.41	9.53	39,944,157	1,997,208
February 2010	9.88	9.07	9.72	33,966,281	1,787,699
March 2010	10.50	9.29	9.59	44,634,904	1,940,648
April 2010	9.67	8.38	8.60	29,144,784	1,387,847
May 2010	8.59	7.34	7.78	31,086,785	1,554,339
June 2010	8.35	6.97	7.09	30,719,874	1,396,358
July 2010	8.56	6.96	8.05	25,147,405	1,197,495
August 2010	9.17	7.96	8.40	32,873,370	1,565,399
September 2010	9.10	8.00	8.98	26,182,790	1,246,800
October 2010	9.94	8.92	9.77	24,692,664	1,234,633

Source: Toronto Stock Exchange

CDIs can be bought or sold on the Australian Securities Exchange under the symbol “VTA” and are convertible at any time into Viterra common shares. The price range and trading volume for CDIs were as follows:

Month	High*	Low*	Close*	Volume	Average Daily Volume
October 2009	12.00	10.39	10.47	3,389,421	154,065
November 2009	11.20	10.26	10.90	2,020,117	96,196
December 2009	10.98	9.89	10.31	1,489,625	70,935
January 2010	11.20	9.84	9.84	1,206,170	63,483
February 2010	10.32	9.85	10.01	1,040,253	52,013
March 2010	10.86	9.85	10.13	5,161,889	224,430
April 2010	10.24	8.95	8.95	318,143	16,744
May 2010	9.08	8.39	8.50	199,361	10,493
June 2010	9.35	7.70	7.72	239,383	11,399
July 2010	8.95	7.70	8.92	324,039	15,430
August 2010	9.80	8.48	9.16	252,278	12,614
September 2010	9.36	8.67	8.85	976,675	44,394
October 2010	9.80	8.92	9.57	388,071	18,480

Source: Thomson Reuters
* In Australian Dollars

11. DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

Name and Residence	Positions and Offices Held with the Company	Director Since	Principal Occupation or Employment within the Preceding Five Years
Thomas Birks, Montreal, QC, Canada	Chairman (1) Director	2005	President, Birinco Inc. - an investment company.
Vic Bruce, Tuxford, SK, Canada	Director (2)(4)	2002	President, Sunrise Farms - a farming operation.
Thomas Chambers, Vancouver, BC, Canada	Director (2)(3)	2006	President, Senior Partner Services Ltd. - provides the services of advisors and directors to a number of companies.
Paul Daniel, Balaklava, South Australia, Australia	Director (2)	2009	Primary Producer.
Bonnie DuPont, Calgary, AB, Canada	Director (3)(4)	2008	Retired Group Vice President, Corporate Resources, Enbridge - an energy transportation and distribution company.
Perry Gunner, North Adelaide, Australia	Deputy Chair (1) Director	2009 2009	Company Director.
Tim Hearn, Calgary, AB, Canada	Director (1)(3)	2008	Chairman, Hearn & Associates - a business consulting firm that serves as advisor or director of public companies. Retired Chairman, President and CEO of Imperial Oil Limited - a producer of crude oil and refiner and marketer of petroleum products.
Dallas Howe, Calgary, AB, Canada	Director (1)(3)	2005	CEO of DSTC Ltd. - a technology investment company.
Kevin Osborn, Tennyson, South Australia, Australia	Director (2)(4)	2009	Professional Non-Executive Director.
Herbert Pinder, Jr., Saskatoon, SK, Canada	Director (1)(2) Director	2003	President, Goal Group of Companies - engaged in investment management generally, with a particular focus on a series of private equity funds of early stage oil and gas exploration and production companies.
Larry Ruud, Vermilion, AB, Canada	Director (2)(4)	2008	Advisory Services Partner, Meyers, Norris, Penny LLP - a chartered accounting and business advisory firm. President & CEO, One Earth Farms - a large scale, fully-integrated corporate farming entity utilizing First Nation’s farmland.
Max Venning, Bute, South Australia, Australia	Director (3)	2009	Primary Producer.
Mayo Schmidt, Calgary, AB, Canada	Director, President and Chief Executive Officer	2005	President and Chief Executive Officer of the Company.

Committees:
(1) - Nominating/Corporate Governance
(2) - Audit
(3) – Human Resources & Compensation
(4) – Safety, Health & Environment

Name and Residence	Present position with the Company and Principal Occupation	Prior Principal Occupation or Employment within the Preceding Five Years*
Mayo M. Schmidt Calgary, AB, Canada	President and Chief Executive Officer	Same as present.
Francis Malecha Calgary, AB, Canada	Chief Operating Officer	Same as present.
Rex McLennan Calgary, AB, Canada	Chief Financial Officer	Executive Vice-President and Chief Financial Officer for Vancouver 2010 "VANOC", the organizing committee for the 2010 Olympic and Paralympic Winter Games, Executive Vice-President and Chief Financial Officer for Placer Dome Inc.
Rob Gordon Adelaide, South Australia, Australia	President South-East Asia and Senior Vice-President	CEO and Managing Director of Dairy Farmers Pty Ltd. in Sydney, Managing Director, Goodman Fielder Consumer Foods Pty Ltd.
Steven Berger Calgary, AB, Canada	Senior Vice-President, Human Resources & Transformation	Senior Executive (Partner), Corporate Strategy/M&A Practice with Accenture.
Donald Chapman Singapore	Senior Vice-President, International Grain	Managing Director – Chief Trader at Toepfer International, Asia Pte Ltd.
James Bell Calgary, AB, Canada	Senior Vice-President, General Counsel and Corporate Secretary	Vice-President Legal and Associate General Counsel of Talisman Energy Inc., Senior Manager, Legal and Associate General Counsel of Talisman Energy Inc.
Karl Gerrand Calgary, AB, Canada	Senior Vice-President, Food Processing	Same as present.
Robert Miller Regina, SK, Canada	Senior Vice-President, Grain – North America	Same as present.
William Mooney Vancouver, BC, Canada	Senior Vice-President, Feed Products	Same as present.
Andrew Muirhead Calgary, AB, Canada	Senior Vice-President, Corporate Development	Vice-President and Director of Investment Banking at TD Securities Inc.
Colleen Vancha Calgary, AB, Canada	Senior Vice-President, Investor Relations & Corporate Affairs	Same as present.
Doug Wonnacott Regina, SK, Canada	Senior Vice-President, Agri-Products Group	Vice-President of Agriliance LLC.
Mike Brooks Calgary, AB, Canada	Senior Vice-President and Chief Information Officer	Same as present.
Ron Cameron Regina, SK, Canada	Vice-President, Group Controller	Same as present.
Grant P. Theaker Regina, SK, Canada	Vice-President & Treasurer	Same as present.

*Note: “Same as present” means the executive officer has been engaged for more than five years in his or her present position, a substantially similar position or another executive position with Viterra or its subsidiaries.

As at October 31, 2010, the directors and executive officers of Viterra, as a group, beneficially owned or controlled, directly or indirectly, 1,192,953 Common Shares of the Company, which represented approximately 0.32% of the total outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than disclosed herein, no director, or executive officer of the Company is, at January 19, 2011, or has been within the ten years prior to January 19, 2011, a director, chief executive officer or chief financial officer of any company (including Viterra), that:

- was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of above, "order" means any of the following that was in effect for a period of more than thirty consecutive days:

- a cease trade order;
- an order similar to a cease trade order; or
- an order that denied the relevant company access to an exemption under securities legislation.

Other than disclosed herein, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- is, as at January 19, 2011, or has been within the ten years prior to January 19, 2011, a director of executive officer of any company (including Viterra) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets; or
- has, within the ten years prior to January 19, 2011, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

The Company initiated a disposition of its hog operations in 2004 through a court supervised process under *The Companies' Creditors Arrangement Act (Canada)*. The securities of certain of the entities that owned and operated these hog operations on behalf of the Company and other shareholders were also cease traded by the Saskatchewan Financial Services Commission. Substantially all of the assets related to these hog operations were sold under the court supervised process in May 2004. Mr. Schmidt served as an officer and/or director of these entities.

Conflicts of Interest

The directors of Viterra are required by law to act honestly and in good faith with a view to the best interests of Viterra and to disclose the nature and extent of any interest which they may have in any material contract or material transaction of Viterra. Pursuant to a conflict of interest policy, the Board of Directors has acknowledged that there are certain directors or their affiliates who are engaged in agricultural operations and who may purchase and sell commodities to Viterra as well as contract for the provision of services. Provided that such transactions occur in the ordinary course of such agricultural operations and are products, services or prices offered on the same terms and conditions to the general public, the Board of Directors has acknowledged and recognized that such transactions do not cause a conflict of interest. However, if the interest of any such director is in a material contract or material transaction of Viterra, the director will disclose his or her interest and abstain from voting on such matter.

To the best of Viterra's knowledge, and other than disclosed herein, there are no other known existing or potential conflicts of interest among Viterra, its directors and officers or other members of management of Viterra as a result of their outside business interests except that certain of the directors serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Viterra and their duties as a director or officer of such other companies.

12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved in various legal proceedings and regulatory actions arising in the normal course of business. While the final outcome of such legal proceedings and regulatory actions cannot be predicted with certainty and there can be no assurance that such matters will be resolved in the Company's favour, the Company does not currently believe that the outcome of any pending or threatened proceedings, or the amounts which the Company may be required to pay by reason thereof, would have a material adverse impact on its financial position, results or operations or liquidity.

13. MATERIAL CONTRACTS

Viterra has not entered into any material contract outside of the ordinary course of business during the fiscal year ended October 31, 2010.

14. INTERESTS OF EXPERTS

Deloitte & Touche LLP are the auditors of the Company and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

15. AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee Charter of the Company is attached as "Appendix B". This charter is reviewed annually and the most recent review was conducted in January 2010.

Composition of the Audit Committee

The members of the Audit Committee are Messrs. Bruce, Chambers, Daniel, Osborn, Pinder and Ruud. Mr. Chambers chairs the Audit Committee. The Board of Directors has determined that each is independent and financially literate within the meaning of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

Relevant Education and Experience

The members of the Audit Committee and their relevant education and experience are as follows:

Member	**Relevant Education and Experience**	**Period as a Committee Member**
Vic Bruce	- President of Sunrise Farms Ltd. - Bachelor of Education degree, majoring in Economics - Has served on the boards of various private and public companies - Graduate of the Institute of Corporate Directors, Directors' Education Program and Financial Literacy	1 year
Thomas Chambers	- Fellow Chartered Accountant - Considerable board and audit committee experience - Former national managing partner of audit services for PricewaterhouseCoopers LLP - Graduate of the Directors Education Program of Corporate Directors	4 years
Paul Daniel	- Former director of Direct Fertilizers Ltd., which was one of South Australia's leading fertilizer companies - Experience on other corporate boards	1 year
Kevin Osborn	- Fellow Professional of the National Institute of Accountants - Former chair of finance and audit committee at ABB - Former member of the audit committee of Adelaide Bank Limited - 30 year career in international financial markets	1 year
Herb Pinder Jr.	- President of The Goal Group of Companies - Current director of ARC Resources Ltd. and three private energy companies - Master of Business Administration, Harvard University's Graduate School of Business	1 year
Larry Ruud	- Current President & CEO of One Earth Farms - Former partner at Meyers Norris Penny LLP - Former director of a regional credit union where he chaired the audit committee - Masters of Science Degree in Agricultural Economics, University of Alberta	2 years

Pre-Approval Policies and Procedures

In June 2005, the Audit Committee adopted a policy regarding the provision of non-audit services by its external auditors. All non-audit engagements to be undertaken by the external auditors must be approved by the Audit Committee after assessing the impact on the external auditors' objectivity and independence.

External Auditor Service Fees

During the year ended October 31, 2010 and the year ended October 31, 2009, the Company accrued or paid the following professional fees to its auditors, Deloitte & Touche LLP, all of which were approved by the Audit Committee:

Service	2010 Fees	2009 Fees	Description of Types of Services Rendered
Audit	$1,368,086	$1,225,773	Core audit fees
Audit Related	$660,688	$677,173	Includes work related to quarterly filings, prospectus documents, review of securities filings and consultations with regards to internal controls certification
Tax	$166,437	$62,967	Includes tax compliance review and other tax planning
All Other Fees	$301,860	$150,558	Services that are not related to the above

16. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Common Shares is Computershare Trust Company of Canada at its principal office in the cities of Toronto, Ontario and Calgary, Alberta.

The transfer agent and registrar for the Company's CDIs is Computershare Investor Services Pty Limited at its principal office in the cities of Melbourne, Sydney, Brisbane, Perth and Adelaide.

17. AUDITORS

Deloitte & Touche LLP, Chartered Accountants, 900, 2103 – 11th Avenue, Regina, Saskatchewan S4P 3Z8 are the external auditors for Viterra.

18. ADDITIONAL INFORMATION

Additional information, relating to the Company is available on SEDAR under the Company's name at www.sedar.com and on the Company's website at www.viterra.com. Additional financial information is contained in the Company's comparative financial statements for the year ended October 31, 2010 and the year ended October 31, 2009 and the Company's Management's Discussion and Analysis relating to the same. Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular dated February 1, 2010 and will be contained in the Company's Management Information Circular for its annual and special meeting of shareholders that will be held on March 9, 2011. Shareholders may contact the Senior Vice-President, Investor Relations & Corporate Affairs, 2625 Victoria Avenue, Regina, Saskatchewan, S4T 7T9, telephone (306) 569-4525 or email investor@viterra.ca to request copies of any of the foregoing documents.

APPENDIX A – INTERCORPORATE RELATIONSHIPS

The following list identifies the material subsidiaries and other entities that Viterra had a controlling (more than 50%) interest in on November 1, 2010, the percentage voting interest held and the jurisdiction of incorporation.

Subsidiaries and other Entities	Notes	Viterra's Voting Interest	Incorporating Jurisdiction for each Subsidiary
Agricore United Holdings Inc.		100%	USA (Delaware)
1369570 Alberta Ltd.		100%	Alberta
Viterra Asia PTE Limited	Note 1		Singapore
Viterra Europe Cooperatie U.A.	Note 2		Netherlands
Viterra Europe B.V.	Note 3		Netherlands
Viterra Global Finance B.V.	Note 3		Netherlands
1463832 Alberta Ltd.		100%	Alberta
A.C.N. 137 191 023 Pty Ltd.	Note 4		Australia
Viterra Australia Pty Ltd.	Note 5		Australia
Viterra Ltd.	Note 6		Australia
United Grower Holdings Ltd.	Note 7		Australia
Viterra Operations Ltd.	Note 8		Australia

Notes:

1. Owned 100% by 1369570 Alberta Ltd.
2. Owned 97.541% by 1369570 Alberta Ltd. and 2.459% by 1463832 Alberta Ltd.
3. Owned 100% by Viterra Europe Cooperatie U.A.
4. Owned 100% by 1463832 Alberta Ltd.
5. Owned 100% by A.C.N. 137 191 023 Pty Ltd.
6. Owned 100% by Viterra Australia Pty Ltd.
7. Owned 100% by Viterra Ltd.
8. Owned 53.4% by United Grower Holdings Ltd. and 46.6% by Viterra Ltd.

APPENDIX B

VITERRA INC.

AUDIT COMMITTEE CHARTER

Approved by the Board of Directors January 2010

OBJECTIVES

Primary responsibility for Viterra Inc.'s (the "Company") consolidated financial reporting and control systems is vested in Corporate Management and is overseen by the Audit Committee on behalf of the Board of Directors. The Audit Committee is a standing committee of the Board established to:

1. Regularly report to the full Board to assist the Board in fulfilling its fiduciary responsibilities in regard to financial reporting, internal control systems, relationships with auditors, legal and ethical conduct, and accountability for the use of assets.

2. Ensure that appropriate due diligence has been directed towards the control, accountability, and financial reporting functions of the Company.

3. Communicate effectively with the Board, external auditor, internal auditors, and senior management.

4. Ensure the independence of the external and internal auditors.

5. Fulfil its oversight responsibility relating to risk management processes.

AUTHORITY

The Board of Directors grants the Audit Committee the authority to carry out the specific responsibilities outlined in this Charter, in order to achieve its stated objectives. The Audit Committee shall have access to personnel, documents, records and resources necessary to carry out its responsibilities. The Committee shall have the authority to authorize investigations into any matter within the Committee's scope of responsibilities and is empowered to retain special legal, accounting, or other consultants to advise the Committee.

MEMBERSHIP

The Committee shall be composed of the number of Directors determined by the Board from time to time; all of whom will be Independent Directors (as that phrase is defined in Multilateral Instrument 52-110 of the Canadian Securities Administrators as amended from time to time), selected by the Board on an annual basis. The Board will annually elect one of the Committee members to serve as the Committee Chairperson who has the appropriate level of financial expertise (e.g. accounting designation or professional experience). All members of the Committee must have reasonable knowledge of the agricultural industry and be financially literate (possesses the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that could be reasonably expected to be encountered at the Company), or acquire such financial literacy within a reasonable period of time after appointment to the Committee.

Each member shall be free of any direct or indirect material relationship with the Company that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgement. All members may serve any number of consecutive terms in order to ensure some continuity to the Committee. In the event of mid-term vacancies, the Board will elect replacement directors to complete the term. All decisions require majority approval of the Committee.

MEETINGS/ATTENDANCE/AGENDA

The Committee will meet at least quarterly. A quorum shall consist of at least 60% of the number of members. The Audit Committee shall determine attendance at all meetings. Meetings may be held in person, by conference telephone call, or by any individual member participating by conference telephone or videoconference.

Meetings may be held at the call of the Chairperson or any member of the Audit Committee or the external auditor of the Company. A meeting of the Audit Committee may be held and duly constituted at any time without notice if all the Audit Committee members are present or, if any be absent, those absent have waived notice or signified their consent in writing to the meeting being held in their absence.

The Chairperson shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members in sufficient time for study prior to the meeting. Audit Committee members may recommend agenda items subject to approval of the agenda by the Committee.

The Audit Committee will maintain minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors. Minutes of Audit Committee meetings will be circulated to all Board members upon approval by the Committee.

SPECIFIC RESPONSIBILITIES AND DUTIES

A. Annual Information

1. Review the annual consolidated financial statements and recommend their approval to the Board, after discussing with management and the auditors, matters pertaining to:
   - the selection, application, and quality of accounting policies;
   - the reasonableness of significant accounting judgements, accruals and estimates; and
   - significant disclosure or presentation issues addressed by management, the external auditor, and the internal auditor during the course of the audit and preparation of the financial statements.

2. Review and recommend for approval by the Board of Directors, the annual Management’s Discussion and Analysis (MD&A).

3. Obtain certifications from the Chief Executive Officer and the Chief Financial Officer (and considering the external auditors' comments, if any, thereon) to their knowledge that the audited financial statements, together with any financial information included in the annual MD&A, fairly represent in all material respects the Company's financial condition, cash flow and results of operation, as of the date and for the periods presented in such filings.

4. Review the planning and results of the external audit, including:
    - the engagement letter and projected audit fee;
    - the scope of the audit, including areas of audit risk, timetable, deadlines, materiality limits, extent of internal control testing, and co-ordination with internal audit;
    - various reports issued by the external auditor including
        - the auditor's report
        - all critical accounting policies and practices used,
        - material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management,
        - ramifications of the use of alternative disclosures and treatments,
        - treatment preferred by the external auditors, and
        - any material written communications between the external auditors and management (i.e.; management representation letter, internal control letter, schedule of unadjusted differences); and
    - any errors detected by the audit, how they were resolved with management, and whether they indicate a weakness in the reporting and control system.
    - Any other matters required to be communicated to the Audit Committee by the external auditors under generally accepted auditing standards, applicable law or listing standards.

5. Review and recommend for approval by the Board of Directors, any news releases dealing with financial issues in accordance with the Company's Disclosure Policy.

6. Review and recommend for approval by the Board of Directors, the Annual Information Form.

B. <u>Interim Financial Information</u>

1. Review and recommend for approval by the Board of Directors, all interim financial statements and management's discussion and analysis, and any other financial information to be included in the Interim Filings that are published or issued to regulatory authorities.

2. The Committee shall obtain reasonable assurance that the process for preparing these statements is reliable and consistent with the process for preparing annual financial statements.

3. Obtain certifications from the Chief Executive Officer and the Chief Financial Officer (and considering the external auditors' comments, if any, thereon) to their knowledge that the quarterly financial statements, together with any financial information included in the quarterly MD&A, fairly represent in all material respects the Company's financial condition, cash flow and results of operation, as of the date and for the periods presented in such filings.

4. Review any other matters required to be communicated to the Audit Committee by the external auditor under generally accepted auditing standards, applicable law or listing standards.

C. <u>Risk Management, Accounting, and Internal Controls</u>

1. Review and evaluate the critical areas of risk and exposure as determined by management for the Company including but not limited to: insurance protection, environmental, health and safety issues, industry factors, treasury/credit including derivatives, counter-party credit risk, and other areas as determined from time to time.

2. Review any emerging accounting issues and regulatory initiatives and their potential impact on the company's financial statements and other public disclosures.

3. Review and approve all significant related party transactions.

4. Obtain reasonable assurance from discussions with and/or reports from management, the external auditor, and the internal auditor that the company's accounting systems and internal control systems are reliable, effective, and comply with authorities.

5. Direct the external auditor's examinations to specific areas as deemed necessary by the Committee.

6. Review significant control weaknesses identified by the external and the internal auditor, along with management's response.

7. Review management representations regarding salaries and wages, source deductions, tax obligations and environmental liabilities or judgements.

D. <u>External Auditor Independence</u>

The Audit Committee shall ensure that the External Auditor understands their ultimate accountability to the Board and the Audit Committee, as representatives of the Company's shareholders.

The External Auditor shall report directly to the Audit Committee.

Strengthen and preserve external auditor independence by:

- holding periodic in-camera sessions with the external auditor;
- approving, in advance, all non-audit engagements undertaken by the audit firm for the Company after assessing their impact on the external auditor's objectivity and independence;
- assessing the performance of the external auditor and developing resolutions related to the reappointment or any proposed change in external auditors to the Annual Meeting of Shareholders;
- discussing with management and the external auditors, the rotation plan (including the timing and process for implementing the plan) for all of the audit partners active on the engagement;
- reviewing the co-operation received by the external auditor from management;
- receiving from the external auditor a letter which summarizes the non-audit services provided during the year and declaring their independence from the Company;
- ensuring the establishment of policies relating to the Company's hiring of employees or former employees of the external auditor if such individuals have participated in the audit of the Company, as required by law; and
- reviewing a report from the external auditor describing:
    - the firm's internal quality control procedures; and
    - all relationships between the external auditor and the Company.

E. <u>Internal Audit</u>

1. Strengthen and preserve the independence of Internal Audit by having regular in-camera sessions with the Internal Auditor.

2. Approve the appointment, replacement, reassignment, or dismissal of the Director of Audit Services.

3. Review and evaluate the scope, risk assessment, and nature of the internal audit plan and any subsequent changes, including linkage to business objectives and management's success and risk factors.

4. Consider and review the following issues with management and the Director of Audit Services:
   - significant findings of internal audit as well as management's response to them
   - any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information
   - the internal audit department budget and staffing
   - the internal audit charter
   - compliance with *The IIA's Standards for the Professional Practice of Internal Auditing*

5. Direct Internal Audit to any specific areas the Committee deems necessary.

6. Review the annual performance and compensation of the Director of Audit Services.

F. <u>Ethical and Legal Conduct</u>

1. Review and evaluate the adequacy of systems and practices in place to provide reasonable assurance of compliance with laws, regulations, and standards of ethical conduct, with respect to the financial affairs of the Company.

2. Receive and review updates from management and general counsel on compliance matters and litigation claims or other contingencies that could have a significant impact on the financial position or operating results of the Company.

3. Establish procedures for:
   (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
   (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

4. Require reporting of all fraudulent and illegal acts to the Committee along with management's response to them.

G. <u>Other</u>

1. Annually review the Audit Committee Charter and recommend appropriate changes to the Board of Directors.

2. Annually self-assess whether the Audit Committee has carried out the responsibilities defined in the Audit Committee Charter and report these results to the Board of Directors.

3. Arrange for disclosure of or appropriate access to the Audit Committee Charter for all shareholders of the Company including posting the Charter on the Company's website.

4. The Audit Committee will undertake development and education activities as deemed appropriate.

5. Annually review management’s succession plans for financial and auditing staff, and approve the appointment, replacement, reassignment, or dismissal of the Chief Financial Officer.

6. Hold in-camera sessions on a quarterly basis and at the discretion of the Chair.

7. Perform any other activities consistent with this Charter, the Company’s bylaws and governing law, as the Committee or Board deems necessary or appropriate.

8. Review and evaluate management’s disaster recovery and business resumption plans including the results of testing those plans.

9. Annually review the Company’s disclosure controls and procedures and submit any recommended revisions to the Nominating/Corporate Governance Committee for review and approval.