



the  
**building blocks**  
for healthy growth



2010 ANNUAL BUSINESS REVIEW

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Viterra Inc. provides premium quality ingredients to leading global food manufacturers. Headquartered in Canada, our global agri-business has extensive operations across Canada, the United States ("U.S."), Australia and New Zealand. We have also extended our international presence through a growing network of marketing and trading offices in Japan, Singapore, China, Switzerland, Italy, Ukraine and Germany.

Driven by an entrepreneurial spirit, Viterra operates in three distinct businesses: grain handling and marketing, agri-products, and value-added processing. Our expertise, close relationships with farmers, and superior logistical assets allow the Company to consistently meet the needs of the most discerning end-use customers, helping to fulfill the nutritional needs of people around the world.

## why invest in Viterra?

Viterra Inc. (“Viterra”) is a global agri-business with a vision to be a leading supplier of food ingredients in the global food supply chain. Populations and income levels in developing nations are growing quickly and, with limited natural resources, the world’s attention is on securing food through agricultural productivity. At Viterra, our growing international focus and customer-centric approach allow us to source agricultural commodities from multiple points of origin and sell our nutritious, quality food ingredients to people around the world.

- Global agri-business supplying 50+ countries.
- Integrated value chain that leverages global intelligence to drive value.
- State-of-the-art grain handling and marketing infrastructure strategically located in prime agricultural regions.
- Diversified earnings base.
- Architects of change and integration.
- Stable financial performance and superior balance sheet.

## financial highlights\*

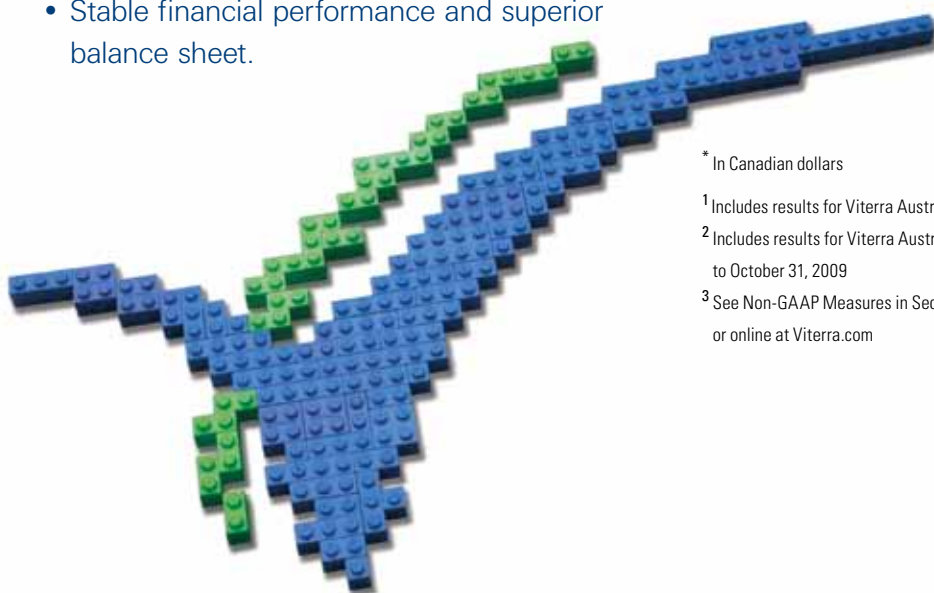
### SELECT CONSOLIDATED FINANCIAL INFORMATION

(in thousands - except per share amounts)

	Actual Twelve Months Ended October 31,	
	2010 <sup>1</sup>	2009 <sup>2</sup>
Sales and other operating revenues	\$ 8,256,280	\$ 6,631,666
EBITDA <sup>3</sup>	\$ 517,583	\$ 323,698
EBIT <sup>3</sup>	\$ 324,907	\$ 214,557
Net earnings	\$ 145,272	\$ 113,127
Earnings per share	\$ 0.39	\$ 0.45
Cash flow provided by (used in) operations <sup>3</sup>	\$ 361,249	\$ 223,423
Per share	\$ 0.97	\$ 0.89
Free Cash Flow <sup>3</sup>	\$ 239,421	\$ 138,661

### KEY FINANCIAL INFORMATION<sup>3</sup>

	As at October 31,	
	2010 <sup>1</sup>	2009 <sup>2</sup>
Current Ratio	2.02 x	2.23 x
Debt-to-Total Capital	20.6%	31.0%
Long-Term Debt-to-Capital	19.3%	25.3%
Cash Flow Return on Assets <sup>3</sup>	8.7%	7.7%



\* In Canadian dollars

<sup>1</sup> Includes results for Viterra Australia’s operations for the entire period

<sup>2</sup> Includes results for Viterra Australia’s operations from September 24, 2009 to October 31, 2009

<sup>3</sup> See Non-GAAP Measures in Section 18 of Viterra’s Annual Financial Review or online at Viterra.com

## letter to shareholders



**MAYO SCHMIDT**  
President and Chief Executive Officer

### the **building blocks** for healthy growth



- Strong asset base in key growing regions
- Best connections to the world
- Operational discipline
- Financial strength

Fiscal 2010 was a year of building for Viterra – a year in which we put the finishing touches on our foundation for growth, extending our international intelligence network and expanding our processing capabilities. We also continued to strengthen our integration programs and focused on delivering more value to shareholders from our existing asset base.

It was a year in which we furthered our vision to be a leading global food ingredients business in the world’s agricultural supply chain. And as world markets expand to meet increasing food demands and new trade patterns emerge for food ingredients, Viterra is ready with a solid foundation and the right building blocks in place to support healthy growth.

For Viterra, healthy growth means growing profitability in sustainable ways, while returning value to our shareholders. It means growing nutritious, quality food ingredients to help meet the planet’s food needs – expected to double by 2050 – and it means maximizing our business relationships with growers, destination customers and consumers around the world.

Our disciplined approach will continue to guide us as we renew our commitment to healthy growth.



Our talented employees are located across four continents. They understand local and global markets, and the cultural conditions in the countries in which they reside. Our international team is multilingual and highly knowledgeable of the marketing and trading practices within their countries, as well as variations in country regulations that may warrant distinct approaches. Under our transnational model, we are able to successfully navigate geographical, political, economic and cultural boundaries and advance our commitment to innovation and performance excellence. While geographically dispersed, our people's efforts come together in significant ways as evidenced in our 2010 results.

- Viterra's total consolidated sales and other operating revenues reached \$8.3 billion for fiscal 2010, an increase of 25% from fiscal 2009.
- Viterra's net earnings for the year were up about 30% to \$145 million compared to \$113 million last year.
- Cash flow from operations rose to \$361 million in fiscal 2010, an increase of \$138 million over the same period last year.
- Our balance sheet remained strong, with a year-end debt-to-total capital ratio of 21%, positioning us to continue executing on our strategic growth plan.
- Our solid financial and operating results, and our dependable cash flow generation year in and year out, allowed us to introduce a new dividend in 2010 to begin returning capital to our investors.
- Through strategic, disciplined management, our actions over the past several years have led to a much larger, well-capitalized global business with a stronger competitive position, investment grade credit ratings and improved access to capital.

Our Australian operations cushioned us from the full effect of Western Canada's less than favourable growing conditions in 2010.



2010 was a year that underlined the importance of diversification. With the wet growing season in Western Canada affecting planting, our South Australia business – where we have 95% of the grain handling infrastructure and all of the export capacity – cushioned us from the full effect of less than favourable conditions on the Canadian Prairies. Our Australian operations contributed \$2.3 billion in revenues in fiscal 2010 and approximately 35% of our EBITDA.

We capitalized on a number of opportunities throughout the year, particularly in the value-added sector, more than doubling the contributions from our processing business since 2008 with the acquisitions of Dakota Growers Pasta Company and 21st Century Grain Processing. These investments are highly accretive and reflect our commitment to pursue opportunities with healthy return profiles. Our growth strategy going forward will continue to build our value-added processing capabilities to optimize our competitiveness and strategic position.

We also expanded our service offerings and agri-products retail presence with the addition of 11 new locations across Canada over the past two years. We are moving towards our 40% market share goal in Western Canada with confidence. We invested more than \$100 million in our asset base to ensure we have the infrastructure in place to serve the business for the long term.

New marketing offices in Italy, Ukraine and Germany are helping to further optimize our value-added food chain.



To support our superior origination network, we have integrated our grain pipeline through to the destination, leveraging global market intelligence to execute on well-defined marketing and arbitrage strategies in order to optimize commodity flow and capture additional value.

Our International Grain Group, operating from a network of global offices, coordinates the physical flow of grain from origination markets to destination customers. This year, we opened new offices in Italy, Ukraine, Germany and the United States to enhance our global merchandising operations and to further optimize the entire value-added food chain.

As we aspire to be the premier food ingredients company in the world's food supply chain, we intend to match acquisition success with stronger financial performance from our existing assets. Following our period of rapid growth, we have reviewed our operations and believe that there are opportunities for our business to operate with greater efficiencies. We will drive these efficiencies through a new business paradigm with a more competitive cost and revenue structure to effectively lower risk and keep pace with expansion. Our commitment is supported by a business maximization program created to achieve margin enhancement and cost reduction strategies that are sustainable and achievable. We have streamlined Western Canada's regional operations and have begun realigning our office resources and business processes. I look forward to reporting on these important initiatives in the future as we sharpen our focus on generating greater returns from our assets that exceed our cost of capital and deliver more value to our shareholders.

Through wise investments, we now have a solid platform in place from which to grow. We intend to leverage this platform to execute on synergistic acquisitions in areas that complement our business and where we can be a catalyst for change. We recognize the risks that exist in growth through acquisitions, and we are committed to vigilance in our due diligence and integration processes. Careful watch will also be exercised over the price paid for new businesses. Our analysis ensures rigorous scrutiny, with early identification of regulatory, political and execution hurdles.

Growth opportunities will be targeted in abundant regions that grow similar commodities, such as the United States, Australia and the Black Sea region. Eastern Europe, the Commonwealth of Independent States ("CIS") and Australia are forecast to have the strongest export growth over the next 10 years, with respective increases of 30% and 35% of Viterra's primary commodities of wheat, barley and canola\*. We will establish long-term relationships in Ukraine through our Kiev office and look for ways to increase our presence. We will also pursue opportunities to build our presence in emerging and developing markets where strong demand exists for food ingredients.

We have set our sights on areas of improvement and are putting programs in place to grow cash flow return on assets over the next three years. We will strengthen our financial capacity and earnings stream, and maximize capital structure to bring value to shareholders.

Each day our team lives up to our brand promise to provide essential ingredients and, in doing so, their actions will cement our global success. As President and Chief Executive Officer, it is an honour to lead Viterra into a future where our products will be the foundation for global economic growth and will serve to improve the standards of living for the millions of people around the world who seek quality nutritional agricultural food products.

**MAYO SCHMIDT**

President and Chief Executive Officer

\* Food and Agriculture Policy Research Institute

## 2010 strategic objectives scorecard

Expand core capabilities geographically, focusing on regions that originate wheat, canola, barley and pulses	<ul style="list-style-type: none"> <li>Expanded grain origination capabilities into the United States, Europe, the Black Sea region and India.</li> </ul>
Establish an integrated marketing group to extend origination pipeline and expand international trading and logistics	<ul style="list-style-type: none"> <li>Established offices in Minneapolis, Hamburg, Naples and Kiev to complement Viterra's existing merchandising capabilities in Canada, Australia, New Zealand, China, Japan and Switzerland.</li> </ul>
Invest in grain handling and agri-products to establish Viterra as the supplier of choice	<ul style="list-style-type: none"> <li>Acquired two agri-product retails and established one greenfield location, bringing total locations to 262 in Western Canada.</li> <li>Completed a 30,000 tonne, 104-railcar capacity grain handling facility at Sexsmith, Alberta.</li> <li>Increased the number of Viterra's private label crop protection products to 22.</li> <li>Commissioned a state-of-the-art, Panamax-capable export terminal at Outer Harbor, South Australia.</li> <li>Began a \$6.5 million capital investment in Vancouver, B.C. terminals to upgrade equipment, increase flexibility and improve operating efficiencies.</li> </ul>
Invest in value-added businesses to increase contributions from processing	<ul style="list-style-type: none"> <li>Acquired 21st Century Grain Processing, increasing our oat processing capacity to 540,000 tonnes annually.</li> <li>Acquired Dakota Growers Pasta Company, adding durum processing and 254,000 tonnes of pasta manufacturing capacity.</li> <li>Commenced construction of a 680,000 tonne joint venture canola crushing facility in South China, expected to be operational in fiscal 2012.</li> <li>Began construction of a 110,000 tonne malt facility in Sydney, Australia to be completed by February 2012.</li> <li>Commissioned a feed mill in New Zealand with an annual capacity of 180,000 tonnes.</li> </ul>
Enhance operational excellence to reduce costs and improve efficiency	<ul style="list-style-type: none"> <li>Delivered \$22.5 million in ABB Grain synergies to date. On track to meet \$30.0 million target.</li> <li>Integrated U.S. and Canadian feed operations, providing annual cost savings of \$2.5 million.</li> <li>Established integration plans and synergy targets of \$6 million in the Processing segment.</li> <li>Integrated procurement for processing within the Grain Handling and Marketing segment to improve efficiencies.</li> <li>Commenced integration of Financial Products into the Agri-products segment.</li> <li>Delivered 88% of North American shipments in 50- and 100-car loads, 11% and 14% ahead of target, respectively.</li> </ul>
Establish Sustainability framework/commitment	<ul style="list-style-type: none"> <li>Established a Safety, Health and Environment Committee ("SH&amp;E") of the Board of Directors.</li> <li>Established Executive Sustainability and Brand Committee and Sustainability Working Group.</li> <li>Completed Sustainability benchmarking and Sustainability framework.</li> <li>Adopted a Sustainability Commitment Statement.</li> <li>Achieved the Company's best-ever rating for injury prevention in North America.</li> </ul>



Read Viterra's detailed scorecard in our online Management's Discussion & Analysis at [Viterra.com](http://Viterra.com) > Investors > Annual Report.

## Viterra at-a-glance

### grain handling and marketing

Viterra receives, processes, transports, and markets coarse grains, oilseeds and special crops to destinations around the world through its grain handling networks in Canada and Australia. To secure new sources of origination and additional markets, Viterra has invested in a global network of marketing and trading offices strategically located on four continents.



### agri-products

Through our retail outlets, Viterra provides seed, crop protection products, fertilizer, equipment, and agronomic and financial solutions. Viterra acts as a broker, direct buyer and exporter of wool in Australia.



### processing

Viterra is involved in processing oats, wheat, custom-coated grains and canola in North America. We have malt processing in Canada and Australia, as well as durum processing and pasta manufacturing in the U.S.



**DID YOU KNOW?** Annually, our North American processing facilities produce the equivalent of:

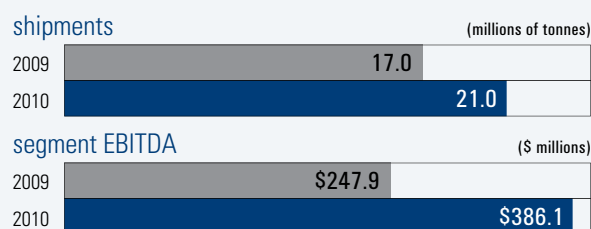
- **30 MILLION SERVINGS OF OATMEAL** (capable of feeding nearly every person in Canada each day).

## OPERATIONAL HIGHLIGHTS

- up to 45% of the market share in Canada.
- 83 elevators, 12 special crop facilities in North America.
- more than 80% of grain shipments via 50- and 100-car loaders.
- in Canada, 5 export terminals and a shared interest in a 6th.
- 108 primary grain elevators and 8 bulk export port terminals in Australia with an aggregate storage capacity of 10.2 million metric tonnes.
- shipments of up to 24 million tonnes of grain and oilseeds annually.
- global marketing expertise with offices in Canada, the U.S., Switzerland, Italy, Germany, Ukraine, China, Japan and Singapore.

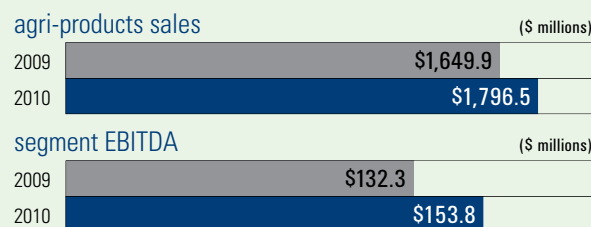
## STRATEGIC PRIORITIES

In the coming year, Viterra's Grain Handling and Marketing Group will explore opportunities to enhance profitability by expanding the origination of grains, oilseeds and pulses, utilizing our international relationships to drive sales, maximizing the capability and use of port assets, and creating stronger links between our origination business and processing.



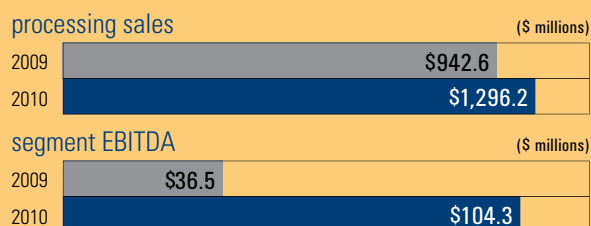
- 262 agri-products facilities in Western Canada, approximately 34% of the market share, and over 30 proprietary seed varieties.
- 12 agri-products facilities in South Australia.
- 34% interest in Canadian Fertilizers Limited.
- in excess of \$1.4 billion in credit to farmers annually to finance agri-products purchases.

Viterra expects to grow its Canadian agri-products retail market share through increased sales from existing retail outlets, acquisitions and new builds that expand our geographic coverage. We will also use our internal seed breeding programs and external partnerships to differentiate Viterra's offering of seed varieties. We will continue to develop our private label crop protection product lines to drive sales and enhance margins.



- 63% of Australia's malt production, supplying major breweries in Australia and Asia.
- third largest institutional pasta manufacturer in North America through Dakota Growers Pasta Company.
- 39% of the North American oat milling capacity and 46% of the industrial ingredient supply market.
- construction of a canola crushing facility in South China to take advantage of burgeoning demand in the Asia-Pacific market.
- custom mills that provide more than 2 million tonnes of high-quality animal feed products and nutrients annually in Canada, the United States and New Zealand.

Viterra's Processing segment will maximize growth opportunities by leveraging our relationships with the premier global food manufacturing companies, customers and suppliers. We will capitalize on opportunities for acquisition, industry consolidation and geographical expansion, and through productivity and efficiency initiatives extract value from our current asset base.



- **13 MILLION SERVINGS OF PASTA**
- **760,000 LBS. OF CANOLA OIL**
- **OVER 17 MILLION LBS. OF ANIMAL FEED** between the byproducts from our food processing plants and the animal feed produced at our feed facilities.

## healthy growth to meet global food demand



Forecast to be the fifth largest  
consumer market by 2025,  
India's need for  
**quality food ingredients**  
is growing



Viterra’s advanced expertise and global intelligence are helping us build relationships and connect food producers with nations that cannot keep pace with food demand.

At the heart of Viterra’s business is our ability to move high-quality food ingredients from areas of surplus to areas of need. This has always been the foundation for our operations, but today it represents a platform for significant growth as global demand for food continues to grow.

Countries like India, where the population is forecast to grow from 1.2 billion people today to 1.5 billion by 2030<sup>1</sup>, and China, which over the next several years is expected to drive approximately one-third of the increase in the world’s gross domestic product<sup>2</sup>, are turning to the world to help meet their food requirements.

As a result, Canada’s exports of lentils and peas to India has doubled since 2000<sup>3</sup>, while China, over the coming decades, is expected to become the world’s largest importer of agri-food products<sup>4</sup>.

Our expanded enterprise, advanced expertise and global intelligence give us the ability to source grains and oilseeds from multiple points of origin and deliver them to growing markets. In 2010, we provided 55% of China’s canola import requirements<sup>5</sup>, and we are currently developing a 650,000 tonne canola crush facility in South China to complement our export capabilities into the region.

We are building relationships and infrastructure to connect food-producing regions with those nations that cannot keep pace with demand. Our century-old history within the agriculture industry and the building blocks we have in place today create an architecture that is uniquely Viterra, not easily replicated, and increasingly valuable.

The agricultural landscape in North America, Australia and Eastern Europe is poised for vital growth as world food production increases.



## DYNAMIC GLOBAL DEMAND TO DRIVE VALUE CREATION IN AGRICULTURE

Over the last two decades, a growing global economy raised the standard of living for millions of people, especially in Asia, Africa, Latin America and the Middle East.

This has increased global demand for grains and oilseeds from just below 2 billion metric tonnes at the beginning of the 1990s to 2.6 billion tonnes in 2010<sup>6</sup>. It is estimated that world food production will have to double by 2050 to keep pace with growing demand.

The challenge will be even greater as the growing population and increasing urbanization are expected to reduce the average arable land per capita to less than one-half of an acre per person by 2050.

North America, Australia and Eastern Europe/CIS are likely to play an even greater role in exporting food ingredients to regions with growing populations and economies. It is estimated the exports from Eastern Europe and CIS countries will increase by 30% and from Australia by 35% in the decades ahead<sup>7</sup>.

As this agricultural landscape unfolds, Viterra is well positioned to serve an essential global need and deliver increased value for shareholders.

**Sources:** <sup>1</sup>U.S. Census Bureau; <sup>2</sup>International Monetary Fund; <sup>3</sup>Canadian Grain Commission; <sup>4</sup>Government of Canada; <sup>5</sup>Viterra Reports; <sup>6</sup>USDA; <sup>7</sup>FAPRI

## four pillars for building shareholder value



Pt. Giles, South Australia

Viterra's growth – and potential – is based on **four pillars** that support the creation of long-term shareholder value



Our strategically positioned and highly efficient assets cannot be easily replicated. It is what sets us apart from our competitors.

## one A STRONG ASSET BASE

Viterra has strategically assembled assets that extend our value chain and build our competitive advantage. Today, we have a geographically diverse network of grain handling facilities, significant terminals and port facilities, and international marketing offices with global market intelligence to develop sales.

With Canada and Australia representing a combined total of 39% of the world's origination capability for wheat, barley and canola, we have built the capability to originate up to 24 million metric tonnes of grains and oilseeds in these countries through an unmatched state-of-the-art infrastructure.

With 262 agri-products retail sites in Canada and 12 retail locations in Australia, we have a direct connection to farmers – supplying them with superior seed technology, crop inputs and customized services to support our origination efforts and create a supply chain of quality food ingredients in demand throughout the world.

Our feed and food processing activities in North America, Australia and New Zealand are tied to our durum, oat, canola and malt barley businesses. Supported by strong storage and logistics infrastructures, we process over 2 million tonnes of raw food ingredients into nutritional food products and more than 2 million tonnes of nutritional feed products each year.

Feed processing plant at Sherwood Park, Alberta.



In 2010, we continued to invest in our assets and improve efficiencies. We:

- upgraded our loading capabilities at four grain handling locations in Western Canada, and opened our newest high-throughput grain facility in Alberta's Peace River region that has 30,000 tonnes of grain storage and a 104-railcar loading capability;
- added 600,000 tonnes of efficient storage capacity in South Australia to manage the record crop in that region and constructed a feed mill in New Zealand, an important part of our global feed mill network;
- reaffirmed our commitment to construct a highly efficient malt house and container-packing facility close to Sydney, Australia, taking the total number of sites across Australia to nine, advancing our value-added segment by leveraging our access to quality malt barley supplies and ensuring capacity to service growth in Asian malt markets; and
- continued construction of a canola crushing facility in South China that will process approximately 680,000 tonnes annually and leverage our significant export position in canola.

As growth in food demand brings significant attention to agriculture, we have geographic diversity, a broad base of value-added operations and, more important, the scale to compete on a global level.

## TWO BEST CONNECTIONS TO THE WORLD

Viterra’s geographic diversification and growth strategies over the past several years have added more than physical assets and capabilities; they have empowered us to build an expanded international marketing network and develop the best connections to the world.



In 2010, Viterra’s International Grain Group added offices in Hamburg, Kiev and Naples – building on our existing network in Vancouver, Tokyo, Singapore, Beijing, Shanghai, and Geneva and strengthening our position in the global trade flows for our core commodities in both origination and destination markets.



Hamburg



Naples



Kiev

- Our Hamburg location allows us to originate and market grains and oilseeds within Europe and the traditional export destinations.
- In Naples, we are better positioned to access destination markets in North Africa and Southern Europe for our core commodities.
- Kiev enhances our origination capabilities in the Black Sea region – a key production zone of global importance, which is forecast to be one of the highest growth regions for wheat, barley and canola production in the future.

Our ability to capitalize on this geographic diversity begins with the talent, dedication and values of our employees worldwide. By attracting people with demonstrated experience and skills in these specific regions, we have established an important pillar and an entry point that allows us to build a solid understanding of the business and political environments.

We continue to strengthen our multinational, multilingual and multicultural business profile to extend our relationships beyond the countries we currently supply and provide us with the best connections to the world. This enhances our ability to optimize global trade flows of food ingredients, while managing the associated risks. Through these connections we are creating stronger ties between our farm customers in origination markets and our expanding customer base in key destination markets.

According to the U.S. Food and Agriculture Policy Research Institute, net trade exports of wheat, barley and canola from Russia and Ukraine will increase by 7.2 million tonnes over the next 10 years, an approximate increase of 22%.

Commonwealth of Independent States (“CIS”)



### three OPERATIONAL DISCIPLINE

Over the past 10 years, Viterra has repeatedly demonstrated our ability to adapt to a rapidly changing agricultural environment. This includes acquiring necessary assets and shedding those that do not add value; integrating new operations into our existing businesses; optimizing our value chain and systems; and reshaping our Company to serve customers to create sustainable value today and in the future. As our Company grows and changes, we maintain the highest standard of quality within our assets and throughout our operations. Our commitment to safe, healthy workplaces, and the communities and environment in which we work is uncompromised as we execute on initiatives that strengthen our Company.

Our focus is to reduce our global cost structure and strengthen our revenues to improve cash flow return on assets.



Viterra's new Business Excellence through Strategic Transformation ("BEST") process is designed to deliver margin enhancements and cost reduction strategies throughout the Company.

In 2010, we established a program entitled Business Excellence through Strategic Transformation ("BEST"), a strategic process designed to deliver margin enhancements and cost reduction strategies that are sustainable and inclusive of our entire Company. We have identified change initiatives at both regional and global levels, targeting short- and long-term priorities and processes, with an overall goal to reduce our global cost structure and strengthen our revenues to improve our cash flow return on assets over time.

In growing Viterra, our success will be measured not only by strategic acquisitions but, more important, by the returns we deliver on our existing operating assets. Our weighted average cost of capital ranges between 7% to 9% and our cash flow return on assets must on average exceed this by a healthy margin to create shareholder value. Our target is to improve our cash flow return on assets by 2 to 3 percentage points in the coming years.

We will achieve this by:

- maximizing the capabilities of our well positioned collection systems and aligning our logistics and transportation systems to better match commodity flows and fluctuations in supply and demand;
- strengthening the interrelationship between our North American and Australian grain merchandisers and our International Grain Group to leverage global supply and demand intelligence and maximize our pipeline margins;
- expanding our higher margins special crop businesses, such as peas, lentils, mustard and dry beans;



### three OPERATIONAL DISCIPLINE (CONTINUED)

- maximizing our infrastructure by using best practices to improve operating efficiencies;
- streamlining our management and labour groups and capturing efficiencies by empowering front-line employees to be decision-makers with our customers;
- developing programs for specialty markets to meet unique end-use customer requirements and further de-commoditize our businesses; and
- implementing a comprehensive information technology system to drive efficiency and support our global growth.

Viterra develops programs for specialty markets, meeting unique customer requirements while de-commoditizing our business.



In recent months, Viterra began the realignment of its western Canadian grain handling and agri-products retail structure, reducing the number of regions from six to four, eliminating six market centres and realizing efficiencies throughout our Canadian system. We will continue to maximize our existing asset base to increase throughput and lower costs per tonne. However, given lower Canadian grain volumes, due to the smaller than average crop in Canada and an expected 5% reduction in historical seeded acreage next spring, results of our efforts in Western Canada will not become fully evident until after fiscal 2011.

Through our knowledge and disciplined actions, we will continue to transform – as we did after our acquisition of Agricores United and are currently doing with our Australian and New Zealand operations. We will reshape the operations and business models to meet our standards of excellence, measuring our progress not only by the scale of our operations, but also by the returns we deliver to our shareholders from existing assets over time.

We will measure our progress not only by the scale of our operations but also by the returns we deliver to our shareholders.



Over the past three years, we have achieved over \$150 million in synergies.

## four FINANCIAL STRENGTH

The global financial crisis and economic downturn that began in 2008 served as a sharp reminder of the importance of prudent financial management and the need for a solid balance sheet – important building blocks for future success.

As a global agri-business committed to meeting escalating world food needs, Viterra is focused on growing profitability over the long term. We have a well-defined and integrated business model, and a diversified earnings base that offers shareholders less risk and earnings volatility than pure-play commodity companies, while benefiting from the increasing demand and consolidation of the global agri-business sector.

We have earned a reputation as a consolidation leader, a first mover, acting where it is prudent to do so as a catalyst for change. In 2010, we expanded our integration activities to create more synergies throughout our global value chain. And over the past three years, we have achieved more than \$150 million in synergies by combining strategic assets in growing agricultural regions.

As we proceed with our strategy for healthy growth, our acquisitions and internal capital projects will meet stringent financial criteria. We are committed to balancing our portfolio of assets to reduce weather-related risk and to increase the contribution from our processing segment, where we have less exposure to commodity price fluctuations and more stable earnings.

Viterra's Processing segment will maximize growth opportunities by leveraging our relationships with the premier global food manufacturing companies.



The Company's intention is to build on its existing capabilities, processing ingredients for the global marketplace. We plan to grow the EBITDA contribution from this segment from about 20% today to as much as 35% of total contribution in the future. In addition, we plan to increase our agri-products contribution from 21% to about 30% as we increase our western Canadian market share through improved product offerings and the acquisition of small independent retailers.

Our commitment to financial discipline is demonstrated in a financial policy to use optimal levels of debt in our capital structure as we fund growth opportunities to achieve strategic goals. This discipline includes achieving and maintaining investment grade credit ratings that provide Viterra access to deep, reliable and stable debt markets. Our financial policy maintains our ability to grow organically and through acquisitions that meet our criteria. As a leading industry consolidator, we will continue to strengthen and stabilize our earnings base. Our recently announced dividend policy recognizes our stronger and more diverse earnings base, financial discipline and confidence in our strategy.

Maintaining strong credit metrics is core to our financial discipline. We have the capacity to operate with a debt-to-capital ratio between 30% and 40% and will target our debt at about the 30% level based on our current level of earnings and commitment to maintain interest coverage ratios consistent with investment grade credit metrics. We recognize that we are "under-leveraged" today at 21% total debt-to-capital, which reflects a bias to conserve our balance sheet capacity. With our strong cash generation, we have gained valuable capacity to take on modest increases in low-cost debt needed to fund growth opportunities as global economic and capital market conditions improve.



TOTAL DEBT-TO-CAPITAL

sustainability from the ground up



Viterra acts in ways  
that ensure  
**a healthy future**  
for our Company  
and for our planet



Viterra’s decisions are guided by the knowledge that what we do today positions us for tomorrow and beyond. As we work to supply nutritious food ingredients to customers worldwide, Viterra strives to act in ways that ensure a healthy future for our Company and for our planet. Viterra’s continued growth and success hinge on our ability to balance our economic obligations with our social and environmental responsibilities.

Our Company has enhanced our commitment to sustainability with the creation of a governance framework that assigns accountability throughout the organization. Viterra’s Sustainability and Brand Executive Committee oversees corporate direction, strategy and sustainability policy. Our Sustainability Working Group guides us towards the successful achievement of our goals across our operations.

### SOCIAL ACCOUNTABILITY

We seek positive outcomes in all that we do, encouraging actions that will benefit shareholders, employees, growers, our communities and the environment around us.

Our continued growth and success hinge on our ability to balance our economic obligations with our social and environmental responsibilities.



Jennifer McDonald, Blaine Richter and Luwanda Reum at our new Sexsmith, Alberta terminal.

### OUR EMPLOYEES

Viterra rewards our employees with meaningful career opportunities. In addition to our competitive compensation and benefits, we have an employee share purchase plan, online learning opportunities, leadership training and a healthy lifestyles program that includes funruns led by our CEO.

We surveyed our employees and recently initiated an engagement strategy designed to empower them. Many of our commitments to support a happy, healthy and diverse workforce have been codified in policies, such as our employment equity policy, our code of business conduct, and our workplace harassment policy.

We manage our operations in compliance with a rigorous Safety, Health and Environment (“SH&E”) policy and foster a strong culture of SH&E improvement in all of our facilities. In 2010, Viterra’s North American operations achieved our best-ever injury prevention results and marked two notable safety achievements:

- employees in our Agri-products Group accumulated over one million hours with no lost time incidents; and
- employees at Viterra’s oat milling facility in Barrhead, Alberta reached 3,000 consecutive working days with no lost time incidents.



President and CEO Mayo Schmidt enjoys a run with fellow employees, as part of Viterra’s healthy lifestyles commitment.

We support our grower partners with education programs, specialized advice and customized products.



## GROWERS

To support our grower partners, Viterra provides the tools they need to be profitable and sustainable, including agronomic advice, professional training, farm safety education, and customized crop inputs. In Canada, a team of 225 agronomists and certified crop advisors work closely with growers, advising them on nutrient levels and leading agricultural practices.

Viterra's commitment to our customers is built on our values of respect, trust, integrity and high performance.

Jim Danderfer (R) and customer Les Pellerin from Debolt, Alberta.



We train approximately 1,650 farm customers annually in the safe handling and transport of  $NH_3$ . We make significant investments in research and development to provide farmers with the best inputs to grow healthy crops and sustain their productive fields, and we support a variety of grower organizations.

Viterra's grower education plans and programs cover:

- marketing and business management; and
- safety and soil conservation techniques.

## GIVING BACK

Viterra and our employees care about our communities. We respond to events near and far and in 2010 we contributed over \$1.5 million to worthy initiatives. Early in the year, our Company, employees and customers joined together to raise money for Haiti relief efforts – donating to the Red Cross and the Canadian Food for Children initiatives. We continued our support of the Canadian Foodgrains Bank, The Canadian Paralympic Committee and The Australian Royal Flying Doctor Service.

Employees based in Regina, Canada, joined together to raise money to feed 1,000 hungry people in their community. Viterra's volunteer donation matching program encourages and rewards the generosity of our employees and their volunteer efforts by matching team efforts.

In 2010, we donated over \$1.5 million to important causes.



Viterra's environmental stewardship efforts have a positive impact on our planet – and our people.



## ENVIRONMENTAL RESPONSIBILITY

Viterra takes the stewardship of the planet's natural resources seriously. To ensure that our growers are able to sustain and enhance current levels of productivity, Viterra proactively supports them in their environmental stewardship efforts through the provision of innovative agricultural technologies and the development of new seed varieties, such as drought tolerant varieties like Xceed Canola.

Our Company meets all greenhouse gas regulatory reporting requirements in the countries in which we operate. Strategic decisions, related to reducing emissions and managing energy appropriately, not only achieve efficiencies for our Company, they also have an associated positive effect on our greenhouse gas inventories.

Throughout our operations, we work to minimize environmental impacts. We abide by a robust SH&E system based on a fully integrated plan that identifies, assesses and mitigates hazards. Employee education and awareness ensure alignment with our program requirements.

Viterra employs environmental impact reduction strategies that encompass:

- risk management;
- pollution prevention;
- resource conservation; and
- waste management.

We have reduced our energy consumption by installing new energy-efficient kilns, implementing ways to recover heat from boilers, upgrading and replacing grain dryers, retrofitting lighting, and investing in a low-emissions enviro-locomotive for our Vancouver port terminal. Through a recycling program in Australia, Viterra has prevented more than 193 tonnes of grain bunker plastic lining from entering landfills in 2010. We have also reduced water consumption at our Australian malt operations by installing state-of-the-art waste water treatment plants.

Viterra is focused on reducing water usage at our malt operations in Australia by up to 40%.



Further reductions are expected through our research and development of new barley varieties and industrial malting systems that could reduce water usages at our malt operations by as much as 40%. Our recent commissioning of a new water treatment facility will lower water demand at our malt plant at Tamworth, Australia by approximately 59,000 kilolitres ("kL") annually, an amount equivalent to the annual demand of 170 residential dwellings.

### SUSTAINABILITY COMMITMENT

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.

**Bowmans storage site in Australia, where plastic from the bunkers is being recycled into new products.**



### CARBON CREDIT PROGRAM

Viterra encourages responsible environmental stewardship through our Carbon Credit program in Alberta, Canada. This program provides financial incentives to producers who use no-till or reduced-till farming practices that lessen greenhouse gas emissions by sequestering carbon dioxide and other greenhouse gases within the soil. These farming practices allow for better moisture retention while reducing soil erosion. Through Viterra's awareness and financial incentive program, the equivalent of 1 million metric tonnes of carbon dioxide have been captured in the soil on the Canadian Prairies instead of being released into the atmosphere.

**No-till seeding.**



### VARIABLE RATE TECHNOLOGY ("VRT") PROGRAM

Viterra has launched its VRT Program that promotes environmental responsibility by helping farmers apply fertilizer strategically – where it is needed most. Soil tests, GPS equipment, and fertilizer application technology work together to guide growers on where to apply the necessary amounts of fertilizer to maximize yields while reducing total input costs. Increased efficiencies in fertilizer minimize the environmental impacts of agricultural production by reducing emissions of nitrous oxide (N<sub>2</sub>O), a potent greenhouse gas.

**High-tech farming.**



## the building blocks of leadership

Our Company has embraced the mantle of leadership in our operating philosophies, policies and governance practices. We pursue healthy growth and financial returns for our investors. We are a caring employer, a responsible environmental steward

and an active corporate citizen. We educate, inform, explore and collaborate with partners and stakeholders and, through our relationships, we have positioned Viterra as a global leader in agri-business.

### VITERRA BOARD OF DIRECTORS



**Back row** (left to right):

Directors: **HERB PINDER JR.**, **DALLAS HOWE**, **LARRY RUUD**, **KEVIN OSBORN**, **THOMAS CHAMBERS**, **MAX VENNING**, **BONNIE DUPONT**, **TIM HEARN**, **VIC BRUCE**, **PAUL DANIEL**

**Front row** (left to right):

**MAYO SCHMIDT**, President and Chief Executive Officer, **THOMAS BIRKS**, Chairman, **PERRY GUNNER**, Deputy Chairman

### OFFICERS OF VITERRA

**MAYO SCHMIDT**

President and  
Chief Executive Officer

**FRAN MALECHA**

Chief Operating Officer

**REX MCLENNAN**

Chief Financial Officer

**KARL GERRAND**

Senior Vice-President  
Processing

**ANDREW MUIRHEAD**

Senior Vice-President  
Corporate Development

**ROB GORDON**

President, Southeast Asia and  
Senior Vice-President

**DOUG WONNACOTT**

Senior Vice-President  
Agri-products

**ROBERT MILLER**

Senior Vice-President  
Grain – North America

**DON CHAPMAN**

Senior Vice-President  
International Grain

**WILLIAM MOONEY**

Senior Vice-President  
Feed Products

**JAMES R. BELL**

Senior Vice-President  
General Counsel  
and Corporate Secretary

**STEVE BERGER**

Senior Vice-President  
Human Resources and  
Transformation

**COLLEEN VANCHA**

Senior Vice-President  
Investor Relations and  
Corporate Affairs

**MIKE BROOKS**

Senior Vice-President and  
Chief Information Officer

**GRANT THEAKER**

Vice-President and Treasurer

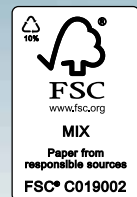
**RON CAMERON**

Vice-President and  
Group Controller

## Building Blocks for Healthy Growth

At Viterra, we supply nutritious food ingredients to help people around the world lead healthier, more productive lives. By moving these high-quality products from areas of surplus to areas of need, we also have the foundation for a strong, sustainable and growing business.

LEARN MORE AT [VITERRA.COM](http://VITERRA.COM)



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