

VITERRA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 31, 2011

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1.0 Responsibility for Disclosure

Management's Discussion and Analysis ("MD&A") was prepared based on information available to Viterra Inc. (referred to herein as "Viterra" or the "Company") as of March 8, 2011. Management prepared this report to help readers interpret Viterra's unaudited Consolidated Financial Statements for the three months ended January 31, 2011.

Please read this report in conjunction with the audited Consolidated Financial Statements and MD&A contained in the Company's Annual Financial Review for the year ended October 31, 2010, which is available on Viterra's website at www.viterra.com, as well as on SEDAR at www.sedar.com, under Viterra Inc.

This MD&A and the unaudited Consolidated Financial Statements for the three months ended January, 31, 2011 have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are presented in Canadian dollars unless specifically stated to the contrary.

2.0 Company 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 ("U.S.") 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, including Grain Handling and Marketing, Agri-products, and Processing. Geographically, Viterra's operations are diversified across Canada (primarily in Western Canada), Australia, New Zealand and throughout the U.S. 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 production through a 42% ownership interest in Prairie Malt Limited ("Prairie Malt") and in fertilizer manufacturing through its 34% ownership in Canadian Fertilizers Limited ("CFL").

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 in more than 50 countries around the world.

On May 5, 2010, Viterra completed the acquisition of Dakota Growers Pasta Company, Inc. ("Dakota Growers"), a U.S.-based durum miller and leading producer and marketer of dry pasta products in North America. Dakota Growers' financial contributions are included in Viterra's results as of May 5, 2010.

On August 17, 2010, Viterra completed the acquisition of 21C Holdings, L.P. ("21st Century") a premier U.S.-based processor of oats, wheat and custom-coated grains. Contributions from this business are included in Viterra's results beginning in the fourth quarter of fiscal 2010.

Viterra's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "VT" and its CHESS Depository Interests trade on the Australian Securities Exchange ("ASX") under the symbol "VTA".

3.0 Summary and Analysis of Consolidated Results

Selected Consolidated Financial Information <i>(in thousands - except per share amounts)</i>	Three Months ended January 31,		Better (Worse)
	2011	2010	
Sales and other operating revenues	\$ 2,470,537	\$ 1,784,525	\$ 686,012
Gross profit and net revenues from services	\$ 411,622	\$ 276,093	\$ 135,529
Operating, general and administrative expenses	(200,359)	(186,325)	(14,034)
EBITDA ¹	211,263	89,768	121,495
Amortization	(49,264)	(38,825)	(10,439)
EBIT ¹	161,999	50,943	111,056
Integration expenses	(511)	(979)	468
Gain (loss) on disposal of assets	843	(366)	1,209
Financing expenses	(28,931)	(37,231)	8,300
	133,400	12,367	121,033
Recovery of (provision for) corporate taxes			
Current	(1,029)	4,007	(5,036)
Future	(32,748)	(5,721)	(27,027)
Net earnings	\$ 99,623	\$ 10,653	\$ 88,970
Earnings per share	\$ 0.27	\$ 0.03	\$ 0.24

¹ See Non-GAAP Measures in Section 11.0

Consolidated sales and other operating revenues for the first quarter of fiscal 2011 increased 38% to \$2.5 billion compared to \$1.8 billion in the first quarter of fiscal 2010. A record crop in South Australia, strong fertilizer pricing and sales and continued solid results from the Company's new pasta and oat processing businesses bolstered sales for the quarter. These same factors drove gross profit and net revenues from services ("gross profit") to \$411.6 million compared to \$276.1 million in the same quarter last year.

Operating, general and administrative ("OG&A") expenses were \$200.4 million compared to \$186.3 million in the first quarter of last year. The increase primarily reflects the additional seasonal labour required by Viterra's Australian operations to handle the record crop, a full complement of costs for the International Grain group, which was not fully established by this time last year, and costs related to the new pasta and oat milling businesses.

EBITDA (see Non-GAAP Measures in Section 11.0) was up significantly to \$211.3 million for the quarter versus \$89.8 million in the first quarter of fiscal 2010. All segments posted earnings improvements, with the majority of the increase coming from the Australian grain handling and marketing business and the International Grain group, followed by the North American agri-products operation.

For further information on segment performance, see Section 4.0 Segment Results.

Amortization for the three months ended January 31, 2011 was \$49.3 million compared to \$38.8 million in the same three-month period in fiscal 2010. The

increase relates to the finalization of the purchase price allocations for ABB Grain Ltd. (“ABB”), Dakota Growers and 21st Century.

EBIT (see Non-GAAP Measures in Section 11.0) was \$162.0 million for the quarter, compared to \$50.9 million in the first quarter of fiscal 2010.

Financing Expenses (in thousands)	Three Months ended January 31,		Change
	2011	2010	
Interest on debt facilities	\$ 28,487	\$ 38,565	\$ 10,078
Interest accretion	521	915	394
Amortization of deferred financing costs	1,340	1,659	319
Financing costs	30,348	41,139	10,791
Interest income	(1,119)	(3,490)	(2,371)
CWB carrying charge recovery	(298)	(418)	(120)
Total financing and associated expenses	\$ 28,931	\$ 37,231	\$ 8,300

As noted in the table above, financing expenses were \$28.9 million for the first quarter of fiscal 2011, net of interest income and Canadian Wheat Board (“CWB”) carrying charge recoveries. This compares to financing expenses of \$37.2 million in the same period of fiscal 2010. The majority of the decrease relates to lower long-term debt. Long-term debt was \$891.4 million at January 31, 2011 \$376.5 million lower than the prior year. After adjusting for interest income, financing expenses decreased by \$10.8 million in the first quarter of fiscal 2011.

Viterra recorded a net corporate income tax provision of \$33.8 million in the three-month period ended January 31, 2011, compared to \$1.7 million in the same period of fiscal 2010. In the first quarter of fiscal 2011, the company had an effective tax rate of 25.3%.

Viterra’s first quarter net earnings were \$99.6 million or \$0.27 per share, which compares to \$10.7 million or \$0.03 per share in the same three-month period last year.

3.1 Select Quarterly Information

Select Quarterly Financial Information For the quarters ended (in millions - except per share amounts)	January 31, 2011 Q1 ¹	October 31, 2010 Q4 ¹	July 31, 2010 Q3 ¹	April 30, 2010 Q2 ¹	January 31, 2010 Q1 ¹	October 31, 2009 Q4 ²	July 31, 2009 Q3	April 30, 2009 Q2
Sales and other operating revenues	\$ 2,470.5	\$ 1,951.7	\$ 2,493.2	\$ 2,026.9	\$ 1,784.5	\$ 1,417.1	\$ 2,223.5	\$ 1,609.1
Net earnings (loss)	\$ 99.6	\$ 52.7	\$ 63.5	\$ 18.4	\$ 10.7	\$ (0.9)	\$ 120.7	\$ 26.3
Basic earnings per share	\$ 0.27	\$ 0.14	\$ 0.17	\$ 0.05	\$ 0.03	\$ -	\$ 0.51	\$ 0.11
Diluted earnings per share	\$ 0.27	\$ 0.14	\$ 0.17	\$ 0.05	\$ 0.03	\$ -	\$ 0.51	\$ 0.11

¹ Includes results for Viterra’s Australian operations.

² Includes results for Viterra’s Australian operations from September 24, 2009 to October 31, 2009.

A discussion of the factors that have caused variations over the quarters is found in Sections 6.1 and 6.2 of the MD&A for the fiscal year ended October 31, 2010 and Section 4.0 Segment Results below. These sections discuss, among other things, the trends and seasonality of the Company’s three operating segments: Grain Handling and Marketing, Agri-products and Processing.

4.0 Segment Results

4.1 Grain Handling and Marketing

The Grain Handling and Marketing operations accumulate, store, transport and market grains, oilseeds, pulses and special crops. This business includes grain storage facilities and processing plants strategically located in the 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 its sales offices, handles the merchandising of grains and oilseeds between origination and offshore destination customers. In addition, the International Grain group sources commodities from locations where Viterra has no accumulation and storage assets.

Seasonality

Receipts and subsequent shipments in any given fiscal year are dependent upon production levels and carry-over stocks from the prior year. Grain flows can fluctuate depending on global demand, crop size, prices of competing commodities, as well as other factors noted in the following discussion on volumes and shipments. In North America, grain shipments are fairly consistent from quarter to quarter, as are port terminal activities off the west coast. At Thunder Bay, shipments through the Company's port terminals end in late December, when the St. Lawrence Seaway is closed for the winter months and typically resume near the end of April.

In South Australia, the majority of grain flows into the system during the first quarter as this is the harvest period, which begins in October and continues through until the end of January. During the second quarter, the operations typically receive the last of the grower grain deliveries, with the exception of a small amount that remains on-farm. Viterra owns and operates approximately 95% of South Australia's storage and all of its port terminal capacity. The grain that is delivered into the Company's grain storage and handling facilities is classified and blended in preparation for export. Viterra and other marketers then buy these grains and oilseeds and market them directly to destination customers. Shipping from the Company's port terminals typically commences in harvest and continues throughout the year. Income is derived from storage and handling fees including receivals and monthly carrying and out-turn (shipping) fees. Additional income is derived through handling and shipping of non-grain commodities year-round from select port terminals.

In addition, the Company's International Grain group earns merchandising margins for commodities that it acquires from third parties and sells to destination customers around the world.

Industry Receivals and Shipments

The western Canadian harvest was essentially complete by the end of November 2010. Production for the six major grains is estimated to be 45.0 million tonnes, below the 10-year normalized average of 49.0 million tonnes and about 15% lower than the 2009 crop that produced 52.8 million tonnes.

In the first quarter of fiscal 2011, western Canadian industry shipments of the six major grains totaled 7.7 million tonnes compared to 8.1 million tonnes during the first quarter of fiscal 2010.

South Australian production for 2011 is estimated at 9.8 million tonnes, according to the Australian Bureau of Agricultural and Resource Economics and Sciences' February 15, 2011 crop report. This would be the largest crop on record, exceeding the previous record of 8.9 million tonnes and representing a 38% increase over last year's production of 7.1 million tonnes. The 10-year average for South Australia is approximately 6.0 million tonnes.

Viterra's North American Volumes

Viterra's shipments for the three months ended January 31, 2011 were 3.5 million tonnes compared to 3.6 million tonnes in the first quarter of fiscal 2010. Viterra shipped 1.5 million tonnes of CWB grains during the quarter, which is down slightly from the prior year due to the timing of the export program. Open market grain shipments increased slightly, reflecting strong demand from Asian-Pacific countries. Viterra's split between CWB grains and open market grain shipments for the quarter was 42/58, compared to a 50/50 split in the first quarter of last year, which will likely equalize over the balance of the year.

Viterra's port terminal receipts were 2.4 million tonnes, about the same level as in the first quarter of 2010, with approximately 84% moving to west coast port terminals in the quarter to support continued strong demand from Asian-Pacific countries. Port terminal volumes to the Company's Thunder Bay assets were 16% of the total.

Viterra's South Australia Volumes

Viterra's Australian Volume <i>(in thousands of tonnes)</i>	Three Months ended January 31,		Better <i>(Worse)</i>
	2011	2010	
Total shipments	1,627	635	992
Merchandised volumes			
South Australia	621	290	331
Rest of Australia	668	1,110	(442)
Total merchandised volumes	1,289	1,400	(111)

Viterra's South Australian operation received 8.2 million tonnes of grains, oilseeds and special crops into its system in the first quarter of fiscal 2011. This represents a 34% increase over the first quarter of fiscal 2010 when the Company received 6.2 million tonnes.

The Company had a very strong shipping program in place for the first quarter and moved 1.6 million tonnes through its South Australia port terminals compared to 0.6 million tonnes in the first quarter of last year. High commodity prices, strong demand and the need for storage due to the record crop motivated both growers and Viterra to ship a significant amount of grain during the quarter. Of the total shipments out of South Australia, Viterra purchased approximately 38% for its own account.

Operating Results

Grain Handling and Marketing <i>(in thousands - except margins)</i>	Three Months ended January 31,		Better (Worse)
	2011	2010	
Gross profit and net revenues from services	\$ 298,441	\$ 201,699	\$ 96,742
Operating, general and administrative expenses	(100,679)	(92,020)	(8,659)
EBITDA ¹	197,762	109,679	88,083
Amortization	(25,608)	(18,108)	(7,500)
EBIT ¹	\$ 172,154	\$ 91,571	\$ 80,583
Total sales and other operating revenues	\$ 1,942,634	\$ 1,343,208	\$ 599,426
North American Industry Statistics <i>(tonnes)</i>			
Canadian Industry Receipts - six major grains	8,277	8,254	23
Canadian Industry Shipments - six major grains	7,730	8,064	(334)
Canadian Industry Terminal Receipts	5,645	5,693	(48)
Viterra - North American Operations <i>(tonnes)</i>			
Elevator receipts	3,632	3,585	47
Elevator shipments	3,474	3,576	(102)
Port terminal receipts	2,378	2,410	(32)
Viterra - Australian Operations <i>(tonnes)</i>			
Shipments	1,627	635	992
Receivals	8,238	6,161	2,077
Consolidated Global Pipeline <i>(tonnes)</i>			
North American shipments	3,474	3,576	(102)
Australian receivals	8,238	6,161	2,077
Total pipeline	11,712	9,737	1,975
Consolidated pipeline margin <i>(per tonne)</i>	\$ 25.48	\$ 20.71	\$ 4.77

¹ See Non-GAAP Measures in Section 11.0

Gross profit for the Grain Handling and Marketing segment totaled \$298.4 million and was up 48% or \$96.7 million over the first quarter of last year. A significant portion of this increase was due to the performance of Viterra's Australian operations for the quarter.

The International Grain group had a strong quarter as a result of its ability to leverage Viterra's global commodity and communications pipelines in order to capitalize on rapidly changing market dynamics for the Company's core commodities. This group's activities are driven by opportunities that arise in the market and its ability to optimize Viterra's commodity flow around the world. As such, results can fluctuate quarter over quarter depending upon varying market dynamics. Throughout fiscal 2010, as Viterra's international sales offices opened around the world, the associated export commodity positions became the responsibility of the International Grain group. Earnings from those sales are now recorded as contributions from that group rather than being included within North American and Australian results as was the case in the first quarter of fiscal 2010.

Gross profit was also positively impacted by improved North American margins that benefited from increased merchandising and blending opportunities, attributable to market volatility, higher commodity prices and increased pulse crop volumes.

On a consolidated basis, gross margins were \$25.48 per tonne compared to \$20.71 per tonne in the first quarter of fiscal 2010. South Australia first quarter margins reflect the majority of the receival margin that is generated from harvest activity,

together with margins earned on the 1.6 million tonnes shipped during the quarter. Margins on the remaining crop derived from storage, shipping and merchandising will materialize through the rest of the year. As a result, Viterra's consolidated gross margin per tonne builds across the quarters and should be viewed on an annual basis. Management continues to expect its global pipeline margin to be in the \$33 to \$36 per tonne range. This margin will include a full year of gross profit contributions from the International Grain group, which is now fully established.

OG&A expenses for the Grain Handling and Marketing segment were \$100.7 million in the first quarter of fiscal 2011 compared to \$92.0 million in the first quarter of last year. The increase primarily relates to additional seasonal labour hired in Australia to handle the record crop. OG&A expenses for the Australian operation are typically the highest in the first quarter. Viterra hired approximately 1,300 temporary employees to handle the harvest this year. These additional costs normalized by mid-February. OG&A expenses also increased quarter over quarter due to the full complement of International Grain group costs, while North American OG&A expenses decreased slightly compared to the prior year's quarter.

The Grain Handling and Marketing segment generated \$197.8 million in EBITDA for the quarter compared to \$109.7 million in the first quarter of last year. Viterra's Australian operations contributed \$114.0 million versus \$64.0 million a year ago. The Company's North American operations contributed \$50.5 million compared to \$44.4 million in the first quarter of fiscal 2010. These increases reflect additional receival revenues in Australia and additional blending and higher merchandising margins relative to last year, the result of an increasing commodity price environment. The International Grain group contributed \$33.3 million to EBITDA in the first quarter of fiscal 2011.

EBIT was \$172.2 million in the first quarter of fiscal 2011, compared to \$91.6 million in the first quarter of fiscal 2010.

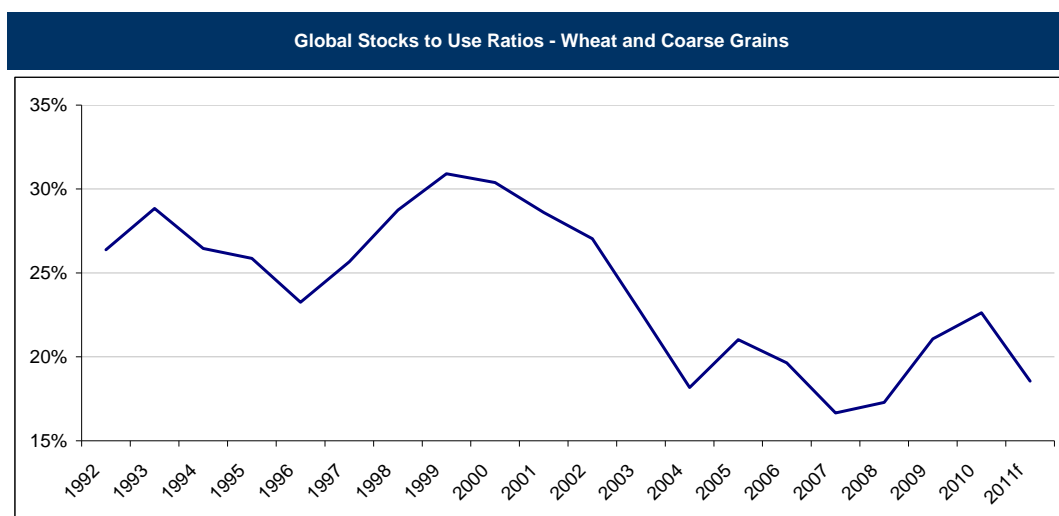
Outlook

In South Australia, the Company expects shipments to be very strong throughout the next two quarters given the significant crop in storage, the favourable commodity pricing environment and production issues in other grain growing regions of the world. To complement the 8.2 million tonnes, which has been received into our system during the first quarter of fiscal 2011, there was approximately 1.2 million tonnes of carry-in stocks from fiscal 2010. Management currently estimates carry-over stocks into fiscal 2012 for the Company's Australian system to range between 2.5 to 3.0 million tonnes.

In North America, according to the Canadian Grain Commission ("CGC"), Canadian bulk grain exports for the six major grains (which excludes corn and rye), for the first half of the crop year (August 1st to January 31st), were 14.1 million tonnes, slightly ahead of the 14.0 million tonnes exported during the same period in crop year 2010. Export strength is anticipated to continue, despite lower than average production last fall. This is due to strong demand created by supply difficulties in other grain growing regions, robust global pricing for commodities and the continuing drawdown of western Canadian carry-over stocks. Management continues to believe that the CWB's estimated 17.4 million tonne export target for wheat and barley out of Canada for the 2011 crop year is achievable.

Management believes that CGC marketings will be about 31.0 million tonnes for the 12 months ended October 31, 2011, up from its previous estimate of 30.0 million tonnes. This is a function of strong commodity prices and strong demand for all marketed commodities, regardless of quality. This change is expected to reduce the carry-out stocks to historical norms.

Globally, production setbacks in the European Union, somewhat in Canada and most importantly, in the Black Sea region, have significantly altered the global wheat production outlook. The United States Department of Agriculture estimates that by the end of the 2011 crop year, the global stocks-to-use ratio for wheat and coarse grains will be approximately 19%, a 4% drop from the end of 2010. As demonstrated in the chart below, this tight supply situation is indicative of both short-term supply difficulties in several key production regions and a longer-term trend of tighter supplies for agri-commodities over the last decade. Viterra will continue to watch these short and longer-term trends and look for opportunities to capitalize on its position in the global marketplace.



Source: USDA

4.2 Agri-products

Viterra operates a network of 261 agri-products retail locations throughout Western Canada, which are geographically dispersed throughout the growing regions of the Prairies. The Company's operations in Western Canada represent approximately a 34% share of the market. Viterra has a 34% investment in Canadian Fertilizers Limited ("CFL"), a nitrogen fertilizer manufacturing plant in Medicine Hat, Alberta. The Company is entitled to receive 34% of approximately 1.4 million tonnes of merchantable product, split between granular urea and anhydrous ammonia ("NH₃").

The segment includes contributions from the Company's financial products business. Through Viterra Financial™, the Company acts as an agent for a Canadian chartered bank. On behalf of the bank, Viterra extends unsecured and secured trade credit at competitive rates to the Company's agri-products and feed products customers. The repayment terms are structured to meet the producers' cash flow

needs. Viterra directly manages the customer relationship and receives a fee for performing front-end customer review and credit adjudication services. The profitability of this program relates to the level, duration and quality of credit in a given period, which is influenced by crop inputs, farm income levels, interest rates and, to a lesser extent, feed product demand.

In Australia, Viterra operates 12 retail locations across South Australia, through which it sells seed, fertilizer and crop protection products. The Company also has five fertilizer warehouses in the region and has approximately a 5% share of the combined southern and eastern Australian retail and wholesale fertilizer business. As part of ongoing operations, Viterra operates a domestic wool network extending across the agricultural areas of Western Australia, South Australia and Victoria. Internationally, Viterra is the largest buyer of Australian wool and an exporter to key markets such as China, India and Italy.

Seasonality

Retail sales of agri-products are seasonal and correlate directly to the life cycle of the crop. About 60% of Viterra's annual agri-products sales are typically generated during the third quarter as producers purchase crop inputs such as seed, fertilizer and crop protection products. Only about 10% to 12% of agri-products sales occur during the first quarter of each fiscal year. However, during this period Viterra receives prepayments from farm customers who want to order a portion of their agri-product requirements for the following spring. Actual sales are recorded when product is delivered. Seed bookings, prepayments and discussions with customers provide Viterra with an early indication of seeding intentions. In Australia, few agri-products sales occur in the first quarter as growers are harvesting their crop. Most crop inputs are purchased during the seeding period, which begins in April and extends into June, with additional sales occurring throughout the growing season to support crop development.

Operating Results

Agri-products <i>(in thousands - except margins)</i>	Three Months ended January 31,		Better (Worse)
	2011	2010	
Gross profit and net revenues from services	\$ 53,557	\$ 32,599	\$ 20,958
Operating, general and administrative expenses	(44,261)	(44,533)	272
EBITDA ¹	9,296	(11,934)	21,230
Amortization	(9,002)	(11,182)	2,180
EBIT ¹	\$ 294	\$ (23,116)	\$ 23,410
Operating Highlights			
Sales and other operating revenues	\$ 292,571	\$ 215,363	\$ 77,208
Fertilizer	174,979	120,567	54,412
Crop Protection	5,222	4,092	1,130
Seed	1,120	578	542
Wool	95,503	68,739	26,764
Equipment sales and other revenue	12,077	16,624	(4,547)
Financial Products	3,670	4,763	(1,093)
Fertilizer volume (tonnes)	373	310	63
Fertilizer margin (per tonne)	\$ 98.71	\$ 57.05	\$ 41.66

¹ See Non-GAAP Measures in Section 11.0

Sales and other operating revenues for the Agri-products segment during the first quarter of fiscal 2011 were \$292.6 million, up 36% from sales of \$215.4 million for the same three-month period of fiscal 2010. These strong results were driven by fertilizer sales. Selling prices increased over the prior year and volumes were up approximately 20% over the prior year's quarter. Fertilizer volumes increased due to higher commodity prices and higher expected usage rates, which has motivated certain farmers to take early delivery of product.

Consolidated Fertilizer Volumes by Quarter <i>(in thousands of tonnes)</i>					
For the quarter ended					
Fiscal year	31-Jan	30-Apr	31-Jul	31-Oct	Total
2011	373	-	-	-	373
2010	310	371	699	370	1,750

Revenues from the Company's Australian wool business during the first quarter were \$95.5 million compared to \$68.7 million a year ago. Wool prices have rallied to their highest level in 30 years, reflecting tight global supply and strong demand from international markets, including China and India.

Segment gross margins were up significantly to \$53.6 million compared to \$32.6 million in the first quarter of fiscal 2010. The increase relates mainly to fertilizer margins that have increased to \$98.71 per tonne in fiscal 2011 compared to \$57.05 per tonne a year earlier. This is the result of higher average selling prices and lower natural gas costs compared to the prior year. For fiscal 2011, Management continues to expect that its fertilizer margin will be in the range of \$100 to \$120 per tonne. However, quarterly gross margins per tonne can vary outside this range due to product and customer mix and timing of purchases for manufactured versus resale tonnes. The gross profit contribution from financial products was \$3.7 million compared to \$4.2 million for the same period last year.

OG&A expenses were \$44.3 million for the first quarter and are on par with the same period last year.

As a result of strong fertilizer volumes and margins, EBITDA for the quarter was \$9.3 million compared to a loss of \$11.9 million in the first quarter of fiscal 2010. Quarterly EBITDA includes \$3.5 million (2010 - \$0.9 million) from the Australia operations.

EBIT for the first quarter was \$0.3 million versus a loss of \$23.1 million in the first quarter of fiscal 2010.

Outlook

In fiscal 2011, there are several trends which are expected to continue to support strong fundamentals in the Agri-products segment.

For fertilizer, Management expects western Canadian demand to be strong due to improved commodity prices and increased nutrient requirements caused by excess moisture in 2010 and 2011. Early indicators support these expectations as fertilizer movement to farm has been very strong in the first quarter of fiscal 2011 even with selling prices above last year's.

Demand for seed is also expected to be strong due to an expected increase in canola seeded acreage driven by higher oilseed prices. Management currently estimates 2011 seeded acres of canola will increase to approximately 18.0 to 19.0 million acres versus about 16.8 million acres in 2010, assuming good spring seeding conditions.

As of January 31, 2011, North American retail customer prepayments were at record levels of \$338.9 million, a 24% increase over January 31, 2010 prepayments of \$272.0 million. The increase was primarily due to strong seed and fertilizer demand, as well as higher fertilizer prices.

These strong fundamentals may be somewhat tempered by an expected reduction in western Canadian seeded acreage in 2011. Management has not changed its view that seeded acreage will decrease by approximately 3.0 to 4.0 million acres below the 10-year average of 60.0 million acres. However, excess moisture last year, coupled with above average snowfall in certain areas of Western Canada this winter, does pose some additional risk, should flooding occur as we enter the spring period. Final seeded acreage numbers will be dependent upon favourable weather conditions in the coming months.

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 U.S. and New Zealand.

Viterra's North American food processing operations consist of oat and specialty grain milling, pasta manufacturing, canola crushing and a 42% interest in Prairie

Malt, a single-site malt operation located in Saskatchewan. There are four oat milling facilities with capacity to process 540,000 tonnes of raw oats into 335,000 tonnes of food ingredients annually. The wheat flour mill operation has the capacity to grind about 100,000 tonnes of grains into 75,000 tonnes of flour and bran, while the two pasta manufacturing facilities have the capacity to grind 340,000 tonnes of durum wheat and process 254,000 tonnes of pasta annually. The Company's canola crush facility has the capacity to process 340,000 tonnes of canola into 323,000 tonnes of oil and meal on an annual basis.

In Australia, Viterra is the largest malt processor, operating eight processing plants strategically positioned across Australia, with production capacity of up to 500,000 tonnes annually. Approximately 400,000 tonnes are destined for export markets and 100,000 tonnes are consumed domestically. Viterra supplies malt to major domestic brewers and international brewers that predominantly supply the Asian-Pacific region.

Viterra is a major player in the North American and New Zealand feed markets. In Canada, feed manufacturing is conducted at six feed mills and one pre-mix manufacturing facility. In the U.S., the operations include six feed mills and commodity blending sites in Texas, Oklahoma, and New Mexico. The Company distributes nearly 2.0 million tonnes of feed from its North American operations annually.

In New Zealand, the Company has a presence across the feed supply chain, from marketing and accumulation to storage, freight, milling and the sale of end-use products. It is a key importer and distributor of grains and meals to the New Zealand market. The Company operates three storage facilities in close proximity to the prime dairy regions. It is involved in maize processing and also operates a feed manufacturing and distribution business with four feed mills representing sales of approximately 330,000 tonnes annually. During fiscal 2010, Viterra commissioned its 180,000 tonne capacity feed mill in South Auckland.

Operating Results

Processing <i>(in thousands - except margins)</i>	Three Months ended January 31,		Better <i>(Worse)</i>
	2011	2010	
Gross profit and net revenues from services	\$ 59,624	\$ 41,795	\$ 17,829
Operating, general and administrative expenses	(19,268)	(18,609)	(659)
EBITDA ¹	40,356	23,186	17,170
Amortization	(12,246)	(7,842)	(4,404)
EBIT ¹	\$ 28,110	\$ 15,344	\$ 12,766
Sales and other operating revenues	\$ 373,910	\$ 307,977	\$ 65,933
Operating Highlights - Food			
Sales volumes <i>(tonnes)</i>			
Malt ²	126	127	(1)
Pasta	54	-	N/A
Oats	103	54	49
Canola	38	59	(21)
Combined food processing margin <i>(per tonne sold)</i>	\$ 147.36	\$ 97.01	\$ 50.35
Operating Highlights - Feed			
Feed sales volumes <i>(tonnes)</i>			
North America	447	538	(91)
New Zealand	43	35	8
Combined feed processing margin <i>(per tonne sold)</i>	\$ 25.15	\$ 32.31	\$ (7.16)

¹ See Non-GAAP Measures in Section 11.0

² Includes contributions from Viterra's 42% ownership interest in Prairie Malt and its wholly owned Australian malt business

Sales and other operating revenues for the Processing segment for the first quarter were \$373.9 million, up \$65.9 million or 21% from the comparable period of 2010. The year-over-year increase reflects new contributions from the pasta and oat processing businesses that were acquired in the second half of fiscal 2010.

First quarter sales volumes for the pasta business were 54,000 tonnes and reflect continued strong demand in the U.S. In the oat business, volumes nearly doubled to 103,000 tonnes with the addition of the 21st Century oat business, complementing strong sales from the existing oat operations.

Canola crush volumes were 36% lower than the prior year's quarter. The Company temporarily reduced production during the quarter in an effort to mitigate the impact of poor margins. A recent 45% increase in Canadian canola processing capacity in Western Canada has depressed margins in the short-term. Viterra continues to serve its customers and meet its contract requirements and will adjust its production capacity to balance profitability with demand if and when industry fundamentals improve.

Viterra's malt operations, which include the Company's 42% ownership interest in Prairie Malt, generated sales of \$64.9 million for the first quarter of fiscal 2011 compared to \$86.2 million for the same period last year. While sales in Canada were comparable year-over-year, in Australia sales from malt were down due to lower volumes reflecting sluggish customer demand and softening world malt prices. Despite these challenges, Viterra's grain business was able to procure low raw material costs for its operations, which supported solid margins for the quarter.

Quarterly gross profit from the food processing operations was \$47.3 million, more than double the first quarter of fiscal 2010 at \$23.3 million due primarily to the acquisitions completed in the prior year.

On a combined basis, gross margins for the food processing operations were \$147.36 per tonne compared to \$97.01 per tonne a year ago. This increase is primarily due to contributions from its new pasta and oat production facilities, which produce higher margins. Lower canola margins partially offset these positive contributions. Combined food processing margins can fluctuate by quarter given product mix and the impact of supply and demand fundamentals. As such Management maintains its annual guidance range of \$90 to \$110 per tonne for fiscal 2011.

Viterra's feed products operations generated sales revenue of \$158.9 million compared to \$159.9 million for the three months ended January 31, 2010.

Sales volumes for North American feed products were down to 447,000 tonnes for the three months ended January 31, 2011, versus 538,000 tonnes in the first quarter of 2010. Intense competition in the western Canadian market for poultry and dairy feed and the impact on demand from lower swine and beef populations were the primary factors. It is estimated that the Canadian feed manufacturing industry has significant surplus capacity of approximately 50% in some regions such as Alberta and Manitoba due to lower than historical animal populations. As a result, competitors became more aggressive on pricing in the quarter.

In the U.S., volumes decreased about 5%, reflecting slower demand in the beef and dairy markets, which has yet to see dairy producers increase their purchase of complex feeds. In the New Zealand feed operations, sales volumes improved but margins were down due to increased demand for lower margin products.

The combined feed operations gross profit declined to \$12.3 million for the first quarter of 2011, compared to \$18.5 million a year ago. Gross margins per tonne were \$25.15 per tonne in the first quarter, compared to \$32.31 per tonne a year ago on lower sales volumes and margins.

OG&A expenses for the Processing segment were \$19.3 million for the quarter versus \$18.6 million a year ago, reflecting the new pasta and oat businesses purchased in the second half of fiscal 2010. This increase was partially offset by lower costs in the North American operation due to integration work.

The Processing segment's EBITDA for the quarter was \$40.4 million, up significantly from the \$23.2 million in the first quarter of fiscal 2010. Viterra's new pasta and oats businesses were responsible for the majority of the increase with \$19.6 million in EBITDA contributions for the quarter, on a combined basis. Viterra's Australian malt operation contributed \$11.2 million versus \$8.3 million.

Segment EBIT was \$28.1 million for the quarter compared to \$15.3 million in the first quarter of fiscal 2010.

Outlook

Management expects solid contributions from the Processing segment in fiscal 2011. The segment's performance reflects the benefits of the Company's diversification strategy to grow its portfolio of food and feed ingredients businesses.

Demand for whole grain, nutritional food ingredients is strong. With the economic challenges facing North America, Management anticipates an increase in private label/store brand ready-to-eat cereals and more consumption of oatmeal. In addition, as fiscal 2011 progresses, Management believes the tepid recovery in the U.S. will continue to support strong demand for pasta products, which are healthy and economical.

In the Canadian canola processing operation, the increase in Canadian canola crushing capacity last year has put pressure on margins and will continue to do so in the near term. However, Management does expect a modest earnings improvement in fiscal 2011. Prospects for this industry remain strong over the longer term given ongoing demand for healthy oils. Viterra is pursuing the opportunity to leverage its double expeller-press process by producing specialty oils, Non-GMO and Hi Oleic oil, for the natural food market.

Global malt markets are expected to remain challenged in the near-term due to sluggish beer sales in North America and Europe. This has created excess capacity and has increased competition across the globe, which impacts industry margins. For Viterra's malt operations in Australia, Management does not believe demand will recover to pre-recession levels until at least the second half of fiscal 2011. However, the Company remains confident in the long-term outlook for this industry.

For the North American feed business, western Canadian operations will be challenged by overcapacity, intense competition and margin compression in the near-term. However, results are expected to improve with the addition of new sales personnel and market strategies. In the U.S., the Company expects the demand for complex feed products will increase in response to the recent surge in short and medium-term milk futures pricing.

In the New Zealand feed market, the ongoing recovery in the global economy and demand from Southeast Asia for dried milk products is driving higher milk prices in this market. These trends are expected to move producers from commodity feeds to higher margin complex feed products over time.

4.4 Corporate Expenses

Corporate Expenses (in thousands)	Three Months ended January 31,		Better (Worse)
	2011	2010	
Operating, general and administrative expenses	\$ (36,151)	\$ (31,163)	\$ (4,988)
Amortization	(2,408)	(1,693)	(715)
EBIT ¹	\$ (38,559)	\$ (32,856)	\$ (5,703)

¹ See Non-GAAP Measures in Section 11.0

Corporate OG&A expenses were \$36.2 million in the first quarter of fiscal 2011, compared to \$31.2 million in the first quarter of 2010 due to higher incentive expenses related to short-term and stock-based compensation programs. In addition, information technology expenses increased as Viterra enhanced its global delivery requirements.

5.0 Liquidity and Capital Resources

5.1 Cash Flow Information

Cash Flow Provided by Operations ¹ (in thousands - except per share amounts)	Three Months ended January 31,		Better (Worse)
	2011	2010	
EBITDA ¹	\$ 211,263	\$ 89,768	\$ 121,495
Add (Deduct)			
Employee future benefits	1,776	1,662	114
Other items	831	346	485
Adjusted EBITDA	213,870	91,776	122,094
Integration expenses	(511)	(979)	468
Cash interest expense	(27,070)	(34,657)	7,587
Pre-tax cash flow	186,289	56,140	130,149
Current income tax recovery (expense)	(1,029)	4,007	(5,036)
Cash flow provided by operations ¹	\$ 185,260	\$ 60,147	\$ 125,113
Per share	\$ 0.50	\$ 0.16	\$ 0.34

¹ See Non-GAAP Measures in Section 11.0

For the three months ended January 31, 2011, cash flow provided by operations (see Non-GAAP Measures in Section 11.0) increased by \$125.1 million or \$0.34 per share. Improved cash flow in fiscal 2011 reflects higher EBITDA and lower cash financing costs.

Free Cash Flow ¹ (in thousands)	Three Months ended January 31,		Better (Worse)
	2011	2010	
Cash flow provided by operations ¹	\$ 185,260	\$ 60,147	\$ 125,113
Property, plant and equipment expenditures	(38,757)	(25,549)	(13,208)
Intangible assets expenditures	(2,621)	(2,316)	(305)
Free cash flow ¹	\$ 143,882	\$ 32,282	\$ 111,600

¹ See Non-GAAP Measures in Section 11.0

Free cash flow is measured by cash flow provided by operations less capital expenditures and does not reflect changes in non-cash working capital (see Non-GAAP Measures in Section 11.0). For the three months ended January 31, 2011, free cash flow increased by \$111.6 million to \$143.9 million from the comparable period of the prior year. The increase reflects improved EBITDA along with lower cash interest expense, offset by additional capital expenditures on property, plant and equipment.

5.2 Investing Activities

Viterra's property, plant and equipment expenditures for the three months ended January 31, 2011 were \$38.8 million compared to \$25.5 million for the comparable period of the prior year. Capital expenditures reflect a number of improvements and upgrades undertaken in the ordinary course of business plus additional bunker storage put in place in Australia to handle the record crop.

On an annualized basis, Viterra expects consolidated sustaining capital expenditures will be approximately \$130.0 to \$140.0 million, which will be funded by cash flow provided by operations.

5.3 Non-Cash Working Capital

Non-cash Working Capital (in thousands)	As at January 31,		Change
	2011	2010	
Inventories	\$ 1,905,267	\$ 1,119,914	\$ 785,353
Accounts receivable	1,256,476	916,968	339,508
Prepaid expenses and deposits	205,583	242,955	(37,372)
Accounts payable and accrued liabilities	(1,487,912)	(1,019,040)	(468,872)
	\$ 1,879,414	\$ 1,260,797	\$ 618,617

Inventory levels at January 31, 2011 were up significantly to \$1,905.3 million compared with \$1,119.9 million at January 31, 2010. The majority of the increase related to grain inventory values due to higher commodity prices and a record crop in South Australia. Viterra's Australian grain inventory values were \$729.7 million at January 31, 2011 compared to \$344.5 million at January 31, 2010. Agri-product inventory also increased due primarily to higher levels of seed and crop protection products, along with higher fertilizer prices, which were in part, offset by lower fertilizer stocks on hand.

The Company's inventory value is significantly influenced by commodity prices in the Grain Handling and Marketing segment and fertilizer prices in the Agri-products segment. Generally, inventory reaches its peak in the January to April months as harvest in Australia is completed and the North America Agri-products business is building inventory for the high-volume spring sales season.

Accounts receivable at January 31, 2011 were \$1,256.5 million and \$339.5 million higher than at January 31, 2010. The increase primarily reflects higher commodity prices and the addition of our pasta and oat processing businesses.

Prepaid expenses and deposits at January 31, 2011 were \$205.6 million down from \$243.0 million on January 31, 2010.

Given the increase in inventory and accounts receivable, there was a corresponding increase in short-term borrowings and accounts payable and accrued liabilities during the quarter.

5.4 Financing Activities

Key Financial Information ¹ <i>(in thousands - except ratios and percentages)</i>	As at January 31,		Change
	2011	2010	
Cash and cash equivalents	\$ 288,767	\$ 618,753	\$ (329,986)
Total debt	1,668,289	1,432,893	235,396
Total debt, net of cash and cash equivalents	1,379,522	814,140	565,382
Ratios			
Current ratio	1.60 x	2.44 x	(0.84 x)
Debt-to-total capital	30.6%	29.2%	1.4 pt
Long-term debt-to-capital	16.3%	25.8%	(9.5 pt)

¹ See Non-GAAP Measures in Section 11.0

Viterra's balance sheet at January 31, 2011 remained strong with total debt-to-capital of 30.6% (29.2% at January 31, 2010). Viterra had \$288.8 million in cash and cash equivalents and cash drawings of \$771.7 million on its \$1.6 billion unsecured revolving credit facility ("Global Credit Facility").

The increase in total debt, net of cash and cash equivalents, is primarily due to increased drawings on the revolving operating lines used mainly to support increased net non-cash working capital offset by lower long-term debt. As explained below, a significant amount of cash was used to reduce debt during 2010.

Following are the long-term debt facilities that have been repaid since April 30, 2010 using proceeds from short-term borrowings and cash on hand:

CAD (in thousands)	
Term Credit Facility	\$ 377,114
Viterra's Australian Operations	283,196
8% Senior Secured Notes Series 2006-1	100,000
Total long-term repaid subsequent to April 30, 2010	\$ 760,310

As a result of closing the Global Credit Facility and repaying of the term loan Credit Facility, all security has been released on the Company's debt including the Senior Unsecured Notes that remain outstanding.

On August 4, 2010, the Company issued a private placement of USD \$400 million, 5.95% Senior Unsecured Notes, maturing August 1, 2020. Proceeds were used to reduce borrowings under the Global Credit Facility and for general corporate purposes.

On December 1, 2010, the Company declared a five-cent (\$0.05) Canadian per share dividend, which was paid on February 10, 2011 to holders of record on January 20, 2011. The annual dividend rate is currently intended to be ten cents (\$0.10) Canadian per share and will be reviewed semi-annually by the Board of Directors.

Subsequent to the quarter-end, on February 15, 2011, the Company issued \$200 million, 6.406% Senior Unsecured Notes, maturing February 16, 2021. This offering was made pursuant to the Company's short-form base shelf prospectus dated

August 6, 2010 and a prospectus supplement filed on February 10, 2011. The proceeds will be used to partially repay drawings on its Global Credit Facility.

5.5 Debt Ratings

The following table summarizes the Company's current credit ratings:

	Corporate Rating	Senior Unsecured Notes	Trend
Standard & Poor's	BBB-	BBB-	Stable
DBRS Limited	BBB (Low)	BBB (Low)	Stable
Moody's Investors Service	Ba1	Ba1	Stable

5.6 Contractual Obligations

The following table summarizes the Company's outstanding contractual obligations as at January 31, 2011:

Contractual Obligations (in thousands)	Principal Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Balance Sheet Obligations					
Bank indebtedness	\$ 50,160	\$ 50,160	\$ -	\$ -	\$ -
Short-term borrowings	776,928	776,928	-	-	-
Long-term debt	906,647	2,092	1,736	300,667	602,152
Other long-term obligations	97,550	24,593	26,821	10,943	35,193
	1,831,285	853,773	28,557	311,610	637,345
Other Contractual Obligations					
Operating leases	\$ 123,383	\$ 35,171	\$ 47,568	\$ 17,923	\$ 22,721
Purchase obligations ¹	1,803,704	1,784,780	14,867	2,918	1,139
	1,927,087	1,819,951	62,435	20,841	23,860
Total Contractual Obligations	\$ 3,758,372	\$ 2,673,724	\$ 90,992	\$ 332,451	\$ 661,205

¹ Substantially all of the purchase obligations represent contractual commitments to purchase commodities and products for resale.

5.7 Off-Balance Sheet Arrangements

5.7.1 Viterra Financial

Viterra Financial™ provides grain and oilseed producers with secured and unsecured working capital financing, through a Canadian chartered bank, to purchase the Company's fertilizer, crop protection products, seed and equipment. Outstanding credit was \$417.1 million at January 31, 2011, compared to \$393.2 million at January 31, 2010. Approximately 97% of the current outstanding credit relates to Viterra Financial's™ highest credit rating categories. The Company indemnifies the bank for 50% of future losses under Viterra Financial™ to a maximum limit of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at January 31, 2011, Viterra has provided \$7.3 million for actual and future expected losses.

Viterra Financial™ also provides livestock producers with secured and unsecured financing through a Canadian chartered bank to purchase feeder cattle and related feed inputs under terms that do not require payment until the livestock are sold. Viterra Financial™ approved \$90.9 million in credit applications for Viterra's feed products customers in the first three months of fiscal 2011, compared to \$93.7 million

in the first quarter of fiscal 2010. Customers had drawn \$50.9 million at January 31, 2011 (January 31, 2010 - \$46.7 million). The Company has indemnified the bank for aggregate credit losses of up to \$11.5 million based on the first 20% to 33% of new credit issued on an individual account as well as for credit losses, shared on an equal basis, of up to 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of underlying accounts and the aggregate credit outstanding. As at January 31, 2011, the Company had provided about \$0.5 million for actual and expected future losses.

6.0 Outstanding Share Data

The market capitalization of the Company's 371.7 million issued and outstanding shares at March 7, 2011 was \$4.4 billion or \$11.96 per share. The issued and outstanding shares at March 7, 2011, together with securities convertible into common shares are summarized in the following table:

<i>As at March 7, 2011</i>	
Issued and outstanding common shares	371,685,244
Securities convertible into common shares - stock options	2,528,673
	374,213,917

As of January 31, 2011, there were 23.4 million CDIs which trade on the ASX.

7.0 Related Party Transactions

The Company has transactions with related parties in the normal course of business measured at exchange amounts, which are comparable to commercial rates and terms. Related parties include investee Prince Rupert Grain, as well as grain pools operated by the Company.

There were no related party sales in the first quarter of fiscal 2011 (2010 - \$1.8 million) and total purchases from related parties were \$5.0 million for the same period in 2011 (2010 - \$2.9 million). As at January 31, 2011, accounts receivable from related parties totaled \$11.2 million (2010 - \$19.4 million) and accounts payable to related parties totaled \$16.4 million (2010 - \$0.2 million). Related party sales, purchases and balances are due mainly to grain shipping and handling activities conducted through Prince Rupert Grain as well as marketing activities conducted in operation of the grain pools.

8.0 Other Matters

8.1 Accounting Policy Changes

8.1.1 International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly accountable enterprises to replace current GAAP with International Financial Reporting Standards ("IFRS"). The date relates to interim

and annual financial statements for fiscal years beginning on or after January 1, 2011, which will be applicable for Viterra's first quarter of fiscal 2012. Viterra will also be required to provide IFRS comparative information for the previous fiscal period and therefore recording under IFRS will commence on Viterra's transition date, which was November 1, 2010.

Viterra has undertaken a project to assess and record the potential impacts of its transition to IFRS.

Viterra has completed the Initial, Detailed Assessment and Design phases of its project plan. Viterra has started the Execution phase which will culminate when the Company issues its first IFRS interim financial statements for the quarter ended January 31, 2012. For details on the key activities and the status of the transition see Section 16.1.1 of the MD&A for the fiscal year ended October 31, 2010.

Progress made in the first quarter ending January 31, 2011 continues to track the Company's communicated project plan and the focus in the second quarter will be on the following key activities:

- Preparation of opening IFRS Balance Sheet
- Ongoing recording of IFRS adjustments for the comparative year
- The development of IFRS financial reports for both internal and external use
- Continuous monitoring and assessment of upcoming IFRS standards
- Communication and training

As communicated in Section 16.1.3 of the MD&A for the fiscal year ended October 31, 2010, we anticipated material opening balance sheet adjustments related to IFRS 1 - First-time Adoption of International Financial Reporting Standards elections for employee benefits and currency translation differences. In relation to employee benefits the cumulative actuarial loss that will be recorded in retained earnings is estimated to be \$111.2 million. In relation to currency translation differences, a cumulative unrealized gain of approximately \$112.3 million from foreign currency translation of foreign operations and net investment hedges will be recorded in retained earnings.

No additional significant differences between GAAP and IFRS have been identified. For details on the identified differences between GAAP and IFRS see Section 16.1.2 of the MD&A for the fiscal year ended October 31, 2010.

As described in Section 16.1.3 of the MD&A for the fiscal year ended October 31, 2010 and referred to above, the Company has performed an assessment regarding IFRS 1 - First-time Adoption of International Financial Reporting Standards. There has been no significant changes to the expected elections or their impact.

As Viterra continues to monitor IFRS standards changed or issued there may be changes to the Company's expectations regarding IFRS, IFRS 1 optional exemptions and the expected IFRS accounting policies. In addition, Viterra may identify circumstances or experience changes in its business that may have an impact on these expectations.

8.2 Critical Accounting Estimates

In preparing the Company's Consolidated Financial Statements, Management is required to make estimates, assumptions and judgments as to the outcome of future events that might affect reported assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Such assessments are made using the best information available to Management at the time. Although Management reviews its estimates on an ongoing basis, actual results may differ from these estimates as confirming events occur. The following is an analysis of the critical accounting estimates that depend most heavily on such Management estimates, assumptions and judgments, any changes which may have a material impact on the Company's financial condition or results of operations. For more information about certain assumptions and risks that might affect these estimates, assumptions and judgments, refer to Section 13.0, Forward-Looking Information.

8.2.1 Future Income Taxes

As at January 31, 2011, the Company had loss carry-forwards of approximately \$13.3 million, compared to \$54.6 million at January 31, 2010. These loss carry-forwards include losses for tax purposes for the current three month period and are available to reduce income taxes otherwise payable in future periods. Of these losses, \$1.4 million will expire between 2013 and 2031, and \$11.9 million are not subject to expiry.

A short-term future income tax asset of \$3.5 million has been recorded as at January 31, 2011 in respect of the Company's unutilized losses. The Company recognizes the future tax benefit in respect of its losses to the extent it is more likely than not to be realized. No future tax benefit has been recognized for \$1.4 million of the Company's losses.

9.0 Restructuring and Integration Matters

Dakota Growers

Integration execution continues at Dakota Growers, following the acquisition on May 5, 2010. Synergies are being realized with the most significant to date being the implementation of the raw material procurement as well as the elimination of public company costs. Both system and human resources integration continue on track.

21st Century

Following the acquisition on August 17, 2010, formal integration planning was completed in January 2011. The new operating model was finalized in December 2010 and integration execution will continue over the next 18 months. Synergy commitments have been identified with the most significant generated primarily through revenue and cost efficiency.

Shareholders should benefit from annual estimated gross synergies within Processing of approximately \$6.0 million, relating to the acquisition of Dakota Growers and 21st Century, with the full annualized benefit to be delivered in fiscal 2011.

ABB

On September 23, 2009, the Company acquired all of the issued and outstanding common shares of ABB, an Australian agri-business. Integration of the two companies is continuing to progress well. Shareholders should benefit from annual estimated gross synergies of approximately \$30.0 million, with about \$20.0 million to be achieved in the Grain Handling and Marketing segment, \$9.0 million through reduced corporate expenses and the remaining \$1.0 million in various other segments. These synergies are being generated primarily through revenue and cost efficiency, with the full annualized benefit to be delivered in fiscal 2012. Detailed implementation plans have been completed to achieve these targeted synergies. As at January 31, 2011, the Company had achieved a total of \$26.9 million in synergies, primarily in the Grain Handling and Marketing segment and through reduced corporate expenses, and is on track to achieve its full annualized run rate synergy targets by 2012.

Integration costs related to severance and closures incurred by or related to ABB have been accrued on the balance sheet as part of the acquisition price of the ABB shares in accordance with the purchase method of accounting, with a corresponding increase in goodwill. On a pre-tax basis, estimated total net integration costs for both entities, which include share issuance costs and refinancing costs, are about \$113.2 million. The following table summarizes the actual costs to January 31, 2011:

Estimated Integration Costs for ABB (in millions)		To January 31, 2011
Pre-tax estimated total integration costs		\$ 113.2
Integration costs already paid		(95.1)
Remaining integration costs to be paid		18.1
Costs accrued and outstanding		(5.4)
Estimated costs to be expensed or capitalized		12.7

These costs are being financed by free cash flow.

10.0 Risks and Risk Management

Viterra faces certain risks which can impact its financial performance. For information on risks and risk management, readers should review the MD&A for the fiscal year ended October 31, 2010, which is available on Viterra's website at www.viterra.com, as well as on SEDAR at www.sedar.com, under Viterra Inc.

11.0 Non-GAAP Measures

EBITDA – Earnings before financing expenses, taxes, amortization, gain (loss) on disposal of assets, and integration expenses, and EBIT – Earnings before financing expenses, taxes, gain (loss) on disposal of assets, and integration expenses are non-GAAP measures. Those items excluded in the determination of EBITDA and EBIT represent items that are non-cash in nature, income taxes, financing expenses or are otherwise not considered to be in the ordinary course of business. These measures are intended to provide further insight with respect to Viterra's financial results and to supplement information on earnings (losses) as determined in accordance with GAAP.

EBITDA is used by Management to assess the cash generated by operations, and EBIT is a measure of earnings from operations prior to financing costs and taxes. Both measures also provide important management information concerning business segment performance since the Company does not allocate financing expenses, income taxes or other excluded items to these individual segments.

Total debt, net of cash and cash equivalents, is provided to assist investors and is used by Management to assess the Company's liquidity position and to monitor how much debt the Company has after taking into account its liquid assets, such as cash and cash equivalents. Such measures should not be used in isolation of, or as a substitute for, current liabilities, short-term borrowings, or long-term debt as a measure of the Company's indebtedness.

Cash flow provided by operations is the cash from (or used in) operating activities, excluding non-cash working capital changes. Viterro uses cash flow provided by operations and cash flow provided by operations per share as financial measures for the evaluation of liquidity. Management believes that excluding the seasonal swings of non-cash working capital assists its evaluation of long-term liquidity.

Free cash flow is cash flow provided by operations (prior to any changes in non-cash working capital) net of capital expenditures, excluding business acquisitions. Free cash flow is used by management to assess liquidity and financial strength. This measurement is also useful as an indicator of the Company's ability to service its debt, meet other payment obligations and make strategic investments. Readers should be aware that free cash flow does not represent residual cash flow available for discretionary expenditures.

These non-GAAP measures should not be considered in isolation of, or as a substitute for, GAAP measures such as (i) net earnings (loss), as an indicator of the Company's profitability and operating performance or (ii) cash flow from or used in operations, as a measure of the Company's ability to generate cash. Such measures do not have any standardized meanings prescribed by GAAP and are, therefore, unlikely to be comparable to similar measures presented by other corporations.

Reconciliations of each of these terms are provided in the table below.

Non-GAAP Terms, Reconciliations and Calculations <i>(in thousands - except percentages and ratios)</i>			
<i>For the three months ended January 31,</i>			
	2011	2010	<i>Better (Worse)</i>
Gross profit and net revenues from services	\$ 411,622	\$ 276,093	\$ 135,529
Operating, general and administrative expenses	(200,359)	(186,325)	(14,034)
EBITDA	\$ 211,263	\$ 89,768	\$ 121,495
Amortization	(49,264)	(38,825)	(10,439)
EBIT	\$ 161,999	\$ 50,943	\$ 111,056
Net earnings	\$ 99,623	\$ 10,653	\$ 88,970
Amortization	49,264	38,825	10,439
Non-cash financing expenses	1,861	2,574	(713)
Employee future benefits	1,776	1,662	114
Future income tax provision	32,748	5,721	27,027
(Gain) loss on disposal of assets	(843)	366	(1,209)
Other items	831	346	485
Cash flow prior to working capital changes	\$ 185,260	\$ 60,147	\$ 125,113
Property, plant and equipment expenditures	(38,757)	(25,549)	(13,208)
Intangible assets expenditures	(2,621)	(2,316)	(305)
Free cash flow	\$ 143,882	\$ 32,282	\$ 111,600
<i>As at January 31,</i>			
Current assets	\$ 3,714,955	\$ 2,945,564	\$ 769,391
Current liabilities	2,318,800	1,208,674	(1,110,126)
Current Ratio (Current Assets/Current Liabilities)	1.60 x	2.44 x	(0.84 x)
Short-term borrowings	776,928	165,067	(611,861)
[A] Long-term debt due within one year	2,092	18,064	15,972
[A] Long-term debt	889,269	1,249,762	360,493
[B] Total debt	\$ 1,668,289	\$ 1,432,893	\$ (235,396)
[C] Cash and cash equivalents	\$ 288,767	\$ 618,753	\$ (329,986)
Total debt, net of cash and cash equivalents	\$ 1,379,522	\$ 814,140	\$ (565,382)
[D] Total equity	\$ 3,789,853	\$ 3,477,158	\$ 312,695
[E] Total capital [B + D]	\$ 5,458,142	\$ 4,910,051	\$ 548,091
Debt-to-total capital [B]/[E]	30.6%	29.2%	(1.4 pt)
Long-Term debt-to-capital [A]/[E]	16.3%	25.8%	9.5 pt

12.0 Evaluation of Disclosure and Procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer has evaluated the design of Viterra's disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of January 31, 2011. Management has concluded that, as of January 31, 2011, Viterra's disclosure controls and procedures and internal controls over financial reporting are designed effectively to provide reasonable assurance that material information relating to Viterra and its consolidated subsidiaries and joint ventures would be made known to them by others within those entities, particularly during the period in which this report was being prepared.

13.0 Forward-Looking Information

Certain statements in Management's Discussion and Analysis are forward-looking statements and reflect Viterra's expectations regarding future results of operations, financial condition and achievements. All statements 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 Management's Discussion and Analysis 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 fiscal year ended October 31, 2010 under the heading "Risk 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 Management's Discussion and Analysis are qualified by these cautionary statements and the other cautionary statements and factors contained 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 Management's Discussion and Analysis. In addition to other assumptions identified in this Management's Discussion and Analysis, assumptions have been made regarding, among other things:

- western Canadian and southern Australian crop production and quality in 2011 and subsequent crop years;
- the volume and quality of grain held on-farm by producers 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, 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 feed product and agri-products 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;
- cyclicity 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.

14.0 Annual Management's Discussion and Analysis

This Management's Discussion and Analysis relating to the first quarter ended January 31, 2011 should be read in conjunction with Viterra's Management's Discussion and Analysis for the fiscal year ended October 31, 2010. Additional information relating to Viterra, including the most recent Annual Information Form filed by the Company, is available under the Company's profile on SEDAR at www.sedar.com and on Viterra's website, www.viterra.com.



CONSOLIDATED BALANCE SHEETS

(in thousands)

AS AT	January 31, 2011 (unaudited)	January 31, 2010 (unaudited)	October 31, 2010 (audited)
ASSETS			
Current Assets			
Cash	\$ 200,466	\$ 98,560	\$ 107,428
Short-term investments	138,461	526,059	88,204
Accounts receivable	1,256,476	916,968	995,656
Inventories (Note 3)	1,905,267	1,119,914	1,211,887
Prepaid expenses and deposits	205,583	242,955	107,638
Future income taxes	8,702	41,108	30,067
	3,714,955	2,945,564	2,540,880
Investments	8,167	9,604	9,661
Property, Plant and Equipment	2,481,106	2,370,318	2,491,047
Other Long-Term Assets	119,402	118,024	123,136
Intangible Assets	151,131	41,517	154,915
Goodwill	767,799	691,483	772,233
Future Income Taxes	8,496	6,297	25,010
	\$ 7,251,056	\$ 6,182,807	\$ 6,116,882
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ 50,160	\$ 5,866	\$ 40,839
Short-term borrowings	776,928	165,067	61,677
Accounts payable and accrued liabilities	1,487,912	1,019,040	1,151,652
Long-term debt due within one year	2,092	18,064	2,295
Future income taxes	1,708	637	391
	2,318,800	1,208,674	1,256,854
Long-Term Debt	889,269	1,249,762	896,834
Other Long-Term Liabilities	53,947	75,243	51,351
Future Income Taxes	199,187	171,970	201,580
	3,461,203	2,705,649	2,406,619
Shareholders' Equity			
Retained earnings	652,056	436,394	571,013
Accumulated other comprehensive income (Note 4)	104,420	10,930	107,192
	756,476	447,324	678,205
Share capital (Note 5)	3,026,080	3,025,490	3,025,491
Contributed surplus	7,297	4,344	6,567
	3,789,853	3,477,158	3,710,263
	\$ 7,251,056	\$ 6,182,807	\$ 6,116,882

Commitments, contingencies and guarantees (Note 10)



CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended January 31, 2011 (unaudited)	Three Months Ended January 31, 2010 (unaudited)
Sales and other operating revenues	\$ 2,470,537	\$ 1,784,525
Cost of sales (excluding amortization see Note 3)	(2,058,915)	(1,508,432)
Gross profit and net revenues from services	411,622	276,093
Operating, general and administrative expenses	(200,359)	(186,325)
	211,263	89,768
Amortization	(49,264)	(38,825)
	161,999	50,943
Gain (loss) on disposal of assets	843	(366)
Integration expenses	(511)	(979)
Financing expenses (Note 9)	(28,931)	(37,231)
	133,400	12,367
Recovery of (provision for) corporate taxes		
Current	(1,029)	4,007
Future	(32,748)	(5,721)
Net earnings	\$ 99,623	\$ 10,653
Basic and diluted earnings per share (Note 6)	\$ 0.27	\$ 0.03



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010
	(unaudited)	(unaudited)
Net earnings	\$ 99,623	\$ 10,653
Other comprehensive income (loss), net of tax		
Reclassification of gain on dedesignated hedged contracts	-	(572)
Unrealized gain (loss) on cash flow hedges	2,538	(4,524)
Reclassification of loss on cash flow hedges	1,574	5,065
Net investment hedges	5,741	2,078
Unrealized loss on available for sale assets	(1)	(6)
Unrealized effect of foreign currency translation of foreign operations	(12,624)	(45,327)
Other comprehensive loss	(2,772)	(43,286)
Comprehensive income (loss)	\$ 96,851	\$ (32,633)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity
As at October 31, 2009	\$ 3,025,486	\$ 3,476	\$ 54,216	\$ 425,741	\$ 3,508,919
Share capital issued	4	-	-	-	4
Options exercised	-	(2)	-	-	(2)
Stock-based compensation	-	870	-	-	870
Other comprehensive income (loss), net of tax					
Reclassification of gain on dedesignated hedged contracts	-	-	(572)	-	(572)
Unrealized loss on cash flow hedges	-	-	(4,524)	-	(4,524)
Reclassification of loss on cash flow hedges	-	-	5,065	-	5,065
Net investment hedges	-	-	2,078	-	2,078
Unrealized loss on available for sale assets	-	-	(6)	-	(6)
Unrealized effect of foreign currency translation of foreign operations	-	-	(45,327)	-	(45,327)
Net earnings for the period	-	-	-	10,653	10,653
As at January 31, 2010	\$ 3,025,490	\$ 4,344	\$ 10,930	\$ 436,394	\$ 3,477,158
Share capital issued	1	-	-	-	1
Stock-based compensation	-	2,223	-	-	2,223
Other comprehensive income (loss), net of tax					
Reclassification of gain on dedesignated hedged contracts	-	-	(168)	-	(168)
Unrealized loss on cash flow hedges	-	-	(15,619)	-	(15,619)
Reclassification of loss on cash flow hedges	-	-	10,306	-	10,306
Net investment hedges	-	-	(1,913)	-	(1,913)
Unrealized gain on available for sale assets	-	-	9	-	9
Unrealized effect of foreign currency translation of foreign operations	-	-	103,647	-	103,647
Net earnings for the period	-	-	-	134,619	134,619
As at October 31, 2010	\$ 3,025,491	\$ 6,567	\$ 107,192	\$ 571,013	\$ 3,710,263
Share capital issued	589	-	-	-	589
Stock-based compensation	-	730	-	-	730
Other comprehensive income (loss), net of tax					
Unrealized gain on cash flow hedges	-	-	2,538	-	2,538
Reclassification of loss on cash flow hedges	-	-	1,574	-	1,574
Net investment hedges	-	-	5,741	-	5,741
Unrealized loss on available for sale assets	-	-	(1)	-	(1)
Unrealized effect of foreign currency translation of foreign operations	-	-	(12,624)	-	(12,624)
Dividends	-	-	-	(18,580)	(18,580)
Net earnings for the period	-	-	-	99,623	99,623
As at January 31, 2011	\$ 3,026,080	\$ 7,297	\$ 104,420	\$ 652,056	\$ 3,789,853



CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended		Three Months Ended	
	January 31, 2011		January 31, 2010	
	(unaudited)		(unaudited)	
Cash From (Used In) Operating Activities				
Net earnings	\$	99,623	\$	10,653
Adjustments for items not involving cash and/or operations				
Amortization		49,264		38,825
Future income tax provision		32,748		5,721
Employee future benefits (Note 8)		1,776		1,662
Non-cash financing expenses (Note 9)		1,861		2,574
Loss (gain) on disposal of assets		(843)		366
Other items		831		346
Adjustments for items not involving cash and/or operations		85,637		49,494
		185,260		60,147
Changes in non-cash working capital items				
Accounts receivable		(258,453)		26,384
Inventories		(694,811)		(167,867)
Accounts payable and accrued liabilities		324,565		(23,802)
Prepaid expenses and deposits		(97,486)		(156,173)
Changes in non-cash working capital		(726,185)		(321,458)
Cash used in operating activities		(540,925)		(261,311)
Cash From (Used in) Financing Activities				
Proceeds from long-term debt		-		1,505
Repayment of long-term debt		(414)		(7,244)
Proceeds (repayment) of short-term borrowings		714,855		(118,475)
Repayment of other long-term liabilities, net		(72)		(271)
Increase in share capital		589		-
Cash from (used in) financing activities		714,958		(124,485)
Cash From (Used in) Investing Activities				
Property, plant and equipment expenditures		(38,757)		(25,549)
Proceeds on sale of property, plant and equipment		478		588
Decrease in investments		1,372		101
Intangible assets expenditures		(2,621)		(2,316)
Cash used in investing activities		(39,528)		(27,176)
Increase (Decrease) in Cash and Cash Equivalents		134,505		(412,972)
Cash and Cash Equivalents, Beginning of Period		154,793		1,033,075
Impact on cash of unrealized effect of foreign currency translation of foreign operations		(531)		(1,350)
Cash and Cash Equivalents, End of Period	\$	288,767	\$	618,753
Cash and cash equivalents consist of:				
Cash	\$	200,466	\$	98,560
Short-term investments		138,461		526,059
Bank indebtedness		(50,160)		(5,866)
	\$	288,767	\$	618,753
Supplemental disclosure of cash paid during the period from operations:				
Interest paid	\$	24,030	\$	47,799
Income taxes paid	\$	5,383	\$	5,118