



**Fifth Quarter Conference Call
January 18, 2007, 12:00 a.m. (Regina Time)**

Colleen Vancha:

Good morning ladies and gentlemen. Welcome to Viterra's year-end conference call for fiscal 2007. Our press release and accompanying year-end financial statements were disseminated this morning. The Annual Report MD&A has been filed on SEDAR and posted to the Website. Please read the report in its entirety, as we will be simply summarizing the information on this call.

Before we begin with formal remarks, I would like to bring a couple of items to your attention.

First, we indicated to the market on our last call, that Viterra would be compiling additional historical financial information to support your analyses. Our Annual Report will contain 3 years of quarterly pro-forma financial information for the combined company. The data will be available in the Annual report, which will be mailed and posted on our website on February 11.

With the acquisition of Agricore United as of May 29th, our financial results include five months of earnings attributable to AU. However, the comparable quarter and year-to-date information for 2006 contain Pool results only, as required by generally accepted accounting principles.

Finally, with the recent change to our year-end from July to October 31, the 2007 fiscal period includes Viterra's performance for a fifteen-month period to the end of October 2007. The 2006 fiscal year was a twelve-month period ended July 31, 2006. To assist with comparability, we are providing you with trailing twelve-month numbers for the periods ended October 31. We will refer to this twelve-month period as our annual results.

Investors are cautioned that today's discussion and responses to questions may contain forward-looking statements. Such statements are based on certain assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied. Additional information about these assumptions and factors can be found in our disclosures under the sections titled forward-looking information. The information presented today is current as of today's date and will not be updated.

I would now like to invite Mayo Schmidt, President and CEO of Viterra to provide an overview of our results. We will follow his commentary with a question and answer session. Our corporate management team has joined us today to participate in the discussion.

Mayo....

Mayo Schmidt: Thank you.

Good afternoon everyone. Before I review our results for the quarter and year, I would like to update you on the SWP/GSU Pension plan dispute. As we told you in November, the company developed a comprehensive proposal to bring this long-lasting dispute to an end and to allow us as Viterra to move forward. Today we have been advised that members of the GSU have approved OUR settlement proposal. This is extremely good news. As a company we have working hard over the past three years to come to a conclusion that would be satisfactory to our pensioners, to current employees in the Plan and to inactive members. As our company continues to flourish and realize its goals we will create enhanced opportunities and flexibility for employees. Our culture will be built on solutions-centric performance – and creating an environment that helps attract, retain and reward people who make it all possible.

It is my pleasure to now speak to you about Viterra's financial performance for fiscal 2007.

2007 will be known as a year of significant change in Canadian agriculture. At the beginning of this year, we told you the Pool was poised for growth, after years of re-focusing and re-tooling our operations. With the acquisition of Agricore United, we have succeeded in creating a new company and setting a stronger foundation to expand our business and the value we bring to you as shareholders.

In my view, our timing could not have been better. Throughout 2007 world grain supplies have tightened, demand has grown and commodity prices are rising to unprecedented levels. As a result, we are seeing strong producer cash flows, good demand for the crop inputs we sell and for the commodities we market throughout the world. This optimism is clearly reflected in the operating results we announced this morning.

With the purchase of Agricore United, there are a number of items that are important to highlight so I will focus the majority of my remarks on the annual results. However, to summarize the fifth quarter of this year,

Consolidated sales climbed by \$945 million to \$1.3 billion. In addition to AU's contribution, strong performances in all business segments drove higher sales and gross margins relative to the same quarter last year.

Consolidated EBITDA was approximately \$58 million – an increase of \$56 million over last year's comparable quarter. Approximately \$40 million was attributable to the addition of AU and the increased ownership interest in Westco.

- In the Grain Handling and Marketing segment, we shipped 4.4 million tonnes of grains and oilseeds, up 2.3 million tonnes relative to the same period last

year. This, in addition to a 32% improvement in gross margins, led to a \$47 million increase in EBITDA.

- Performance in our Agri-products segment was also strong driven by solid industry fundamentals and increased demand from our farm customers. Sales were \$173 million for the quarter, up significantly from \$49 million for the same quarter last year. Agri-products EBITDA grew by \$13 million to \$9 million.
- We enjoyed similar quarterly results in our Agri-food segment, which saw sales grow by 36% to \$49 million on higher volumes. Gross margins increased 16% and EBITDA double to \$6.0 million relative to the same period a year ago.
- The Livestock Feed and Services segment, a new business for Viterra generated gross profit for the quarter of about \$15 million and EBITDA of \$2.5 million. Feed margins were \$42.86 per tonne, a result of improved margins in the Canadian market, which helped offset slightly lower margins earlier in the year. Results for the quarter also include a \$655,000 loss in non-feed gross profit, primarily the result of a \$2 million loss from Viterra's 31% ownership share in Puratone. Canadian hog operations have been suffering from the high Canadian dollar, high feed ingredient prices and cyclically low finished hog prices.
- Our Financial Products Segment, recently branded Viterra Financial, generated \$3.2 million of EBITDA in the quarter
- Corporate expenses were about \$21 million for the quarter up from \$8 million in the previous year's quarter. About \$9 million of the increase was associated with AU. The additional increase reflects the impact of our stock price on short and long-term incentive programs and higher wages, increased benefit costs.

I encourage you to refer to the news release for additional details on the quarter. I would like to turn your attention to the year-end results. As Colleen indicated, the 2007 results include 15 months and the 2006 results 12 months. For simplicity I will focus my remarks on the comparative 12 month periods that ended October 31.

- For the twelve months period, sales reached \$3.5 billion, compared to \$1.6 billion for the same period in 2006. Incremental sales from AU and higher sales in all business segments accounted for the increase.
- EBITDA was \$258 million, up an impressive \$178 million. Improved grain margins, stronger fertilizer sales and incremental EBITDA from AU contributed to the increase.
- Our acquisition of AU was accounted for using the purchase method. We adjusted the carrying value of the assets and the liabilities based on their estimated fair values at May 29, 2007. Any excess that we were unable to allocate to assets and liabilities or to intangible assets are reflected as goodwill.
- Amortization of \$63 million for the 12-month period increased from \$28 million reported in the same period of the prior year. The adjustments to assets value resulted in additional amortization expense of approximately \$12 million. The remainder of the increase reflects the addition of AU assets and higher amortization on the Company's Cascadia port terminal and within our Agri-Food Processing segment.
- From an integration perspective, Viterra continues to make excellent progress. Our new operating model, financing and management decisions are complete and we re-branded our Company as Viterra on August 30, 2007. At October 31, 2007, synergies of \$9 million were achieved, relative to

our target of \$6.2 million. As a result, we have increased our annualized synergy estimate from \$92 million to \$96 million.

- We incurred \$20 million of additional integration costs in fiscal 2007 which reflect severance, consulting, advisory costs, and other costs incurred by Company during the period.
- On a pre-tax basis, we estimate total net integration costs to be about \$274 million. \$255 million has already been incurred and have been funded entirely by divestiture proceeds and cash flow generated by the business.
- Financing expenses of \$34.0 million for the 12 months ended October 31, 2007 increased by about \$7 million over the same period of the prior year. This is a result of the incremental borrowing required to fund part of the AU purchase, plus additional interest expense incurred on the AU debt that was assumed on acquisition. The increase in interest in the current year was offset by a current period reduction associated with the absence of an \$11.2 million expense incurred in 2006 for the redemption of the Company's Senior Subordinated Notes.
- Included in the last twelve months' net earnings is a \$35 million gain on sale which includes a \$30 million gain related to the sale of our North Shore terminal to Cargill and a gain of \$5 million realized from the sale of the Company's shares in Winnipeg Commodity Exchange Holdings. Last year's numbers include approximately \$3 million of gains.
- Corporate taxes for the 12-month period ended October 31, 2007 were \$60 million, an increase of \$43.0 million over the same period in 2006. Please refer to the press release for details.

- Important to note is our tax loss carry-forward position at October 31, 2007. Viterra had consolidated loss carry-forwards of \$285 million available to reduce future come taxes. These expire between October 2008 and 2013.
- Net earnings from continuing operations increased by \$115.5 million to \$111.2 million for the 12 months ended October 31, 2007, compared to a loss from continuing operations of \$4.3 million reported in the same period of the prior year.

On a trailing 12-month basis to October 31, 2007, earnings per share were \$0.80 per share, an increase of \$0.77 over the \$0.03 per share reported in the same period of 2006.

From a segment perspective, our Grain Handling and Marketing business had a good year with shipments and margins up over the comparable period. For the twelve-month period, EBITDA increased by \$94 million to reach \$163 million.

Viterra shipped 12.5 million tonnes in the last 12 months versus 8.2 million a year earlier. The increase in shipments is mainly a result of our acquisition of AU.

Gross margins per tonne increased to \$24.79 per tonne, compared to \$20.05 per tonne in 2006. Included this year is a gain of \$0.33 per tonne associated with revaluing AU grain contracts on a mark-to-market basis to reflect the recent strength in commodity prices. Despite an extremely competitive environment, we were able to achieve strong margin improvements by focusing on managing the grain pipeline. Better merchandizing markets, terminal efficiency, higher blending gains, and logistical efficiencies were the primary factors.

During the twelve-month period, Agri-products sales were \$935 million compared to \$533 million in the same twelve-month period last year. Higher retail sales from the acquisition of AU, fertilizer prices and our increased ownership in Westco contributed to the improved sales for both the quarter and annual reporting periods.

EBITDA improved by \$95 million to \$124 million. Fertilizer was the largest contributor. Higher demand and tight supply increased fertilizer prices, while manufacturing costs were lower compared to the prior year.

Agri-food Processing sales grew by 29% relative to the comparative twelve months last year reaching \$167 million mainly attributed to Can-Oat. Overall, strong volumes were offset by lower average margins per tonne largely due to the impact of a stronger Canadian dollar, poorer oat quality which reduced processing yields, and higher processing overhead.

EBITDA for the twelve months was \$18 million versus \$16 million a year earlier. Incremental profits resulting from Can-Oat's acquisition of its Barrhead facility accounted for most of the increase.

In the Livestock Feed and Services segment results only reflect contributions since the acquisition date of May 29, 2007. Since that date, feed sales totaled \$182 million primarily due to higher sales values associated with increasing commodity prices. EBITDA was \$5.5 million.

For the Financial Products segment, we generated EBITDA of \$4 million since the acquisition of AU on May 29, 2007.

Moving to cash flow and balance sheet items,

For the last twelve months, Viterra's cash flow from operations prior to working capital changes was \$204 million compared to \$59 million in the same twelve-month period last year. This improvement reflects higher EBITDA, offset by integration costs and higher cash interest. A tax shield provided by the Company's capital cost allowance and loss carry-forwards significantly lowered our current income taxes for the year.

Cash flow for the twelve months was supplemented by proceeds that were raised through the sale of certain assets. Net of capital expenditures and including proceeds which totaled \$434 million, free cash flow available to the company was \$515 million. The Company intends to refinance the remaining balance of the Bridge Credit Facility that we obtained to fund a portion of our acquisition of AU. The balance remaining at October 31, 2007 was \$235 million and our total debt to equity ratio was 31%.

As we look forward, strong commodity prices bode well for the Canadian agriculture industry. Prices continue to improve due to tightening world supplies, greater demand for both food and feed grains, and expanding ethanol and biodiesel industries.

Western Canadian grain production of the six major grains in 2007 was estimated by Statistics Canada to be about 45.3 million tonnes, compared to last year's production of 47.1 million tonnes and the ten-year average of 47.7 million tonnes.

Typically, Canada ships 64% of the grain produced each year. Based on 2007 production estimates, the industry would expect to take delivery of about 29 million tonnes of grain in the 2008 shipping year compared to 33 million tonnes in the most recent twelve months. Although CWB exports are forecast to decline slightly, canola exports are expected to increase, mitigating the impact on the Company's port terminal

operations. Viterra, a leader in Canada in the merchandising of canola, is well positioned to benefit from a stronger canola program.

For the Agri-Products segment, crop input sales are expected to benefit from higher commodity prices, which have significantly contributed to higher demand for fertilizer. Continued supply pressures in fertilizer could increase prices to record highs. Early indicators suggest that producers are planning to increase usage rates of fertilizer in 2008 to replenish depleted soil nutrient levels and maintain yield potential.

To date, natural gas prices, the primary input in the production of nitrogen fertilizer, remain comparable to the prior year, which is positive for the Company's investment in Westco. Recent increases in fertilizer prices suggest that the Company can expect strong fertilizer sales and margins in 2008. However, it remains uncertain whether these price increases will be sustained and contribute to inventory appreciation again next year. In addition, factors such as weather, pressures on supply and delivery and producer's crop decisions will affect the ultimate timing and level of sales.

Oat quality for the most recent crop year was variable, but generally average to very good for Can Oat's milling operations right across the prairies. Commodity prices are not expected to drive an increase in seeded oat acreage in the coming year. Can-Oat continues to pursue opportunities that will allow it to leverage its processing expertise and relationships with key food manufacturers in the non-oat processing sector.

In the livestock sector, higher feed ingredient costs are driving higher feed prices and could negatively affect the Canadian Livestock and Feed Services operations in 2008. This comes at a time when producers are feeling the impact of a stronger Canadian dollar and a downturn in the hog cycle.

Poultry and dairy producers are expected to be less affected because of effective supply management programs in these industries. However, lower returns for hog farmers, particular if there is a retraction in the hog industry, could reduce feed volume opportunities and heighten competitive pressures. Viterra's diversification among different species should mitigate some of this risk, as will the added benefit of U.S. operational diversification in 2008.

Ladies and Gentlemen, it is an exciting time in Agriculture. We have illustrated through superior financial performance our ability to put in place the operational and financial platform to serve our industry into the future and deliver results to our shareholders.

We look forward to building a dynamic, solutions-driven company - one that will lead Canadian agriculture as an important player in the global agri-business marketplace.