

management's discussion and analysis

(all funds are in Canadian dollars, unless otherwise noted)

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1. 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 January 21, 2010.

This MD&A includes key financial statement information for the 12 months ended October 31, 2009 compared to the 12-month results of the Company to October 31, 2008. Included in this information are results from ABB Grain Ltd (referred to herein as "ABB", "Viterra Australia" or "Viterra") for the period September 24, 2009 to October 31, 2009. Viterra's 2008 results do not contain contributions from ABB.

On May 19, 2009, Viterra and ABB, a leading Australian agri-business, entered into an Implementation Agreement under which Viterra would acquire all the issued and outstanding shares in ABB for a mixture of cash and shares via a Scheme of Arrangement. On September 9, 2009, ABB shareholders voted to approve the Scheme and removed a 15% limit on the amount of shares any one shareholder could hold. Viterra assumed control of ABB on September 23, 2009.

2. 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 south central United States ("U.S.") and New Zealand. Viterra has offices in Canada, Australia, New Zealand, Japan, Singapore, China, Switzerland and India.

As a major participant in the value-added agri-food supply chain, the Company operates in five interrelated segments, including Grain Handling and Marketing, Agri-products, Food Processing, Feed Products and Financial Products. Geographically, Viterra's North American operations are diversified across Canada, (primarily in Western Canada) and throughout the south central United States. Viterra wholly owns livestock feed manufacturing operations, canola processing and oat milling facilities. Viterra's North American operations also participate in malt processing 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 around the world in more than 50 countries.

On September 23, 2009, Viterra acquired all of the issued and outstanding common shares of ABB. Recently renamed Viterra, the Australian agri-business has a multi-faceted operation. Viterra's Australian and New Zealand operations are organized into the Company's existing segments, Grain Handling and Marketing, Agri-products, Food Processing, and Feed Products. The domestic grain business consists of country storage and handling assets, port terminal operations, as well as merchandising and logistics management. The food processing operation includes eight malt manufacturing plants across Australia. The feed products operation is located in New Zealand and includes feed milling, storage and maize processing. The agri-products business is involved in fertilizer and agricultural chemicals sales, livestock and wool marketing and wool brokering.

Viterra's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "VT". Viterra's CHES Depository Interests ("CDIs"), issued in connection with the acquisition of ABB (See Section 10 of this MD&A and Note 6 to the Consolidated Financial Statements), began trading on the Australian Securities Exchange ("ASX") under the symbol "VTA" on September 14, 2009.

3. BUSINESS MODEL

Viterra's business model is designed to optimize its position in the agri-food value chain by connecting producers and their commodities with destination customers around the world, generating revenue at each stage of the handling, processing and marketing process.

3.1 North American Business Model

In North America, Viterra's relationship with producers is extremely important given that they are both Viterra's customer and supplier of products. The Company provides farmers with agronomic and planning advice, financial products, and other services at the beginning of the crop cycle and delivers customized agricultural solutions and products aimed to ensure

high-quality, high-yielding crops are available to meet demands in the international marketplace.

In North America, Viterra sells a wide variety of agri-products such as proprietary and public seed varieties, along with fertilizer, crop protection products and small agricultural equipment. The Company bundles agri-products with production contracts, trucking premiums, financing options and targeted marketing programs to attract commodities into its high throughput grain handling network in Canada. Viterra cleans, dries and blends grains, oilseeds and specialty crops before they are sold to the domestic or export market. Viterra markets the grain directly to destination customers through its commodity merchandisers or through the Canadian Wheat Board (“CWB” or “Board”). The products are shipped from the Prairies either by truck or by rail to various markets domestically or to port position.

The Company manages the transportation and logistics requirements to the destination and is responsible for maintaining the integrity of the product while en route and in storage. For grains that originate from Canada and are destined for the international marketplace, the product moves through one of Viterra’s export terminal facilities. Before being loaded onto vessels, the product is graded by the Canadian Grain Commission (“CGC”) to ensure it meets the quality specifications demanded by the international marketplace.

Viterra’s food processing ingredients can be found in food products around the world, whether they are in breakfast cereals or snack bars sourced from Viterra’s oat mills, canola oil that is processed through its canola crushing facility or in malt products derived from its investment in Prairie Malt. Viterra products are also traded through strategic alliances and supply agreements with other food processing and consumer products companies internationally. Viterra develops relationships globally to secure demand for Prairie agricultural products, completing the value chain to the consumer.

Viterra is involved in value-added feed processing through its Feed Products group, which operates feed manufacturing plants in Western Canada, Texas, Oklahoma and New Mexico. Viterra provides a full line of feed and nutritional feed formulations, advisory services, financing and other related services to beef and dairy cattle, swine, poultry and other livestock producers.

3.2 Australian Business Model

Viterra’s Australian and New Zealand operations primarily consist of grain handling and marketing services, agri-products, food processing, and feed products. Viterra’s business model in South Australia is anchored by a comprehensive storage and handling system that includes up-country elevator capacity and significant investments in export capabilities. The primary focus is on grain accumulation and the marketing of growers’ commodities to destination customers both domestically and internationally.

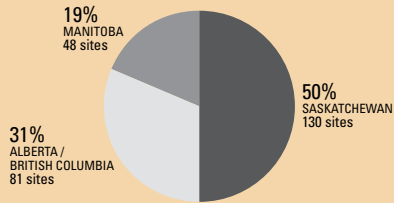
The Company’s Grain Handling and Marketing segment warehouses grain and oilseeds grown in South Australia in bunkers, silos and grain sheds. Viterra also owns and operates all of South Australia’s bulk grain export terminals. The majority of the South Australia crop moves through Viterra’s infrastructure to reach destination markets. Growers deliver their commodities via truck either to up-country storage or directly to port. The commodities are then purchased by grain marketers, including Viterra. Most marketers utilize Viterra’s southern Australian infrastructure to store and handle their purchased commodities prior to movement to select destinations.

Viterra is also the largest maltster in Australia, operating 63% of Australia’s malt production capacity under the Joe White Maltings brand, and representing approximately 68% of the country’s malt exports. It competes with domestic and international malt producers to supply brewers’ growing malt demand, particularly from the Asian-Pacific region. Barley is the second largest crop grown in Australia, with average production of approximately 7 million tonnes annually. Therefore, Viterra is well positioned in the heart of the malt barley growing region.

Viterra’s Australian Agri-products business offers growers a variety of products, including fertilizer, seed, and crop protection products through a retail operation. Viterra also operates a wool accumulation and sales business.

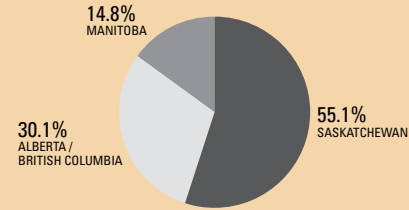
Viterra is well positioned to provide feed products to the growing New Zealand market, leveraging Viterra’s global sourcing capabilities. Viterra is a key importer and distributor of grains and meals into New Zealand through its storage, maize processing and feed milling operations.

Retail Locations – By Province



Source: Viterra Company Reports

2009 Seeded Acreage – By Province



Source: Statistics Canada, Field Crop Reporting Series, Vol. 88, No.8

3.3 Agri-products

Viterra is involved in the sale of seed, crop protection products, fertilizer, and equipment to producers. The Agri-products operations also include an ownership interest in a nitrogen fertilizer manufacturer and a network of retail locations.

3.3.1 Agri-products – North America

Viterra's Agri-products segment in Canada operates a network of 259 retail locations throughout Western Canada, which are geographically distributed throughout the growing regions of the Prairies. The Company is involved in the specialized storage and sales of bulk fertilizer, seed, crop protection products and small agricultural equipment, such as storage bins and grain augers. All facilities offer a variety of agronomic services, including seed, soil and moisture testing. Viterra's retail stores are staffed by individuals with agronomic and agri-business expertise and are supported by a team of professional agronomists.

Viterra's research and development centre at the University of Saskatchewan focuses on developing high-yielding seed products, primarily canola and flax, designed to thrive in Western Canada's diverse climate. Viterra contracts with Prairie growers to produce the seed and, through its retail network, sells proprietary seed varieties and certified seeds that offer improved yield potential and other value-added traits. Viterra also sells third-party varieties provided through suppliers such as Bayer CropScience, Dow AgroSciences, Pioneer Hi-Bred and Monsanto.

Viterra has a 34% investment in CFL, a nitrogen fertilizer manufacturing plant in Medicine Hat, Alberta. The Company is entitled to receive 34% of approximately 1.5 million tonnes of merchantable product, split equally between granular urea and anhydrous ammonia ("NH₃"). Viterra also holds a 53% patronage interest in Interprovincial Co-operative Limited, a supplier and manufacturer of crop protection products in Canada.

Agri-products Market Environment – North America

The agri-products market in Western Canada is mature and highly fragmented, with over 900 locations throughout the region, operated by grain companies, co-operatives, fuel companies and independent retailers. Viterra's operations represent approximately 30% of the market. Independent retailers, who collectively comprise another 30%, are the single biggest competitor. Some offer a full range of products, including seed, fertilizer, crop protection and small agricultural

equipment, while others specialize in specific product lines. Unlike the Grain Handling and Marketing segment, deregulation, globalization and consolidation have had little effect on the agri-products distribution network.

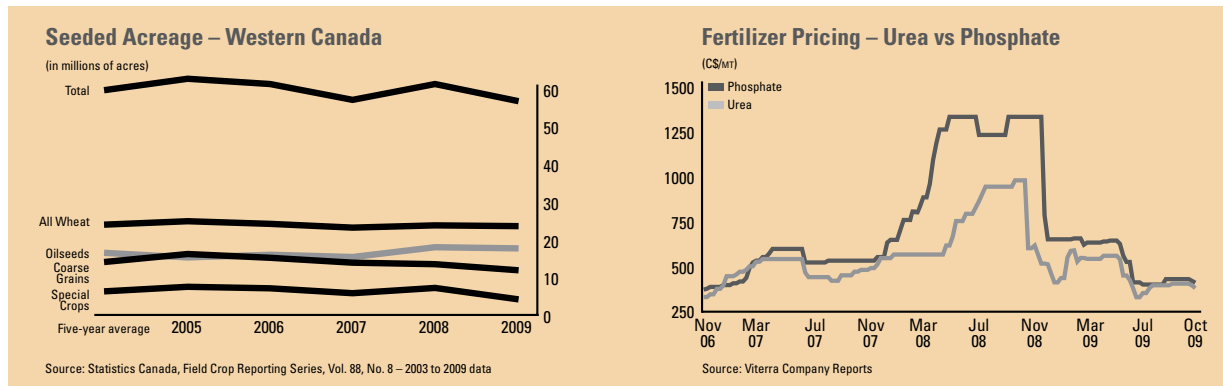
The western Canadian market is defined based on total seeded acreage, which has remained at approximately 60 million acres over the last decade. Agri-products usage has, however, climbed and, since 1999, the overall market (excluding equipment sales) has grown from about \$2.6 billion in sales to about \$4.2 billion in 2007. In 2008, sales increased to \$5.4 billion mainly due to record commodity prices, particularly fertilizer. Additional sales were realized in that period as well, as a result of farmers increasing their application rates to capitalize on the high commodity prices. Since that time, commodity prices, including fertilizer prices, have declined. This has led to a decrease in gross industry sales for 2009.

The fertilizer table on page 9 illustrates the trend in estimated wholesale fertilizer prices for the two main products sold through Viterra's North American retail system since the fall of 2008.

The Agri-products business starts with the seed. New seed and seeding technologies – together with less summer-fallowed acres, the development of new crop protection products that address long-term plant disease issues, and shifts in crop mix from cereal grains to oilseeds and special crop commodities – have all influenced the growth in the seed market.

There are good opportunities for differentiation in seed products. Access to proprietary seeds can drive higher sales and margins and can be the basis for product bundling strategies. Most retail locations that sell seed offer third-party varieties, while a few larger companies, like Viterra, have their own proprietary seed products. Apart from proprietary seed and certain proprietary rights to specific brands of chemical products, competition is based primarily on price, information, service and availability.

The industry is seasonal and highly dependent on weather conditions, with more than 75% of the Company's seed, fertilizer and crop protection products delivered from mid-April to the end of June (although 80% of seed orders are typically placed prior to January 1). This means that capacity is fully utilized during this period and under-utilized for the remainder of the year.

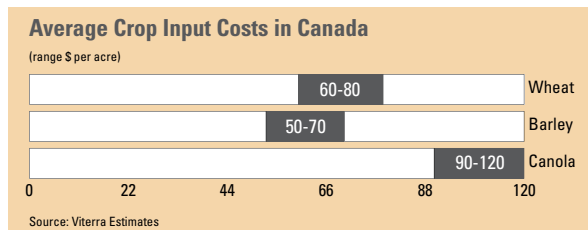


This short-term, high-volume delivery period requires superior logistics management to ensure products are in the hands of customers when needed. Timely deliveries by manufacturers and central warehousing facilities are essential to meet customer demands. Spring season logistical challenges can be eased by a strong fall season, which typically runs from August to November, depending on weather and harvest conditions. In those years, the fall season can represent about 15% of annual agri-products sales volumes in North America, the majority of which are typically fertilizer sales.

Key Agri-products Profit Drivers – North America

Key performance drivers in this segment are the volume of sales in each of the main product lines and the related margins. Demand for crop inputs is strongly correlated to the acres seeded in the crop production year and grain pricing. As noted previously, seeded acreage in Western Canada has averaged about 60 million acres per year.

Crop mix can influence both the level of sales and margins. For example, canola and other special crops require more inputs than wheat and barley, resulting in greater seed, fertilizer and crop protection product sales in years when the seeded acres are more heavily weighted to those crops. Crop mix can vary depending on commodity price outlooks, input costs, crop rotation requirements and weather conditions. The latter may delay spring seeding and influence the producer to shift to products with earlier germination and shorter maturation characteristics. Margins may also be affected by crop mix, since some seed varieties have a better margin contribution than others.



As mentioned earlier, Viterro is involved in fertilizer manufacturing through its interest in CFL. The largest cost component in nitrogen-based fertilizer manufacturing is natural gas, which makes up approximately 75% of the cost of producing urea. The Company manages its share of natural gas costs to limit its exposure through the use of financial

instruments. Fertilizer production typically occurs throughout the year, while sales are substantially executed during the compressed spring and fall seasons.

Western Canadian nitrogen fertilizer wholesale prices are generally predicated upon the NOLA (New Orleans, Louisiana) price plus freight to Western Canada, adjusted for foreign exchange. During periods of increasing fertilizer prices, Viterro may experience margin appreciation between the time of production and the time of sale, or margin compression in a period of declining fertilizer prices. Producers' buying behaviour, in terms of both consumption and timing, will also change depending on input costs, underlying commodity prices and their views on the market outlook.

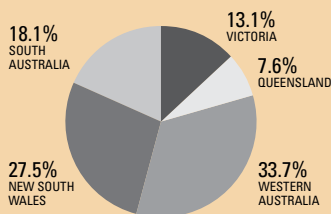
The most dramatic sales growth and price appreciation in fertilizer came in 2008 when the industry experienced both dramatic commodity price increases and rising demand. High fertilizer demand, a result of high commodity prices, contributed to record prices even though natural gas costs, the most significant input for nitrogen-based products, were lower compared to the prior year.

During the latter part of 2008, fertilizer prices began to decline, a function of lower corn prices and an anticipation of slower demand. Prices have remained depressed and a number of industry participants wrote down inventories in 2009 as a result.

The most significant driver in this business is weather, which influences the timing and quantity of sales. Farmers regularly purchase crop inputs in the spring and fall periods. Extremely wet or dry conditions can alter the timing and type of input purchases, depending on the level of plant disease and insect infestations in the case of crop protection products, or the amount of soil moisture for seed and fertilizer application. However, favourable weather patterns can also enhance seed, fertilizer, and crop protection product sales as producers strive to optimize crop yields.

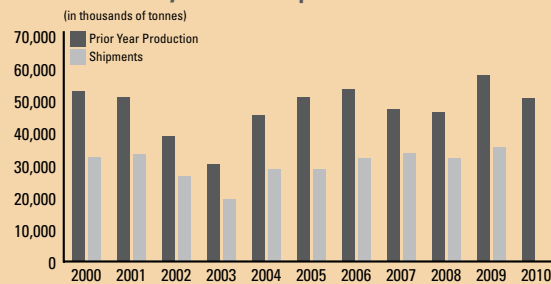
In terms of sensitivity to overall earnings, management estimates that each 1% change in North American agri-products retail sales revenue represents approximately \$2.0 to \$4.0 million of EBITDA (see Non-GAAP (Canadian Generally Accepted Accounting Principles) Measures in Section 18). Management estimates that a 1% change in North American gross margin typically translates into about \$12.0 to \$17.0 million of EBITDA.

10-Year Average Acreage – Australia



Source: Australian Bureau of Agricultural and Resource Economics (ABARE)

Western Canadian Production and Primary Elevator Shipments



Source: Statistics Canada and Canadian Grain Commission

3.3.2 Agri-products – Australia

In Australia, Viterra operates six retail stores (five of which are located in South Australia and one in New South Wales) and 10 depots located alongside Viterra grain storage and handling facilities, through which it sells seed, fertilizer, crop protection products and other farm-related items. The Company also has five fertilizer warehouses in the region (four in South Australia and one in Victoria) and operates a wool brokering and export business, a livestock marketing business and two real estate offices in South Australia.

The Company manages a portfolio of more than 30 field crop seed varieties, with the majority being barley and wheat varieties. It participates in research and development through an equity ownership in the University of Adelaide Barley Breeding Program, which allows Viterra the first right of refusal over new barley varieties. The Company also has an agreement with the southern Australian Research and Development Institute for the commercialization rights to the National Oat Breeding Program for milling oat varieties.

Viterra's wool operation, an important link in Viterra's relationship with growers in Australia, extends to South Australia, Western Australia and Victoria. Viterra acts as a broker, direct buyer, and exporter in this industry.

Agri-products Market Environment – Australia

Seeded acreage is the principal driver of crop inputs in Australia as well. The average area sown to field crops in Australia over the past 10 years is approximately 51 million acres, with the breakdown by region illustrated in the graph above. The primary crops grown in the region include wheat, barley, sorghum, canola, oats and lupins.

In 2008, the Australian fertilizer market was approximately 3.9 million tonnes.

The total Australian crop protection products market was estimated to be worth approximately \$1.4 billion in 2008. Herbicides make up 45% of this market, while 35% is animal health, 13% insecticides and 7% includes fungicides and plant growth regulators. The Australian agri-products market is dominated by several large players.

According to the International Wool Textile Organisation ("IWTO"), Australia is the largest global producer and exporter of wool – accounting for nearly one-quarter of global production.

Approximately 98% of Australia's wool is exported, with China being the dominant destination, taking 67% of Australia's wool exports. Viterra's wool business has two components, domestic and export. Domestically, Viterra moves wool from the farm to sell at auction. For about 60% of the volume, Viterra acts as a broker for the wool grower and, for 40% of the business acts as the principal buyer, either selling into auction or supplying to destination customers in countries such as China, India and Italy.

Key Profit Drivers for Agri-products – Australia

Weather is a key profit driver for agri-products in Australia, as it is in all grain growing regions. Fertilizer pricing and demand are the other key factors in profitability. Fertilizer pricing is driven by global fertilizer supply and demand fundamentals. Approximately 60% of Viterra's Australian fertilizer sales are phosphate and 40% are nitrogen-based. Local demand is primarily dependent upon adequate moisture and soil nutrient levels, the growers' views on future commodity prices and weather. Viterra must accurately assess grower demand and manage required inventory positions to guard against the impact of declining or volatile fertilizer prices.

3.4 Grain Handling and Marketing

The Grain Handling and Marketing segment accumulates, stores, transports and markets grains, oilseeds 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.

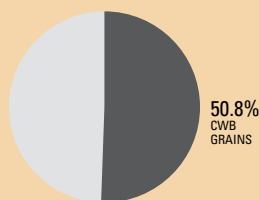
3.4.1 Grain Handling and Marketing – North America

In its Grain Handling and Marketing segment in North America, Viterra contracts, markets and transports grain from the farm to end-use markets through the Company's 85 licensed primary grain elevator locations and through its port terminals in Vancouver, British Columbia, Thunder Bay, Ontario and Prince Rupert, British Columbia. Grain handling begins with the movement of the commodity from the farm to Viterra's geographically dispersed and strategically located country elevator network, where the product is dried, weighed, graded, cleaned and prepared for shipment. Grain is then shipped from the country elevator to North American customers (such as a flour mill, oilseed crusher, maltster feed grain consumer, or biofuel plant) or to a port terminal, usually for shipment to an offshore destination customer.

Proportion of Viterra's Western Canadian Grain Receipts

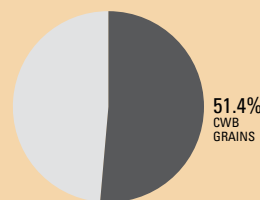
2009

49.2%
OPEN MARKET
GRAINS



2008

48.6%
OPEN MARKET
GRAINS



Source: Viterra Company Reports

Viterra actively buys grain and oilseeds from farm customers throughout the year. Viterra tests the commodities for quality then cleans, dries and blends them in preparation for shipping. Viterra earns a margin for these services. Volumes, quality and export demand are key drivers in this business. Viterra markets open market grains and oilseeds directly to destination customers and buys and sells wheat and barley as an Agent and Accredited Exporter of the CWB. The grains regulated by the CWB are known as “Board grains” or “CWB grains”.

The CWB has a monopoly over the domestic sale of western Canadian wheat used for human consumption and barley used for malting purposes. The CWB is also the sole export marketing agency for all western Canadian wheat and barley. Under this monopoly, the CWB controls the sales price as well as the flow and timing of wheat and barley deliveries into the elevator system by issuing contract calls to the producers. The flow of shipments to port terminals is also determined by the CWB through its management of rail logistics.

Most western-based grain companies operate as agents of the CWB, buying grain from producers on behalf of the CWB and delivering it to position at port or to a designated domestic customer. Many grain companies, including Viterra, are also CWB-Accredited Exporters and secure wheat and barley sales in the global marketplace on behalf of the CWB. Viterra contracts, transports and markets “open market” grains (such as canola, oats, flax, peas and other special crops) for its own account.

Viterra has extensive access to domestic and international markets, developed through its marketing relationships with destination customers. Through its primary sales offices across Western Canada and its International Grain Group, with offices in Vancouver, Singapore, Geneva, Tokyo and Beijing, the Company markets its grains and oilseeds to more than 50 countries and is the largest canola exporter in Canada. The International Grain Group maintains strong relationships in destination markets and exporting countries in order to gain access to grains and oilseeds from new regions and capture a greater share of the global demand base.

Grains and Oilseeds Market Environment – North America

On average, Western Canada produces about 49 million tonnes of grains and oilseeds (based on the 10-year average of the six major grains and oilseeds, excluding the unusual 2002 drought), as well as a variety of other specialty crops.

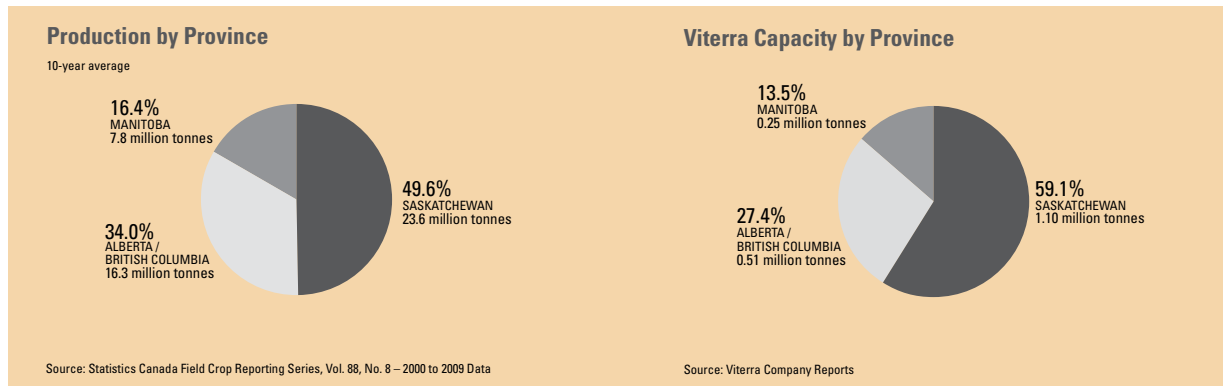
Typically, about 60% to 65% of the total grains and oilseeds (approximately 30 to 32 million tonnes) are shipped over the subsequent 12-month period through the primary elevator system by grain handling companies such as Viterra. The remaining grain production is consumed domestically by food processors, oilseed crushers, feedlots, or held on-farm for future marketings. Viterra has about 35% of the industry's primary storage capacity and the largest market share, representing about 45% of the market, based on receipts (producers' deliveries into the system).

Traditionally, wheat has been the dominant crop in Western Canada but, in more recent years, the crop mix has seen a significant shift in favour of oilseeds and special crops. This has been driven by a number of contributing factors. Producers are diversifying to higher value crops to reduce price risk and enhance overall returns. Heightened demand for oilseeds and special crops, together with better seed varieties, have provided farmers with new cropping options and access to the better pricing associated with those commodities.

Approximately 50% of the Company's total shipments are now Board grains (based on a five-year average). In recent years, the Company has seen a shift in production from wheat to canola and other special crops, which has driven a corresponding shift in the proportion of CWB grains to open market grains that are handled.

Key Profit Drivers for Grain Handling and Marketing – North America

The key drivers in Viterra's North American grain handling business are volumes and margins. Volume is important because of the high fixed-cost nature of the business. The more grain that flows through Viterra's grain handling and marketing infrastructure, the lower the cost per tonne. The volume of grain shipments is based mainly on production volumes in the previous growing season, adjusted for changes in on-farm inventories. Accordingly, volume is a key driver of profitability given the fee-for-service business model. These fees (or tariffs) are typically adjusted annually and are fairly predictable once export targets and destination customer demands have been determined. Management estimates that every 5% change in production volumes has about a \$15.0 to \$18.0 million impact on EBITDA assuming a corresponding increase or decrease in grain receipts.



Factors that may influence the timing and amount of shipments in a given year include the producers' expectations of commodity prices in the near and longer term, the timing and quality of the crop harvested, export demand, foreign exchange rates, rail transport capabilities, the financial needs of farmers, and direct sales by farmers to domestic millers, maltsters and oilseed crushers.

Viterra measures market share based on its share of overall producer deliveries of the six major grains into its Canadian primary elevator system. The Company's extensive and geographically dispersed network of assets positions Viterra to capture a significant proportion of the market relative to the production in each of the Prairie Provinces and assists in reducing revenue risk from localized production variances. The ability to source grains and oilseeds in the western Canadian market, as a result of this highly efficient infrastructure, is a competitive advantage.

In 2009, Viterra continued to invest in its country assets as it looked to improve efficiencies, upgrading multi-car loading capabilities at four locations. In addition, construction continues on Viterra's new facility in Sexsmith, Alberta, slated for completion in 2010. This focus on country infrastructure positions Viterra well as its competitors also look to expand their country operations. Management believes that Viterra's market share for the six major grains will remain strong, in the 45% range, as it completes its efficiency and expansion strategies.

All major grain handling companies have the ability to elevate, store, clean, blend, market and transport grain. As such, companies compete on the basis of price and service, which, in turn, can be influenced by the company's level of efficiency. Viterra, with the most efficient elevator network, multi-car rail loading capacity and logistics expertise, has the ability to maximize throughput in the system, keeping costs per tonne low and, consequently, outperform competitors in the industry (see discussion of Core Capabilities in Section 5).

The ability to attract market share is a significant factor in profitability. Management estimates that a 1% change in Viterra's market share could result in about a \$7.0 to \$8.0 million change in EBITDA.

Market share must be appropriately balanced with the level of margins achieved. Viterra's competitive strength, therefore, comes from deploying its core capabilities so that it can enhance market share by offering competitive value to farmers, while preserving and enhancing its own margin capabilities (see discussion of Core Capabilities in Section 5).

Export volumes are also important to profitability, as increased activity at Viterra's port terminals and export-accredited inland terminals generate additional revenue from services such as elevation, cleaning, drying and blending. As a fee-for-service or tolling business, Viterra earns maximum margins on those commodities that it receives into its primary system, ships through a port terminal and manages directly to the destination. As such, the level of CWB sales, worldwide supply and demand, and the quality and price of grains, oilseeds and other commodities influence export levels and are factors that can impact profitability.

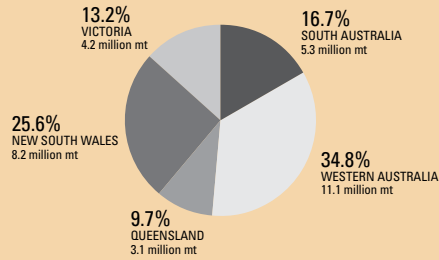
Due to the relatively fixed cost nature of the business, management estimates that each \$1 per tonne change in margins translates into about a \$15.0 to \$16.0 million impact on EBITDA.

As noted earlier, Viterra recently established an International Grain Group that is responsible for furthering the development of customer relationships in destination and origination markets, seeking out international value-added opportunities, and marketing grains and oilseeds to capture a greater share of the global demand base. Margins earned by the Grain Group in North America include the tariffs and services charged at the primary elevator, rail incentives and port terminal charges. For certain customers and certain commodities, the International Grain Group will assume responsibility once the product arrives at export position, managing the vessel freight and delivery to the destination of choice. The International Grain Group also sources commodities from other countries, when it makes sense to do so, taking possession at port position and managing the vessel logistics, trading margins and delivery to the destination customer.

3.4.2 Grain Handling and Marketing – Australia

In Australia, Viterra stores, contracts, markets and transports grain from its storage and handling system through export port terminals to end-use markets through the Company's 108 licensed primary grain elevator locations. Viterra is the sole owner and operator of eight bulk export terminals in

Five-Year Production of Principal Crops in Australia



Source: ABARE

South Australia, which have a combined storage capacity of 3 million tonnes, or just under a third of Viterra's storage and handling capacity in the region. Three of the facilities are situated at deep-sea ports and are capable of loading Panamax vessels (which can hold between 52,000 to 75,000 metric tonnes) including the recently commissioned Outer Harbor facility. Viterra has aggregate storage capacity of 9.6 million metric tonnes, primarily spread throughout South Australia.

This segment also has a 50% interest in Australian Bulk Alliance ("ABA"), a grain receival and export business in New South Wales and Victoria. In total, ABA has eight country grain elevator locations and a 50% ownership in one export terminal at the Port of Melbourne.

Viterra has a national accumulation team that sources grain from growing regions across Australia. The team utilizes a suite of grain marketing products in its sourcing activities. Viterra also sources grain to supply its malt processing and feed manufacturing operations in Australia and New Zealand.

Grain handling in Australia, as in Canada, begins with the movement of the commodity from the farm to Viterra's country elevator receival network, where the product is weighed, graded, and prepared for shipment. Grain is then shipped, via truck or rail, from the country elevator to domestic customers (such as a flour mill, maltster, or feed facility) or to a port terminal. Viterra has a long-term agreement for bulk grain railcar supply to support the movement of grain through its southern Australian infrastructure and has the ability to source additional capacity should it be required. Unlike the Canadian system, there is virtually no on-farm storage in South Australia. Growers in this region use Viterra's storage and handling system and pay warehousing fees, until such time as they choose to sell their grain into the market. Various marketers bid on growers' grain through the year. As noted earlier, Viterra has 9.6 million tonnes of storage in South Australia, while production in the region has averaged 5.3 million tonnes over the past five years. Therefore, inventory turns are low, typically less than one turn per year.

Grains and Oilseeds Market Environment – Australia

Total average principal crop production for Australia over the last five years has been 31.9 million metric tonnes.

The Australian wheat market was liberalized in July 2008 with the abolition of the single desk monopoly on bulk wheat exports previously held by AWB Ltd. Under the Wheat Export Marketing Act of 2008, a new export licensing scheme was adopted. Under the new arrangements, wheat exporters are required to hold a licence from Wheat Exports Australia in order to export wheat from Australia.

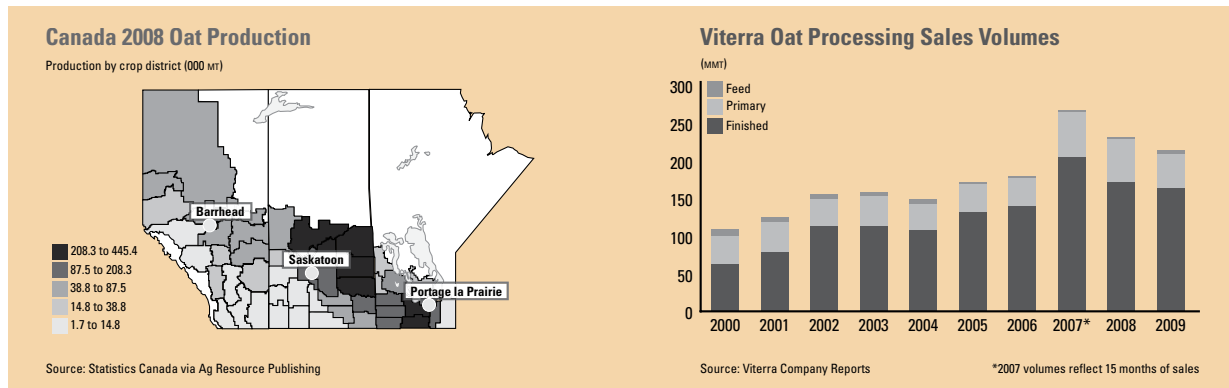
To be eligible for a bulk wheat export licence, Viterra, along with other port terminal owners, are required to have an access undertaking approved by the Australian Competition and Consumer Commission ("ACCC") that provides fair and open access to marketers who want to move grain through Viterra's port facilities. The undertaking was approved on September 29, 2009 and the Company's two-year wheat export licence was granted on September 30, 2009.

As a result of the changes to the regulatory system, grain companies are now able to trade Australian grain commodities both domestically and for export. The new deregulated environment has increased competition, with more than 27 registered companies able to compete as marketers for domestic and international sales.

Key Profit Drivers for Grain Handling and Marketing – Australia

In Viterra's storage and handling business, the key profitability driver is volume, which is directly linked to crop production levels in South Australia. Given that Viterra owns the majority of the region's storage; growers depend upon the Company for their warehousing needs. There is no significant competition in southern Australian storage; therefore, Viterra competes with other regions in Australia, including Western Australia, Queensland and New South Wales in setting its fee structure. It must be competitive with other regions in order to encourage marketers to purchase grain from South Australia.

Another significant profit driver in this segment is commodity prices. With the deregulation of the market, grain purchased for Viterra's account must be fully financed with the Company's working capital. Viterra employs hedging, forward contracting and position limits to assist in protecting itself from the impact of adverse market moves.



3.5 Food Processing

Viterra’s Food Processing segment is an important aspect of the Company’s value chain. Overall, this segment extends the Company’s pipeline by producing semi-finished and finished food ingredients for consumer products companies and food processors around the world.

3.5.1 Food Processing – North America

Viterra’s ingredients can be found in food products around the world, whether they are in breakfast cereals or snack bars sourced from oat milling, or salad dressings, cooking sprays or bottled oils sourced from Viterra’s canola processor. Viterra develops relationships globally to secure demand for Prairie agricultural products, completing the value chain to the consumer.

Viterra’s North American Food Processing segment is comprised of oat and specialty grain milling facilities (formerly known as Can-Oat Milling) located in Portage la Prairie, Manitoba; Martensville, Saskatchewan; and Barrhead, Alberta; a canola processing facility in Ste. Agathe, Manitoba; and a 42% ownership interest in Prairie Malt, one of North America’s largest single-site malting plants, located at Biggar, Saskatchewan.

Food Processing – North America – Oats

Viterra is one of the world’s largest industrial oat millers and controls approximately 21% of the total North American oat milling capacity and approximately 36% of the industrial ingredient supply market. It processes raw oats into primary, intermediate and finished food products and has a total milling capacity of 380,000 tonnes of oats per year. Viterra is the supplier of choice for many U.S. food manufacturers. Customers are primarily North American marquee food manufacturers who are consistent brand leaders in breakfast cereals, whole grain and healthy food choices. The food manufacturing market is dominated by a small number of larger manufacturers and, as a result, Viterra is dependent on its top five customers for over 50% of its sales volumes; however, these customers are large companies to which it has been supplying for more than five years.

Western Canada is the largest oat production area for milling quality oats in the world. Viterra estimates that at least 50% of the oat production can be used for milling in an average year, of which its oat operations purchase approximately 20% per annum.

Oats are encased by a low-value hull, which renders 30 to 35% of the weight essentially unusable for human consumption. Due to the extra cost associated with shipping these low-value byproducts, mill locations closer to raw material supplies have a competitive advantage.

In 2009, more than 90% of the milled oats were exported to the United States. Viterra’s Barrhead facility in Alberta also has the capacity to process organic oats and has barley processing capacity of 3,500 to 7,000 tonnes per year, depending on product mix.

Products are classified into three types: primary, finished and animal feed. Primary products are used to produce finished products (such as flakes, flour, bran or blended oatmeal combinations) or are sold directly to customers with their own finishing capacity.

Oat Market Environment – North America

Viterra’s oat business can be characterized as stable in an industry that is mature. Canada is the second largest oat producer and the largest oat exporter in the world, representing 65% of the world’s oat export trade. In 2009, total world oat production increased to 25.4 million tonnes, including oats for feed and human consumption. Canada’s oat production has remained relatively consistent over the past 15 years and represents about 15% of the world’s total. Close to 90% of Canada’s oats are produced in Western Canada, with the majority, about 78%, grown in Saskatchewan and Manitoba. In 2009, total harvested area decreased in all three Prairie Provinces due to poor weather, lower yields and poor growing conditions. Despite these conditions, the 2009 crop provides sufficient supply to meet Viterra’s oat processing needs in 2010.

The oat milling industry has seen steady growth in North American demand over the last five years. As a result, the percentage of total oat production that is utilized for food and industrial purposes has increased from 30% in 2004 to 35% in 2009.

The U.S., the fourth largest oat producer in the world, is also the world’s largest importer of oats, representing about 70% of the world’s oat trade. Most of the oats are imported from Canada, with the balance imported from Scandinavia. Canada exports 40% to 45% of its oat production, primarily to the U.S. Canada exported more than 1.6 million tonnes to the U.S. in the

12 months ended July 31, 2009 ("2009 Crop Year"), representing approximately 90% of that country's total oat imports. Despite the strong demand in the U.S. for milling oats, production has declined over the last 15 years as U.S. farmers increase plantings of alternative crops like corn, soybeans and wheat.

Oat milling is an attractive segment of the food ingredients market. Oats are a wholesome and natural whole grain, grown and processed with very little chemical application. Oat ingredients are functionally suitable for the rapidly growing "convenience food" product categories, another important growth driver for the food industry. Oat demand is particularly resistant to adverse economic conditions since oats are a very affordable food source.

The Food and Drug Administration ("FDA") in the U.S. has approved a health claim for oat-based products, stating that the soluble fibre from oatmeal, as part of a low-saturated fat/low-cholesterol diet, may reduce the risk of heart disease. This official view of whole grain consumption has heightened consumer interest in oat-based foods. Many cereal and snack bar makers are now altering their product lines to include whole grains, a positive development for the oat industry over the long term.

Food Processing – North America – Canola

Viterra operates a canola crush plant, which it purchased in June 2009, that has an annual crush capacity of up to 345,000 metric tonnes. The plant produces and competes in the canola oil processing and canola meal markets primarily within Canada and the U.S. The business is segmented into three areas, including seed, oil and meal.

Canola seed crushing is an attractive segment of the food market. Canola oil has a distinct advantage over other vegetable oils due to its fat content characteristics, which are low in saturated fats and high in mono-unsaturated fat.

Canola oil represents approximately 50% of the vegetable oil consumed in Canada, 50% of that consumed in Japan and 25% of that consumed in Mexico.

Globally, large multinationals dominate the oilseed processing industry. The Canadian oilseed crushing industry is comprised of five companies operating a total of 10 crushing plants, with current crush capacity of 5.8 million tonnes per year. Several companies are currently expanding their operations, and Viterra

expects capacity to rise to approximately 8 million tonnes per year, which equates to 7.2 million tonnes of annual production assuming 90% capacity utilization. When all announced expansion plans are complete, there will be 12 plants in Canada operated by seven companies.

Canola Market Environment

Canola is the primary oilseed crushed in Canada. From the early 1980s to the most recent five-year period, production of canola has increased by approximately 175% and surpassed 12 million tonnes for the first time in 2008. According to Statistics Canada, Western Canada is expected to produce approximately 11.8 million tonnes of canola in the 2010 crop year. Crush volumes have increased by 5.7% (compounded annual growth rate) since the early 1980s. The early 1990s and the most recent five-year period have seen the most significant increases in volume. Since the mid-1990s, the export market for canola oil has driven the increase in total crush volumes. Today, Canada is the world's largest exporter of canola oil while the U.S. is the world's largest importer.

Despite the increase in total crush volumes, the percentage of canola production crushed domestically has remained relatively constant at 42%, with the balance of canola seed being exported and crushed at destination.

The two dominant export markets for canola oil are the U.S. and China. Aside from occasional purchases by Europe, other Asian countries comprise most of the remaining demand for canola oil. The increase in volumes to the U.S. is largely related to the burgeoning demand for oils suitable for producing low or zero trans fat food products. In addition to the Canadian crush industry, several crush plants in the U.S. access canola from Canada and the demand from these facilities has been increasing.

Other facilities that crush canola are switch plants that also crush several oilseeds, such as flax, sunflower or soybeans depending on economics and seed availability.

Health concerns, specifically related to the consumption of saturated fats and trans fats, are expected to have a positive impact on the consumption of canola relative to other vegetable oil alternatives over the medium term. Canola oil has the lowest level of saturated fat and is one of the highest in omega-3 levels, resulting in canola having a healthier profile compared to all other oils on the market today.

Canola meal production, destined for the livestock feed industry in Canada, is expected to grow from just over 3 million metric tonnes to close to 4.5 million metric tonnes based on the additional capacity coming on-stream. Canola meal is used as a feed for livestock, primarily hogs, dairy cattle and poultry. About 67% of canola meal produced in Canada is exported and, of that, 94% goes to the U.S. The primary reason for such a high percentage going into the U.S. is the bulkiness of the product that makes shipping it over longer distances expensive. In the latter part of fiscal 2009, the U.S. FDA began testing Canadian canola meal for *salmonella* under its zero tolerance guidelines. This has resulted in the rejection of certain shipments by industry participants. Viterra is currently working with other participants who are actively seeking a resolution with the FDA.

Food Processing – North America – Malt

Viterra has a 42% ownership interest in Prairie Malt, located in the heart of Canada's Prairie region where some of the best barley in the world is grown within a 100-kilometre radius of the plant. Prairie Malt has an annual capacity of 220,000 metric tonnes and produces top-quality malt that is shipped to customers throughout Canada, the U.S., South Africa, the Pacific Rim and Latin American countries. As part of the Company's interest in Prairie Malt, a barley supply agreement is in place requiring Prairie Malt to take a majority of its barley requirements from Viterra, subject to quality, cost, and timeliness issues. Viterra's partner in Prairie Malt is Cargill Limited ("Cargill"), who also is the majority owner and operator of the plant.

North America – Malt Environment

The main raw material used in the production of malt is malting-quality barley. In Canada, the CWB holds a monopoly on Canadian malt barley sales to domestic and international customers. Sales are made directly by the CWB or by Accredited Exporters of the CWB such as Viterra. Canadian maltsters purchase all of their malting barley from the CWB, with prices for malting barley based on North American and international market prices. The malting industry is the largest value-added exporter of cereal grains in Canada and the largest barley customer of the CWB. For the coming crop year, the malting industry is expected to purchase more than 50% of available CWB malting barley stocks.

Key Profit Drivers for Food Processing – North America

In Viterra's oat milling business, margins are impacted by yield, foreign exchange, oat pricing and product mix. Since a low-value hull, which is unusable for human consumption, encases raw oats, it takes 1.62 tonnes of raw oats to produce 1 tonne of oat ingredients in an average year. Depending on the quality of raw oats in a particular year, this yield equation can vary between 1.60 tonnes to 1.70 tonnes. Every 0.01 tonne decrease in yield can add about \$0.4 million to the cost of production and, as such, has an impact on the margins and profitability in this business. Raw oat quality, in turn, is influenced by oat varieties, soil conditions, and farm practices.

Oats, as an international commodity, are priced in U.S. dollars ("USD"). Prices are driven mainly by the world feed grain market and can be quite volatile. Prices of finished goods move up and down on a contract-to-contract basis, with the price of oats and the milling margin negotiated as a separate component.

In the canola processing business, product mix can affect earnings since different types of products will carry different margin contributions. For example, primary canola meal typically has lower margins than canola oil.

Malt margins are significantly impacted by key manufacturing inputs, including natural gas, labour, and the processing yield achieved from malt barley. As well, in Prairie Malt's business, reliable quality is a key factor in maintaining sales relationships with international customers. Only high-quality malt barley is selected for the malting process, so crop quality can affect supply and increase production costs. The overall quality of the 2009 harvest was average when compared to the previous five crop years.

3.5.2 Food Processing – Australia

Through the acquisition of ABB, Viterra is now Australia's largest malt processor, operating eight processing plants strategically positioned across Australia, with the largest capacity volume in those states with the greatest barley supply. Under the brand Joe White Maltings, Viterra's Australian malt operation, has an annual production capacity of up to 500,000 metric tonnes, of which 400,000 tonnes are destined for export markets and 100,000 tonnes are consumed domestically. Viterra supplies malt to major domestic and international brewers. Viterra's malt operations require approximately

600,000 tonnes of malt barley per year, representing 25% of the Australian malt barley crop.

Viterra is a leading malt supplier for key global markets, predominantly the Asian-Pacific region.

Viterra has an investment in the University of Adelaide's Barley Breeding Program. It is a sponsor of various grower and agronomic-driven projects, and is focused on market optimization and malt quality for brewing performance. As well, Viterra's malting operation has been actively involved in research and development in the areas of microbial safety, biochemistry and protein modification.

Market Environment – Australia

Viterra owns 63% of Australia's malt production capacity and exports 68% of Australia's malt. It is well positioned to supply Asian malt demand, which, together with other emerging economies, is expected to support world beer demand growth going forward. Annual global beer production growth rates have averaged 3.3% over the last 10 years and from 2009 to 2013 are expected to rise to 3.8%.

Key Profit Drivers for Food Processing – Australia

Primary market drivers in the Australian malt barley industry include the quantity and quality of the malt barley crop, global pricing and destination demand. Prior to this year, Australia has been dealing with poor crop conditions. Despite these challenges, Viterra's malt operations have, through its combined merchandising expertise, been able to source sufficient quantities of malt barley to meet its needs.

The global financial crisis had an impact on the malt business in 2009, primarily related to the timing of contract deliveries. The Company has developed long-standing relationships with destination customers that will continue to serve it well into the future. While contract flexibility over the past year was required and resulted in a softening of malt margins, management believes that average margins will be consistent with previous years, albeit at the lower end of the previously attained range. The Company expects margins to migrate toward more traditional levels at the higher end of the range as financial conditions improve and malt demand increases globally. Management is currently assessing the proposed construction of a new 110,000 tonne malt processing plant in

New South Wales that would position Viterra's Australian malt business to meet expected Asian demand growth.

3.6 Feed Products

Viterra's Feed Products segment has operations throughout North America and New Zealand. This business segment extends Viterra's pipeline by processing raw materials into livestock feed, ingredients and nutritional supplements.

3.6.1 Feed Products – North America

The core business activity in Viterra's North American operations consists of the manufacturing, sale and distribution of feed products and related micro, macro and commodity ingredients for commercial and acreage-based livestock producers. Specialty feed formulations and feed product manufacturing is well diversified between dairy and beef cattle, poultry, swine and other specialty livestock feeds. Feed manufacturing is conducted at six feed mills and one pre-mix manufacturing facility located in British Columbia, Alberta, and Manitoba. Viterra also has a feed manufacturing and commodity sales outlet in Logan, Montana.

Viterra owns six feed mills in Texas, Oklahoma and New Mexico that manufacture complete feeds, supplements, pre-mixes and commodity ingredients for ranchers and dairy farmers in Texas, New Mexico, Oklahoma and other south central U.S. markets. Viterra also owns and operates a shuttle train unloading facility near its mill in Dexter, New Mexico, which steams and flakes corn for regional dairy producers.

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

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

Viterra offers financing programs to livestock producers and borrowers are required to purchase their livestock feed products from Viterra. The Feed Products group, in conjunction with Viterra Financial™ administers and acts as an agent for

a Canadian chartered bank, which provides the financing for the program. Additional information regarding this activity can be found in Section 3.7.

Feed Products Market Environment – North America

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

Traditionally, Canada has exported about 50% of the beef and pork it produces, either as meat or live animals, primarily to the U.S. The economic downturn, weakness of the USD, along with non-tariff trade barriers, such as Country of Origin Labeling ("COOL") in the U.S., has limited market access and has considerably reduced Canadian exports in the short term and, consequently, reduced the demand for manufactured feed.

To put demand into context, during the first six months of the calendar year 2009, Canadian beef exports to the U.S. were down 32.4% and pork exports were down 34.6% as compared to the same period in calendar year 2008. In addition to the aforementioned market pressures, overall pork markets declined due to an inappropriate worldwide association with swine flu (the H1N1 flu virus), starting in the second quarter of fiscal 2009.

At times during 2009, beef, dairy and pork producers in North America were operating below their cost of production. This caused severe economic pressures on customers' ability to pay and reduced the overall demand for manufactured feed. These economic challenges have resulted in farm failures and an extremely competitive environment given the shrinking customer base.

Viterra sells complete manufactured feed and vitamin and mineral pre-mixes to the swine industry in Canada. U.S. feed milling operations do not manufacture or sell significant quantities of hog feed.

For the North American beef sector, Viterra supplies feed supplements to ranchers, feedlot operators and cow-calf operators. In addition to the aforementioned implications of non-tariff trade barriers such as COOL, industry feed demand in 2009 was adversely affected by poor cattle markets and

lower demand for beef associated with the general economic downturn.

The dairy market in Canada is supply managed. The matching of supply and demand through quotas stabilizes the dairy market and related feed pricing. This market is expected to remain stable for the foreseeable future and any growth will be driven by population growth. Conversely in the U.S., the economic downturn in 2008 and 2009 led to wholesale milk prices falling well below the cost of production. This led to a feed demand decline due to herd reductions, but the primary EBITDA impact was due to customers switching from higher margin fully manufactured feeds and supplements to survival rations, consisting of low margin commodities and silage.

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

The North American feed manufacturing industry is a mature industry with surplus capacity in some regions, resulting in competitive pricing and margin pressures, particularly in the 2009 demand downturn. Many competitor feed manufacturing assets are older with some in need of significant maintenance capital, sped by minimal investment by poorly funded players during the past two years. In addition, growing consumer concern over food safety has resulted in regulatory changes that may prove challenging for on-farm feed manufacturing operations and outdated commercial feed mills, putting additional economic pressures on marginal players. Viterra's business model is solid. Its assets are relatively new and have been well maintained. All of Viterra's Canadian feed mills are federally certified or compliant with Hazard Analysis Critical Control Point ("HACCP") guidelines, the internationally recognized system of quality control management for food safety. Viterra's U.S. feed milling assets are fully compliant with local, state and federal operating standards for feed milling.

Key Profit Drivers for Feed Products – North America

The key performance drivers in feed manufacturing are the volume of feed tonnes sold and the product mix of higher valued ingredients versus lower margin commodities. In Canada, margins have been relatively stable over a 12-month period. The U.S. market has traditionally undergone more seasonal variability, with lower margins earned in the spring and summer when beef cattle are moved from pastures to commercial feedlots, where, in many cases, onsite feed manufacturing takes place.

Over a normal 12-month period, total feed and ingredient volumes for Viterra are expected to average about 2.3 million tonnes, of which about 0.9 million tonnes will be manufactured and sold in Western Canada. This tonnage is influenced by the demand for feed, which is driven by a number of economic factors, including the demand for protein in North America and around the world.

In 2009, feed demand dropped due to lower demand from hog operators, and the overall reduction of demand for protein and milk. Regionally, demand for livestock feed products can be influenced by a number of local factors such as dairy and poultry quotas, the availability and cost of feed grains, along with other ingredients, and the local farm ranching infrastructure.

Management estimates that each \$1 increase in margin per tonne equates to approximately \$2.0 million in EBITDA contribution from the North American operation. Further, each 2% increase in feed volumes equates to \$0.5 million in EBITDA growth.

3.6.2 Feed Products – New Zealand

Through the acquisition of ABB, Viterra is now a major player in the New Zealand feed market with a presence across the 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 three feed mills representing sales of approximately 155,000 tonnes annually. Viterra is also constructing a 180,000 tonne capacity feed mill in South Auckland that is expected to be complete by mid-2010.

Feed Products Market Environment – New Zealand

In New Zealand, the dairy industry is one of the country's largest industries and is the country's number one exporter. Exports of dairy products account for 21.6% of total merchandised exports and are valued at \$9.3 billion New Zealand Dollars ("NZD").

New Zealand's meal and grain imports have increased by 21% per annum since 1999, driven by new meal requirements primarily in the dairy and poultry industries. Viterra has positioned itself to become a market leader in ruminant feed sales in New Zealand through the recent purchases of feed milling and processing companies.

Key Profit Drivers for Feed Products – New Zealand

Viterra is well positioned to provide feed products to the growing New Zealand market, leveraging its global sourcing capabilities and import and distribution position. The Company owns critical storage infrastructure positioned at key import locations and has long-term supply agreements with key agri-commodity consumers.

Key profit drivers in this business include demand for meal and nutritional inputs.

As noted above, meal, and grain imports have increased since 1999, driven by meal, which has increased from zero to 1.3 million tonnes. Dairy herd numbers have increased by 2.2% per annum, while milk solids have increased by 4.2% per annum since 1999. There has been healthy and sustained growth in the number of dairy cows in New Zealand over the last decade, along with improvements in productivity. At the same time, poultry production has grown at a rate of more than 2% per year over the last 10 years. This has underpinned the growth in grain and protein imports as farmers seek to maximize the productivity of their land.

3.7 Financial Products

The Financial Products segment offers financial products to producers in North America, primarily consisting of credit programs to support their on-farm cash flow requirements.

Through Viterra Financial™, the Company acts as an agent of 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. Credit advanced to agri-products customers

enables them to purchase the Company's crop protection, fertilizer, seed and equipment products. The repayment terms are structured to meet the producers' cash flow needs. Viterra Financial™ offers secured loans from the bank to feed products customers to purchase feeder cattle, as well as related feed inputs, with terms that do not require payment until the livestock is sold. In both programs, the Company directly manages the customer relationship and receives a fee for performing front-end customer review and credit adjudication services. Viterra provides an indemnity to the bank for a portion of any loan losses (see Section 12.2). Total approved credit managed by this group is approximately \$1.5 billion.

In addition to these credit programs, this segment also offers ancillary financial and risk management products to producers.

Financial Products Market – North America

Credit demand is determined by the purchasing needs of producers, increases in the prices of crop inputs, economics in the livestock industry, and the availability and pricing of other sources of credit.

The demand for financial services has increased dramatically in the last 10 years. Rising crop input prices, the growing number of larger, more complex farming operations, and the reduction of traditional lenders willing to support 100% of farm operating expenses have led to a shift in how agri-businesses are financed. Many smaller crop input retailers are not able to adequately finance the credit needs of their customers and, therefore, do not have similar programs in place. While traditional trade credit is offered by many larger suppliers, Viterra Financial™ is able to offer a broad range of financing options to better align with customers' cash flow requirements. For example, Viterra offers extended terms that allow farmers to repay their credit lines after harvest, enabling customers to take advantage of future grain delivery opportunities.

Key Profit Drivers for Financial Products – North America

Key performance drivers in the Financial Products segment relate to the level, duration and quality of credit in a given year. These can be influenced by crop input and feed prices, credit quality, producer cash flows and interest rates.

The size of the lending portfolio is determined by the value of the underlying crop inputs or feed purchases that comprise the

portfolio. This, in turn, influences the level of interest income on the portfolio and the resulting fees earned by the Company.

The timing and duration of the credit programs are impacted by the credit quality within the portfolio. Since the portfolio is reviewed and renewed on an annual basis, short-term fluctuations in farm income or producer cash flow do not typically result in any change in credit quality. Viterra maintains an extensive database to track credit history and performance as part of its annual credit adjudication process. Since the Company indemnifies the bank for a portion of its credit losses (see discussion in Section 12.2), credit quality can have an impact on the earnings in the segment.

Prevailing interest rates are also a key component to profitability in this segment. Changing interest rates can affect margins as Viterra Financial™ typically offers programs with extended payment terms. While programs are in place to minimize the effects that increased funding costs might have on the portfolio, unexpected rate changes can still affect profitability.

4. STRATEGIC DIRECTION

Viterra's successful acquisition of ABB during fiscal 2009 was a significant step in the Company's growth and diversification strategy, with the goal of becoming a global agri-business leader and a key supplier of ingredients to the world. Viterra has also expanded its agri-products retail network in Canada and has purchased a canola crush facility in Manitoba. The scorecard at the end of this section depicts the Company's achievements with respect to its strategic growth plans for 2009.

As Viterra looks forward, the Company's strategic focus can best be defined by two key objectives: geographical diversification, and expansion of value-added processing to increase the earnings base, while maintaining a competitive and flexible capital structure.

Viterra's international strategy specifically targets regions that are in prime environments for consolidation, beyond the borders of the western Canadian grain and agri-products industries. The international diversification strategy is focused on acquiring assets, originating grains and oilseeds and marketing commodities in regions of the world that grow

commodities that Viterra already markets, thereby maximizing full value chain margins.

With the acquisition of ABB, Viterra now has the scale and scope to effectively serve and increase its influence with destination customers. For wheat, barley and canola, Canada and Australia combined have the largest export origination, comprising over 40% market share of the world's aggregate exports of these commodities. Viterra markets its commodities to over 50 countries worldwide.

As part of this strategy, Viterra's International Grain Group opened a new trading office in Singapore in 2008 and, during 2009, established an office in Geneva and a joint venture marketing agreement in India. This staged approach was designed to enhance the Company's international grain expertise and allow Viterra to capitalize on the growing global demands in agriculture.

The acquisition of additional value-added processing operations is also a primary focus for Viterra as it will further diversify Viterra's earnings base and expand margins, enabling Viterra to balance its growth strategy and earnings stability. The Company's intention is to build on its existing capabilities, processing food and feed ingredients for the global marketplace. With the acquisition of ABB, which includes malt processing assets, Viterra's malt production capacity has increased by approximately 500,000 metric tonnes annually.

During the last year, Viterra also acquired a canola crush plant in Manitoba with a 345,000 metric tonne annual production capacity. In order to continue to grow its Food Processing segment, the Company will strategically focus on opportunities to expand processing capacity to meet the growing ingredients demand in the most efficient manner. Some key considerations include the raw material source, market demand, transportation logistics and customer expectations. Viterra's geographical regions of expertise are in Canada, the U.S. and Australia. The Company will seek assets where it can leverage the existing origination value chain and expertise to create synergies and efficiencies.

Value-added investment is expected to allow Viterra to earn higher margins and further extend its reach along the entire value chain. The Company now has a stable platform on which to build its value-added capabilities. While the Company has

not abandoned options to build, the preference is to pursue growth in a manner that offers the greatest prospective financial returns. This includes acquisitions as well as initiatives that enhance the value of existing assets, which allow Viterra to continue to participate in consolidation opportunities, while avoiding escalating construction costs. At the same time, it provides for quicker market entry and expansion, the prospect of more immediate financial returns and the ability to acquire management expertise. Quality growth and earnings stability will come from maximizing returns on its existing assets and acquiring new businesses to leverage those returns in the future.

The Company assesses the strategic fit of all potential opportunities and plans to pursue only those activities with acceptable risk-adjusted return profiles. As the Company pursues growth, it will focus on maintaining certain credit quality objectives that are consistent with its goal of achieving investment grade credit ratings in the future.

Metric	Target
Total Debt-to-Capital	30% - 40%
Total Debt-to-EBITDA*	<3X
EBITDA Interest Coverage*	>5X

*See Non-GAAP Measures in Section 18.

In pursuing its long-term goals, Viterra's focus is on controlled, strategic growth and diversification, capturing value from global industry consolidation while maintaining a stable and quality earnings profile. The Company intends to aggressively manage its cost structure and prudently manage risks to maximize shareholder value as it grows the business.

Viterra continues to maintain one of the strongest balance sheets in the industry and remains committed to preserving its financial flexibility across business cycles.

2009 Strategic Objectives Scorecard	
Geographically expand core capabilities, focusing on regions that originate wheat, canola and barley	
✓	Acquired ABB for \$1.4 billion, establishing Viterra as the leading South Australia agri-business
✓	Completed \$450 million subscription receipt offering for ABB acquisition
Establish an integrated marketing and trading group to extend origination pipeline and expand international trading and logistics	
✓	Opened marketing office in Geneva, Switzerland
✓	Added trading and chartering expertise to Viterra's portfolio
✓	Established Indian joint venture to extend pulses and special crops pipeline
Invest in grain handling and agri-products to establish Viterra as the supplier of choice	
✓	Introduced 11 private label crop protection products in Western Canada
✓	Expanded western Canadian equipment sales network
✓	Invested \$37 million to upgrade North American infrastructure
✓	Acquired eight agri-product retails for a total of 259 locations in Western Canada
Invest in value-added businesses to increase contributions from processing	
✓	Acquired a canola crush facility with annual processing capacity of 345,000 tonnes
✓	Acquired ABB's malting business increasing Viterra's malt processing capacity by 500,000 tonnes
Enhance operational excellence to reduce costs and improve efficiency	
✓	Created an integrated global information technology platform
✓	Centralized oat procurement into Viterra
✓	Launched Viterra brand corporate-wide
Establish Corporate Responsibility framework/commitment	
✓	Completed comprehensive baseline assessment of Viterra's sustainability practices against global assessment criteria
✓	Established a Safety, Health and Environment committee of the Board
✓	Donated \$1.2 million to charities and organizations, focused on health, wellness and safety

5. CORE CAPABILITIES

In addition to the capital resources discussed in detail in the "Liquidity and Capital Resources" section of this report, Viterra has a number of core competencies that should enable it to achieve its strategic initiatives.

5.1 Solid Financial Position and Strong Operating Leverage in Uncertain Times

Viterra currently enjoys certain benefits from its operating leverage since the Grain Handling and Marketing and Agri-products segments are largely fixed-cost structures.

As such, incremental improvements in revenues and margins translate almost directly into incremental improvements in EBITDA. The Company expects it will continue to generate significant free cash flow to enable it to pursue its strategic growth objectives.

During fiscal 2009, the Company issued \$450 million of equity which, along with existing cash and short-term investments, fully funded the cash portion of the ABB transaction. ABB shareholders opted to receive the maximum share consideration. Viterra issued 78.3 million shares and

paid \$703.4 million (\$751.7 million Australian Dollars (“AUD”)) in cash to ABB shareholders as full consideration for the acquisition.

In July, the Company issued an additional \$300 million of long-term debt. At October 31, 2009, Viterra had approximately \$800 million of cash and short-term investments that are available for future growth initiatives.

Viterra’s capital structure is solid with longer term credit facilities in place to support its ongoing financial requirements. The Company has an \$800 million operating line in place to fund its core operations in North America and provide the capacity to finance its expanding business. The Company, through its Australian subsidiary, Viterra Australia, also has a separate \$1.2 billion AUD operating line in place to fund its Australian operations. In addition, as at October 31, 2009, the Company had approximately \$1.0 billion of cash and short-term investments on its balance sheet, a major portion of which, as noted above, is not required to finance seasonal working capital needs and is available for future growth initiatives.

5.2 Healthy Customer Base

The majority of western Canadian farmers are financially strong and have access to the necessary credit to fund their ongoing operations. Through Viterra Financial™, farmers have access to up to \$1.5 billion in credit to support their agri-products and feed products purchases. Australian growers have been dealing with drought conditions over the past two years, which has had an impact on their financial situation. However, Australia’s harvest is now underway and current forecasts suggest above average production this year, which should improve cash flow for growers in fiscal 2010.

5.3 Diversified and Modern Facility Assets

In Canada, a substantial infrastructure renewal program to upgrade and replace older, smaller country grain elevators with new, more efficient high-throughput elevators (“HTEs”) at strategic locations throughout the regions of Manitoba, Saskatchewan, Alberta and British Columbia was substantially completed throughout the 1990s.

The Company believes the geographic dispersion and strategic location of each of its facilities, in addition to its extensive port terminal operations in Vancouver and Prince Rupert, British Columbia and Thunder Bay, Ontario make it possible to attract the throughput volumes required for

the Company to be a preferred supplier for end-use grain markets. The Company’s significant footprint in Western Canada positions it as a reliable originator of commodities for its domestic and international customers. Not only does this strategic network diversify the risk of localized weather, but it also allows Viterra to adopt a “value chain management” approach to maximize grain revenue and position it to optimize further opportunities that may result from any change to the regulatory environment.

The geographic dispersion of Viterra’s extensive agri-products retailing network throughout Western Canada permits Viterra to reach a broad group of farm customers. This geographic dispersion throughout the region serves to further diversify the risk of localized economic or other market conditions.

Viterra owns approximately 95% of the central storage and handling system in South Australia, where up to 20% of Australia’s crops are grown. As such, growers and marketers utilize the infrastructure to move agricultural commodities to market, providing Viterra with a steady income stream from storage and handling fees. The infrastructure is made up of a combination of steel, concrete and bunker storage, with approximately 25% of the 9.6 million tonnes being built in the last 10 years.

As in Canada, Viterra’s country network in South Australia was rationalized in the 1990s, with the selection of 33 strategic sites across South Australia within 50 kilometres of each other. Capital was channelled into these “super sites” to ensure they had fast receipt and out-loading facilities and were able to deal with large intakes. As a result, Viterra’s receipt network across the grain growing regions of South Australia is efficient. Viterra also has the flexibility to engage or temporarily close less efficient storage on a season-by-season basis, depending on the size of the harvest.

5.4 Efficient Network/Logistics Expertise

In its Canadian operations, the Company’s efficient elevator network, and the related logistics expertise it uses to arrange for the optimal receipt of grains into the facilities, minimizes the length of time the grain is held in storage and provides for timely delivery to domestic and international customers. Since railway companies offer incentives for loading products into multi-car unit trains, maximizing railcar usage through its country network is also an important contributor to profitability. The incentives

for fiscal 2009 range from \$4 to \$5 per tonne for 50-car loads, to incentives of \$8 per tonne on car loads of 100 or more. Viterra is well positioned with about 35% of the industry's 100-car loading capacity, allowing it to offer producers competitive transportation premiums to attract grain into its system and simultaneously capture a profitable increase in market share.

Viterra owns all of the South Australia port grain terminals and loads its own grain as well as grain for other exporters. South Australia enjoys four advantages that make it an attractive and reliable state for export logistics: the grain growing regions are relatively close to port so freight to port is cheaper overall than in other states of Australia; the port terminals are set up to receive both road and rail; the rail system serves the ports well; and, finally, there are five port terminals, including two deep water ports within relatively close proximity to each other to provide flexibility and surge capacity to shippers.

5.5 Quality Control

With consumer awareness and concerns over food safety and traceability, the Company has established a number of processes to track and identify crops at every stage of production, from seed to customer, to meet or exceed international standards. In North America, Viterra applies HACCP principles and maintains a certificate of conformity to the ISO 22000 HACCP standard, the internationally recognized Food Safety Management System, to the operation of its grain handling network. Viterra is also registered to the ISO 9001:2000 standard, an internationally recognized Quality Management System for the processing and export of grains, oilseeds and special crops. In the North American feed business, Viterra maintains Feed Assure™ certification, a HACCP industry recognized standard.

Viterra's grain handling and malt operations in Australia have met increasing market demands for traceability and food safety programs as well and are certified to the ISO 22000 HACCP standards. This is the foundation for continuous improvement, ensuring customers' expectations are met. The ISO 9001:2000 and ISO 9001:2008 Quality Management System accreditations cover Viterra's Australia and New Zealand broader grain handling, malting operations and feed manufacturing respectively. As well, these accreditations cover the operations' respective associated functions. These accreditations

complement Viterra's commitment to its customers to provide superior service.

5.6 Customer Focused

Viterra is committed to monitoring economic, financial and regulatory developments in the agricultural community to anticipate changing needs and respond accordingly. The Company has a Customer Solutions service group in Canada that is responsible for nourishing customer relationships, analyzing product offerings that align with customer needs and seeking opportunities to grow market share. In Australia, Viterra has embarked on a comprehensive analysis of the customer base and intends to put in place a similar customer relationship strategy in that region. Viterra believes that executing on initiatives to deliver innovative solutions to its customers will reinforce its position and provide it with a competitive advantage over others in the industry.

5.7 Agronomic Services

To complement the Company's other product offerings, Viterra has an agronomic service team in place throughout Western Canada that includes Certified Crop Advisors ("CCAs") and 21 Managers of Agronomic Services ("MASs"). The MASs are dedicated business partners in farming communities across the Prairies, committed to the production cycle from seeding through harvest. Their industry-leading expertise keeps customers current on the latest agronomic technologies and helps customize product packages tailored to a customer's specific needs. They also serve as educators within Viterra's network, training staff on the latest in agronomic trends and product offerings so that front-line staff can tailor solutions-based marketing programs. Together, the services provided by Viterra's CCAs and MASs provide the Company with unique guidance and expertise integral to growers' key business decisions, further distinguishing Viterra from its competitors in the industry.

5.8 Proprietary Seed Varieties

Developing the best seed varieties requires a long-term commitment and focus on breeding, trait development and extensive crop evaluation. Viterra's in-house breeding effort in Canada is focused primarily on the oilseed sector and includes proprietary canola (*Brassica napus* and *Brassica juncea*) and flax.

Operating the largest Canadian-owned canola breeding program, Viterra develops world-class proprietary canola

varieties and is globally recognized for leadership in this area. Throughout the development process, research and technology collaborations from around the globe (such as the Evogene Abiotic Stress gene project initiated in 2008) have been key to ensuring ongoing competitiveness. In flax, Viterra leads the industry in breeding and has been successful in oil profile modification and meeting the needs of both growers and consumptive end-use customers.

In other crops, including cereals and forage seed, Viterra accesses genetics on an exclusive basis from its breeding partners and tests them through Viterra's development group, which represents the most extensive trialing system in Western Canada. Whether developed in-house, or sourced from suppliers, Viterra's goal is to provide growers with the best genetics and superior seed varieties to maximize yield and return on investment.

Viterra is also actively involved in research and development in Australia, with a primary focus on barley. Viterra holds an equity interest in the University of Adelaide's Barley Breeding Program, which allows Viterra first right of refusal over new barley varieties and also offers Viterra access to the latest developments for malt barley research, a significant advantage for its malt operations. Viterra also has an agreement with the South Australian Research and Development Institute for the commercialization rights to the National Oat Breeding Program for milling oat varieties.

Proprietary products are a key feature of Viterra's seed line and offer additional margin opportunities throughout the Company's value chain. Viterra's proprietary seed line consists of 14 canola varieties and 17 cereal varieties exclusive to Viterra. In many cases, the seed is also identity preserved ("IP") under contract.

Farmers who purchase seed under IP contract are required to return the production to Viterra at harvest time, allowing the Company to capture full margin potential – from seed development through to the sale to the end-use market.

Through IP contracting, Viterra's farm customers are able to access varieties with very good agronomics and, at the same time, gain a competitive advantage given that much of the IP product sells for a premium in the international marketplace. Viterra's end-use customers receive product that meets their strict specifications from a quality and food safety perspective. It is a model that Viterra is committed to in meeting the food ingredient requirements of the global marketplace.

6. QUARTERLY FINANCIAL INFORMATION

As noted earlier, the Company acquired all of the issued and outstanding shares of ABB, which materially increased the assets, liabilities, sales, employees, market share and operating capacity of the Company. However, approximately five weeks of ABB's financial results are included in the table below for the period September 24, 2009 to October 31, 2009. The fiscal 2008 quarterly information does not contain ABB's results.

6.1.1 Quarterly Seasonality and Trends – North America

There are distinct seasonal trends in certain aspects of Viterra's North American businesses. These are centred around the growing season and the harvest period. The seasonality of the Company's North American business is most notable in the Company's Agri-products operations because of the relationship of sales to the life cycle of the crop. Generally, more than 75% of the segment's annual sales are generated between mid-April to the end of June, when the crop is first planted and begins maturing.

SELECT QUARTERLY FINANCIAL INFORMATION

For the quarters ended

(in millions – except per share amounts)

(Unaudited)	October 31, 2009 Q4*	July 31, 2009 Q3	April 30, 2009 Q2	January 31, 2009 Q1	October 31, 2008 Q4	July 31, 2008 Q3	April 30, 2008 Q2	January 31, 2008 Q1
Sales and other operating revenues	\$ 1,423.4	\$ 2,222.4	\$ 1,608.0	\$ 1,381.7	\$ 1,716.8	\$ 2,218.2	\$ 1,525.4	\$ 1,317.1
Net earnings (loss)	\$ (0.9)	\$ 120.7	\$ 26.3	\$ (33.0)	\$ 46.8	\$ 166.7	\$ 33.6	\$ 41.2
Basic and diluted earnings (loss) per share	\$ –	\$ 0.51	\$ 0.11	\$ (0.14)	\$ 0.20	\$ 0.71	\$ 0.16	\$ 0.20

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

While grain deliveries, shipments and exports occur fairly steadily throughout each of the quarters, there can be some variation from quarter to quarter depending on demand from destination customers, the CWB export program, weather conditions, rail interruptions, harvest pressures, commodity pricing and producer cash flow requirements. Shipments through the Company's port terminals in Thunder Bay end in late December, when the St. Lawrence Seaway is closed for the winter months, and typically resume near the end of April. In addition, the month of July can be a strong month for grain deliveries as farmers sell their old crop and fill their CWB contracts (which expire July 31) or move it off-farm to make room for the new crop that is harvested from late August to the end of October.

In the Food Processing operations, earnings are relatively fluid with continuous demand for products throughout each quarter. Similarly, Feed Product's sales are also fairly steady during the year, but tend to peak during the winter months as feed consumption increases. Revenue in the Financial Products segment follows the related pattern of underlying sales in the Agri-products and Feed Products businesses.

A summary of the specific trends in the Agri-products business for each of the quarters follows in this section.

First Quarter – November 1 to January 31

Historically, the Company averages about 10% to 12% of its agri-products sales during this quarter and receives pre-purchase payments from customers for the spring agri-products. At this time, producers have also completed harvest and are able to assess the performance of their seed, the condition of their soil and may make early determinations on what crops they intend to plant in the spring. This period is an important sales promotion and marketing period for the Company as it works to secure sales commitments for the spring season.

Second Quarter – February 1 to April 30

Historically, Viterra generates an average of about 12% to 17% of its agri-products sales in this quarter. During this time, the Company prepares for the highly compressed spring selling period as it begins to source, purchase and distribute product through its retail network in anticipation of spring sales, and launch its spring promotional programs. Agronomic specialists are also actively working with producers during this time to

develop their operational plans and customize solutions based on the specific needs of the producer.

Third Quarter – May 1 to July 31

The Company's agri-products sales during this quarter historically average about 58% to 61% of total sales. During this period, producers take delivery of pre-purchased agri-products and begin planting, fertilizing and tending to their crops. Producers carefully monitor crops for insects, weeds and disease during June and July and will apply various crop protection products depending upon these factors. Equipment sales typically begin at the end of this quarter as producers anticipate their storage requirements for the harvest season.

Fourth Quarter – August 1 to October 31

Agri-products sales during this period historically average about 13% to 18% of total sales. Producers purchase crop protection products and equipment from the Company in preparation for harvest. After harvest, producers have their soil tested for nutrient levels and begin to purchase fertilizers. Although not as intense as the spring period, fertilizer sales also increase in the fall, once harvest is complete, and producers begin preparing the soil for next year's crop. The fall fertilizer application restores nutrients to the soil that are needed for spring planting.

6.1.2 Quarterly Seasonality and Trends – Australia

There are distinct seasonal trends in the Australian Agri-products and Grain Handling and Marketing businesses. These are based around grower seeding periods, growing periods and harvest periods. As well, grower payments for these operations are typically received after sales revenue is recognized. A summary of specific trends is provided in each of the quarters below.

In Viterra's southern Australian Grain Handling and Marketing operation, the majority of grain flows into the system during the harvest period, which begins in October and continues through until the end of January. Viterra and other marketers actively buy grain from grower customers throughout the year and those commodities move through the system after those purchases are made.

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 in South Australia typically commences in harvest and continues throughout the year. Income is derived from storage and handling fees including receival, monthly carrying and out-turn fees. Additional income is derived through non-grain commodities handling and shipping year-round from select port terminals.

With respect to Viterra's Food Processing operations in Australia, malt manufacturing is constant throughout the year, typically without seasonal fluctuations. The operation's consistency reflects the fact that 80% of its malt production is exported. Due to the nature of the business, the malt manufacturing operations are not subject to the seasonal supply and demand fluctuations present in other agricultural businesses.

First Quarter – November 1 to January 31

The Australian harvest begins in this period and is usually complete by the end of January. This is one of the busiest quarters for the Grain Handling and Marketing business. Grain export shipping commences in the harvest period and continues for much of the year. In conjunction with shipping, the Company also experiences an increase in road and rail movements to transport grain to ports for shipping.

The Company is also involved in gathering seed from farmers around the country at this time. The grain is sampled, cleaned, and treated, if necessary, before being bagged or left in bulk and stored for sale. The regional sales managers conduct their final inspection of their seed crops just prior to harvest to determine a yield estimate. Data around yield estimates, qualities and varieties are analyzed during this period.

Second Quarter – February 1 to April 30

The Australian Grain Handling and Marketing operations typically receive the last of the grower grain deliveries from the previous quarter's harvest during this quarter. In addition, income is derived from continued export shipping and domestic sales of grain and oilseeds.

Growers begin seeding in April, and this is typically a busy time for several aspects of the Australian business. The main selling period for phosphate and potash fertilizers runs between February and April, as these are typically applied before the seeding period. As well, seed is sold and distributed to both

retail and wholesale customers across Australia. This is also the peak selling period for general crop protection products applied during seeding.

Third Quarter – May 1 to July 31

Growers continue seeding in May and June and phosphate and potash fertilizers are applied during this period. As well, growers monitor emerging crops for insects, weeds and disease during June and July and will apply various crop protection products depending upon these factors. These higher value products include post-emergent fungicides, herbicides and insecticides. Growers also begin to purchase and apply nitrogen fertilizers during this period.

In the Grain Handling and Marketing operations, export shipping and domestic grain sales continue in this quarter.

Fourth Quarter – August 1 to October 31

Nitrogen fertilizer sales typically continue through this quarter into October. As well, growers continue to monitor emerging crops for insects, weeds and disease and will apply various crop protection products depending upon these factors. These higher-value products include post-emergent fungicides, herbicides and insecticides.

In preparation for the upcoming harvest, the Grain Handling and Marketing operations continue to clear and consolidate stocks of grains and oilseeds for shipping and begin recruiting casual employees to assist with harvest activities at the elevator sites.

7. CONSOLIDATED QUARTERLY OPERATING RESULTS

FOURTH QUARTER OPERATING HIGHLIGHTS

(in thousands – except percentages, margins and per share amounts)

For the Three Months Ended October 31, 2009

(Unaudited)

	2009	2008	Better (Worse)
OPERATING RESULTS*			
Sales and other operating revenues	\$ 1,423,355	\$ 1,716,818	\$ (293,463)
Gross profit and net revenues from services	\$ 163,073	\$ 223,432	\$ (60,359)
Operating, general and administrative expenses	\$ (122,837)	\$ (123,174)	\$ 337
EBITDA	\$ 40,236	\$ 100,258	\$ (60,022)
Amortization	\$ (31,551)	\$ (30,226)	\$ (1,325)
EBIT****	\$ 8,685	\$ 70,032	\$ (61,347)
Integration expenses	\$ (5,143)	\$ (2,358)	\$ (2,785)
Gain (loss) on disposal of assets	\$ (1,192)	\$ (206)	\$ (986)
Net foreign exchange gain on acquisition	\$ 16,701	\$ –	\$ 16,701
Financing expenses	\$ (24,143)	\$ (6,271)	\$ (17,872)
Net earnings (loss)	\$ (920)	\$ 46,790	\$ (47,710)
Basic and diluted earnings per share	\$ –	\$ 0.20	\$ (0.20)
Cash flow provided by (used in) operating activities*****	\$ (15,165)	\$ 73,131	\$ (88,296)
Cash flow per share – basic and diluted*****	\$ (0.05)	\$ 0.31	\$ (0.36)
Property, plant and equipment expenditures	\$ (28,110)	\$ (20,409)	\$ (7,701)
GRAIN HANDLING AND MARKETING SEGMENT*			
Gross profit and net revenues from services	\$ 97,750	\$ 108,727	\$ (10,977)
EBITDA	\$ 54,236	\$ 70,091	\$ (15,855)
Sales and other operating revenues	\$ 986,384	\$ 1,182,716	\$ (196,332)
North American Operating Highlights:**			
Industry receipts – six major grains (tonnes)	8,244	8,526	(282)
Industry shipments – six major grains (tonnes)	8,249	8,276	(27)
Primary elevator receipts (tonnes)	3,896	3,684	212
Primary elevator shipments (tonnes)	3,902	3,466	436
Six Major Grains	3,713	3,310	403
Industry terminal handle – six major grains (tonnes)	6,427	5,741	686
Port terminal receipts (tonnes)	2,714	2,083	631
Margin (\$ per grain tonne shipped)	\$ 25.38	\$ 31.37	\$ (5.99)
AGRI-PRODUCTS SEGMENT*			
Gross profit and net revenue from services	\$ 36,548	\$ 89,789	\$ (53,241)
EBITDA	\$ 4,516	\$ 44,033	\$ (39,517)
Sales and other operating revenues	\$ 240,149	\$ 308,072	\$ (67,923)
North American Sales:**			
Fertilizer ***	\$ 103,772	\$ 228,087	\$ (124,315)
Crop Protection	\$ 47,136	\$ 40,992	\$ 6,144
Seed	\$ 1,174	\$ 1,588	\$ (414)
Equipment sales and other revenue	\$ 47,410	\$ 37,405	\$ 10,005
Average Margin for North America (% of Sales)	18.2%	29.1%	(10.9 pt)
FOOD PROCESSING SEGMENT*			
Gross profit and net revenues from services	\$ 13,657	\$ 8,418	\$ 5,239
EBITDA	\$ 6,776	\$ 7,140	\$ (364)
Sales and other operating revenues	\$ 120,867	\$ 54,187	\$ 66,680
North American Operating Highlights:**			
Tonnes sold	142	80	62
Margin per tonne	\$ 75.51	\$ 105.23	\$ (29.72)
FEED PRODUCTS SEGMENT*			
Gross profit and net revenues from services	\$ 10,922	\$ 11,077	\$ (155)
EBITDA	\$ (1,270)	\$ (7,920)	\$ 6,650
Sales and other operating revenues	\$ 140,427	\$ 181,751	\$ (41,324)
North American Operating Highlights:**			
Feed sales (tonnes)	466	501	(35)
Feed margin (\$ per feed tonne sold)	\$ 21.15	\$ 38.86	\$ (17.71)
FINANCIAL PRODUCTS SEGMENT			
EBITDA	\$ 3,179	\$ 3,907	\$ (728)
CORPORATE EXPENSES*			
EBITDA	\$ (27,201)	\$ (16,993)	\$ (10,208)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

** Relevant only for Viterra's North American operations.

*** Consolidated sales from North American wholesale and retail operations.

**** See Non-GAAP Measures in Section 18.

It should be noted that the fourth quarter includes approximately five weeks of contribution from Viterra's Australian operations, for the period September 24, 2009 to October 31, 2009. The results are included in the Company's consolidated statements as well as each respective segment's results where noted.

Viterra generated \$1.4 billion in sales and other operating revenues in the final quarter of fiscal 2009. This compares to sales of \$1.7 billion in last year's fourth quarter. Commodity prices have declined significantly from record highs last year. While this impacted the value of Viterra's grain shipments, the biggest impact was in the Agri-products business, primarily with fertilizer, where Viterra saw fertilizer prices drop and gross margins cut by more than 50% this quarter compared to the same quarter last year.

Consolidated EBITDA for the three months ended October 31, 2009 was \$40.2 million, compared to \$100.3 million in last year's fourth quarter. Contributions from Viterra's Agri-products segment were well behind the previous year's quarter, due to the significant reduction in fertilizer prices and margins, a continuation of conditions being experienced by the entire industry over the past 12 months.

Operating, general, and administrative ("OG&A") expenses totalled \$122.8 million, down slightly from the \$123.2 million spent in last year's final quarter. Lower expenses in the Feed Products and Agri-products segments were offset this year by higher corporate expenses, higher Food Processing expenses and increased costs associated with handling larger volumes of grain.

Amortization expense of \$31.6 million for the quarter was up slightly compared to last year's fourth quarter, when amortization was \$30.2 million.

Consolidated EBIT (see Non-GAAP Measures in Section 18) for the quarter was \$8.7 million compared to \$70.0 million in the last quarter of fiscal 2008.

Integration expenses incurred during the quarter were \$5.1 million, which includes \$2.3 million related to ABB and \$2.8 million related to Agricore United ("AU"). These costs are comprised of signage and branding costs, consulting and advisory, travel and other integration costs incurred by the Company during the period. These costs are up from \$2.4 million incurred for the same period of 2008, which were

related to AU. (See discussion of Restructuring and Integration Matters in Section 11.)

ADJUSTMENTS TO FINANCING EXPENSES

	Actual Three Months Ended October 31,		Change
	2009	2008	
Financing expenses	\$ (24.1)	\$ (6.3)	\$ (17.8)
Adjustments added back			
Interest income	\$ (2.6)	\$ (5.3)	\$ 2.7
CWB carrying charge recovery	\$ (0.7)	\$ (1.8)	\$ 1.1
Adjusted financing expenses	\$ (27.4)	\$ (13.4)	\$ (14.0)

Financing expenses during the quarter were \$24.1 million compared to \$6.3 million in last year's fourth quarter. This increase reflects the additional interest expense for the \$300 million of notes issued in July 2009, the additional \$100 million drawn on the term credit facility and Viterra Australia's financing costs. These interest costs were offset by lower borrowings against the revolving credit facility. In addition, interest earned on short-term investments was reduced, as interest rates on those investments were significantly lower in the fourth quarter of 2009.

During the quarter, Viterra recorded a \$16.7 million net foreign exchange gain, which was associated with the acquisition of ABB. Viterra implemented a hedging strategy to protect itself from any currency fluctuations between the Canadian and Australian dollar. (See Note 23 of the Consolidated Financial Statements.)

The consolidated net loss for the final quarter of 2009 was \$0.9 million (\$0.00 per share), which compares to net earnings of \$46.8 million last year (\$0.20 per share).

Cash flow used in operations before changes in non-cash working capital was \$15.2 million (\$0.05 per share) for the three months ended October 31, 2009, compared to cash flow provided by operations of \$73.1 million (\$0.31 per share) in the same three months of 2008.

7.1 Grain Handling and Marketing

This quarter's results include approximately five weeks of contribution from Viterra's Grain Handling and Marketing operations in Australia. During the fourth quarter, the Australian operations did not take in new grain because the crop has not yet been harvested. As such, there is no significant revenue associated with storage and handling charges and little export movement of marketed grain.

In the fourth quarter of 2009, total western Canadian industry shipments for the six major grains were 8.2 million tonnes compared to 8.3 million tonnes last year. Viterra's shipments for the quarter ended October 31, 2009 were 3.9 million tonnes, up 12.6% or approximately 0.4 million tonnes over the previous year's fourth quarter. For the six major grains, Viterra's quarterly shipments rose 12.2%, surpassing overall industry increases by 12 percentage points.

The split between Board and open market grains was 53/47 compared to 44/56 in the final quarter last year. The proportionately higher increase reflects the larger 2009 wheat crop and stronger Board movement relative to the previous three quarters, as farmers shipped grain to make room for the new harvest.

At export position, port terminal receipts for the industry were up 0.7 million tonnes or 12% over last year's fourth quarter. Viterra's port terminal receipts were up 30.3% to 2.7 million tonnes, driven by volumes at the Company's Vancouver export facilities where receipts reached 1.8 million tonnes for the quarter. Performance at the Company's Vancouver port benefited from strong canola and pea sales into the Asian Pacific region, a robust CWB export program and good availability of railcars.

Gross margins per tonne for North American grain operations were \$25.38 per tonne for the fourth quarter of 2009 compared to \$31.37 per tonne in the same quarter a year ago. The change in margins quarter-over-quarter is consistent with the full year, where industry participants experienced:

- Lower commodity prices, which resulted in lower blending revenues; and
- Fewer opportunities to extract premiums from the market due to less commodity price volatility.

OG&A expenses for the Grain Handling and Marketing segment of \$43.5 million were up \$4.9 million for the quarter. This increase was despite lower pension obligation costs, and was mainly due to the \$4.6 million in additional OG&A expenses added by Viterra Australia.

Segment EBITDA for the quarter was \$54.2 million compared to the \$70.1 million generated in the same period last year reflecting the differences in margins per tonne relative to last year's fourth quarter, partially offset by higher shipments through Viterra's North American pipeline. EBIT for the quarter was \$39.7 million, a decrease from EBIT in the previous fourth quarter, which was \$59.0 million. Included in this year's fourth quarter is approximately \$5.8 million and \$8.0 million in EBITDA and EBIT losses, respectively, associated with the Grain Handling and Marketing operations in Australia since Viterra's acquisition on September 23, 2009.

7.2 Agri-products

This quarter's results include approximately five weeks of results from Viterra's Agri-products operations in Australia for the period from September 24, 2009 to October 31, 2009. The Australian operations contributed \$40.7 million in revenue to the fiscal 2009 results.

Agri-products sales were \$240.1 million during the fourth quarter, which compares to \$308.1 million in last year's fourth quarter. The decrease was largely a reflection of lower fertilizer prices, slightly offset by higher sales volumes of dry fertilizer. Selling prices during last year's fourth quarter were at record highs. This year, fertilizer prices have declined substantially, impacting sales values. While fall NH₃ volumes were slightly ahead of last year, excessive moisture conditions in both years' quarters limited farmers' ability to apply fertilizer. As a result, sales were not as robust as can be expected when weather co-operates during the post-harvest period.

Seed sales remained relatively the same compared to the fourth quarter last year at \$1.2 million. Sales of the Company's crop protection products increased \$6.1 million, primarily due to the delayed harvest, which increased glyphosate demand for pre-harvest application. Farmers will apply glyphosates to advance the crop to maturity if they believe there is a risk of a delayed harvest period.

Equipment sales and other revenues were \$10.0 million higher than the same period last year, reflecting higher demand for on-farm storage and related products (i.e. augers, aeration equipment), which was partially offset by a decrease of \$8.3 million in research and development tax credits.

Gross margins declined during the quarter, decreasing by \$53.2 million from \$89.8 million to \$36.5 million. Lower fertilizer margins for the quarter reflect very little price appreciation compared to the prior year when fertilizer prices experienced significant price increases from the summer to the fall. This resulted in significant appreciation on inventory positions, which was reflected in the margins for the final quarter of fiscal 2008.

Lower quarterly crop protection product margins reflect a decline in glyphosate prices. As well, margins reflect lower research and development investment tax credits this year as previously noted.

OG&A expenses decreased by \$13.7 million during the quarter to \$32.0 million. Last year's results included a \$9.9 million asset retirement obligation charge ("ARO"), which was the primary factor for the positive variance. As well, this year's results also include \$2.0 million in OG&A costs associated with Viterra's Agri-products operations in Australia from September 24, 2009 to October 31, 2009. In addition, lower short-term incentive accruals and a reduction in the Company's bad debt provision improved results for this year's final quarter.

EBITDA for the Agri-products segment for the quarter was \$4.5 million compared to \$44.0 million in the final three months of fiscal 2008. EBIT was a loss of \$6.1 million, compared to earnings of \$29.8 million for the same quarter of 2008.

Agri-products segment results for the quarter included EBITDA and EBIT losses from the Australian operations of \$1.6 million and \$1.8 million respectively.

7.3 Food Processing

This quarter's results also include approximately five weeks of results from Viterra's Food Processing operations in Australia for the period from September 24, 2009 to October 31, 2009.

Sales for Viterra's Food Processing segment were \$120.9 million, a significant increase from the previous year's fourth quarter sales of \$54.2 million. Sales volumes in Viterra's oat milling business were on par with last year's fourth quarter; however, sales prices were down \$5.3 million for the quarter.

Sales from Viterra's investment in Prairie Malt were up approximately 13% reflecting higher malt prices. Sales from Viterra's June 2009 purchase of the canola crushing facility in Manitoba were included in the three months ended October 31, 2009. Viterra's Australian malt processing business recorded \$34.7 million in sales for the reporting period.

OG&A expenses for the segment were \$6.9 million compared to \$1.3 million in the same quarter a year ago, primarily reflecting three months of expenses for Viterra's canola crush operation. Also included are five weeks of OG&A expenses, totalling \$0.6 million, for the Food Processing operations in Australia.

EBITDA for the segment totalled \$6.8 million for the quarter, \$4.4 million of which was generated by the North American operations. This compares to \$7.1 million for the same period a year ago. Viterra's Food Processing operations in Australia contributed about \$2.4 million in EBITDA, and \$1.7 million in EBIT.

Viterra's oat milling operations generated EBITDA of \$1.2 million for the quarter which compares to \$5.1 million last year. Included are marked-to-market losses of \$5.7 million compared to losses recorded in the final quarter of 2008 of \$4.4 million.

EBITDA from Viterra's canola crushing facility was a loss of \$0.3 million. Viterra's share of Prairie Malt's EBITDA contributions were \$3.5 million compared to \$2.0 million in the corresponding period of fiscal 2008.

For the quarter, the segment as a whole generated EBIT of \$4.0 million in the three months ended October 31, 2009 compared to \$5.7 million in the same period a year ago.

7.4 Feed Products

This quarter's Feed Products results include approximately five weeks of results from Viterra's Feed Products operations in New Zealand for the period from September 24, 2009 to October 31, 2009.

Feed sales of \$140.4 million for the quarter ended October 31, 2009 were \$41.3 million lower than the same period last year. The New Zealand operations contributed \$9.3 million to the segment's revenues for the period.

Gross margins for feed for the quarter were \$10.9 million, compared to \$11.1 million in the prior comparable period. Lower sales volumes and a product mix shift to lower margin commodities resulted in the gross margin decrease. This was

attributable to a difficult dairy market in the U.S. and the swine market in Canada, along with lower commodity prices which impacted sales values.

North American OG&A expenses for the quarter were \$11.5 million, \$7.5 million lower than the same period last year. The decrease reflects the benefits of Viterra's focus on cost reductions and \$4.2 million of losses in the prior year, which occurred when the Company settled a number of existing contractual obligations with several hog producers.

The 2009 EBITDA loss for the quarter was \$1.3 million, which compares to an EBITDA loss of \$7.9 million (after provisions and writedowns of \$12.0 million) for the same quarter ended October 31, 2008. Viterra's feed operation in New Zealand had an EBITDA of nil for its five-week period. EBIT was a loss of \$4.2 million for the three months ended October 31, 2009, compared to an EBIT loss of \$10.7 million in the fourth quarter of 2008.

7.5 Financial Products

Results for this segment have some component of seasonality. The fourth quarter reflects a period in which accounts are still typically high, reflecting deferred producer purchase programs.

Performance in the fourth quarter this year was negatively impacted by claims associated with a pilot project entitled SAFE, which was a targeted risk program offered in 2009 that provided a yield and price guarantee to a select group of farmers, who were required to purchase a minimum threshold of crop inputs and were required to sign a grain delivery contract.

EBITDA for the quarter was \$3.2 million as compared to \$3.9 million for the same period last year. EBIT for the quarter was \$3.2 million, as compared to \$3.8 million in last year's fourth quarter.

7.6 Corporate

Corporate expenses of \$27.2 million in 2009 compared to \$17.0 million in the same period of fiscal 2008, were higher primarily due to the impact of the performance of the Company's shares in the fourth quarter of fiscal 2009 compared to the fourth quarter of fiscal 2008. In fiscal 2008, the share price declined through the fourth quarter, reducing the compensation expense recognized on stock-based compensation programs for both employees and directors.

In contrast, the stock price rose through the fourth quarter of fiscal 2009, creating a significant difference in expense recognition for the two periods. In addition, during the fourth quarter of fiscal 2009, the Company expensed \$2.0 million of costs related to growth initiatives that are no longer being pursued. Also included in the corporate expenses were \$1.0 million of corporate expenses from the Company's Australian operations for the period from September 24, 2009 to October 31, 2009.

8. ANNUAL FINANCIAL INFORMATION

8.1 Summary of Consolidated Results

Consolidated sales and other operating revenues for the year were \$6.6 billion, which compares to \$6.8 billion in 2008. Lower sales values in the Grain Handling and Marketing and Agri-products segments, which were reflective of weakened commodity prices, were the primary factors behind the lower overall consolidated sales. The annual results include a sales contribution of \$139.2 million from Viterra's Australian operations from September 24, 2009 to October 31, 2009.

OG&A expenses were \$526.3 million for the 12-months ended October 31, 2009, \$32.0 million higher than the comparable period last year. Higher OG&A expenses reflect increased wages and corporate costs as well as costs associated with the Company's Australian operations. A detailed description of OG&A expenses is included in each segment's discussion of annual results.

The Company reported total pension benefit income of \$23.6 million for the 12 months ended October 31, 2009, which was included in the OG&A expenses. This is up slightly from \$20.8 million in 2008. A reduction in corporate bond rates that are used to value future pension obligations resulted in an increase in the value of the Company's pension obligations. Under pension accounting rules, the increase in obligation is capitalized on the balance sheet and amortized into expense over future periods. However, the increased obligations also cause the reduction of valuation reserves held against the Company's pension assets and those reductions are recognized immediately into income. (See Section 12 of this MD&A and Note 20a) of the Consolidated Financial Statements.)

During the 12-month period ended October 31, 2009, Viterra generated EBITDA of \$323.7 million, which compares to \$532.6 million last year. The results for 2009 reflect stronger

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands – except percentages and per share amounts)

	Actual Twelve Months Ended October 31,		Better (Worse)	Actual Three Months Ended October 31,		Better (Worse)
	2009*	2008		2009*	2008	
Sales and other operating revenues	\$ 6,635,572	\$ 6,777,566	\$ (141,994)	\$ 1,423,355	\$ 1,716,818	\$ (293,463)
Gross profit and net revenues from services	\$ 849,963	\$ 1,026,831	\$ (176,868)	\$ 163,073	\$ 223,432	\$ (60,359)
Operating, general and administrative expenses	(526,265)	(494,227)	(32,038)	(122,837)	(123,174)	337
EBITDA	323,698	532,604	(208,906)	40,236	100,258	(60,022)
Amortization	(109,141)	(106,832)	(2,309)	(31,551)	(30,226)	(1,325)
EBIT	214,557	425,772	(211,215)	8,685	70,032	(61,347)
Integration expenses	(10,191)	(14,622)	4,431	(5,143)	(2,358)	(2,785)
Net foreign exchange gain on acquisition	24,105	–	24,105	16,701	–	16,701
Recovery on pension settlement	–	3,356	(3,356)	–	–	–
Gain (loss) on disposal of assets	(10,314)	1,263	(11,577)	(1,192)	(206)	(986)
Financing expenses	(61,163)	(37,785)	(23,378)	(24,143)	(6,271)	(17,872)
	156,994	377,984	(220,990)	(5,092)	61,197	(66,289)
Provision for corporate taxes						
Current	(14,144)	(19,422)	5,278	(2,579)	(3,907)	1,328
Future	(29,723)	(70,280)	40,557	6,751	(10,500)	17,251
Net earnings (loss)	\$ 113,127	\$ 288,282	\$ (175,155)	\$ (920)	\$ 46,790	\$ (47,710)
Earnings per share	\$ 0.45	\$ 1.31	\$ (0.86)	\$ –	\$ 0.20	\$ (0.20)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

BREAKDOWN OF EBITDA BY SEGMENT

(in thousands)

	Actual Twelve Months Ended October 31,		Better (Worse)	Actual Three Months Ended October 31,		Better (Worse)
	2009*	2008		2009*	2008	
Grain Handling and Marketing	\$ 247,922	\$ 299,297	\$ (51,375)	\$ 54,236	\$ 70,091	\$ (15,855)
Agri-products	122,617	276,863	(154,246)	4,516	44,033	(39,517)
Food Processing	23,791	29,029	(5,238)	6,776	7,140	(364)
Feed Products	12,758	(6,086)	18,844	(1,270)	(7,920)	6,650
Financial Products	9,638	8,846	792	3,179	3,907	(728)
Corporate	(93,028)	(75,345)	(17,683)	(27,201)	(16,993)	(10,208)
	\$ 323,698	\$ 532,604	\$ (208,906)	\$ 40,236	\$ 100,258	\$ (60,022)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

grain shipments, offset by a levelling of gross margins per tonne and a significant decline in contributions from the Agri-products business, which was impacted by sharply lower fertilizer prices and margins. Viterra's Australian operations contributed a net EBITDA loss of \$6.2 million for the period from September 24, 2009 to October 31, 2009 (for more information on the Australian business earnings breakdown see Section 7).

A complete description of each segment's operating performance begins with Section 8.2.

Amortization for the year was \$109.1 million, comparable to the \$106.8 million in the prior year.

Integration expenses incurred during the year were \$10.2 million, which includes \$2.3 million related to ABB and \$7.9 million related to AU. These costs are comprised of signage and branding costs, consulting, advisory costs, travel and other integration costs incurred by the Company in 2009. This is a decrease from the \$14.6 million of integration expenses incurred in 2008 which were related to AU. (See discussion of Restructuring and Integration Matters in Section 11.)

Viterra recorded a \$24.1 million net foreign exchange gain in fiscal 2009, which was associated with the acquisition of ABB. Viterra implemented a hedging strategy to protect itself from any currency fluctuations between the Canadian and Australian dollar. (See Note 23 of the Consolidated Financial Statements.)

The Company recorded a \$10.3 million loss on disposal of assets related to a number of capital asset sales during the year. This compares to last year's gain on disposal of assets of \$1.3 million.

ADJUSTMENTS TO FINANCING EXPENSES

(in millions)

	Actual Twelve Months Ended October 31,		Change
	2009	2008	
Financing expenses	\$ (61.2)	\$ (37.8)	\$ (23.4)
Adjustments added back			
Interest income	\$ (7.9)	\$ (18.8)	\$ 10.9
CWB carrying charge recovery	\$ (2.9)	\$ (7.6)	\$ 4.7
Adjusted financing expenses	\$ (72.0)	\$ (64.2)	\$ (7.8)

Financing expenses for the year were \$61.2 million, up from \$37.8 million last year. This increase reflects the additional

interest expense for the \$300 million of notes issued in July 2009, the additional \$100 million drawn on the term credit facility and Viterra Australia's financing costs. These interest costs were offset by lower borrowings against the revolving credit facility. In addition, interest earned on short-term investments was reduced as interest rates on those investments were significantly lower in fiscal 2009.

Viterra recorded a net corporate tax provision of \$43.9 million in the 12-month period ended October 31, 2009 compared to a provision of \$89.7 million in the same period of 2008. The effective tax rate for the 12 months ended October 31, 2009 was 27.9%, compared to 23.7% for the same period last year. The Company's effective tax rate ordinarily differs from the estimated Canadian statutory rate of 30% due to a variety of factors, including the change in future tax rates applied to different tax assets and tax liabilities, items deductible for accounting but not for tax, as well as the effect of foreign income tax rates differing from Canadian income tax rates.

At October 31, 2009, the Company had consolidated loss carryforwards of \$62.6 million, compared to \$111.3 million at October 31, 2008. Fiscal 2009 includes \$25.0 million of losses from inactive subsidiaries of which the Company has less than 100% interest, and \$37.6 million from other subsidiaries. Of the \$37.6 million, \$31.3 million is associated with Viterra Australia and \$6.3 million is associated with U.S. operations. A full valuation allowance has been recorded in respect of the losses from inactive subsidiaries. A future tax asset has been recorded for the remaining losses.

Viterra's net earnings for the year were \$113.1 million (or \$0.45 per share) compared to \$288.3 million (or \$1.31 per share) last year, which reflects the challenges within the commodity markets this year.

8.2 Grain Handling and Marketing

This year's segment results include approximately five weeks of results from the Company's Grain Handling and Marketing operations in Australia from September 24, 2009 to October 31, 2009 (see Section 7.1). During this period, harvest had not yet commenced and, as such, no new grain receivables were recorded in Viterra Australia's fourth quarter (for further information on seasonality of the business see Section 6).

GRAIN HANDLING AND MARKETING

(in thousands – except percentages and margins)

	Actual Twelve Months Ended October 31,		Better (Worse)	Actual Three Months Ended October 31,		Better (Worse)
	2009	2008		2009	2008	
Gross profit and net revenues from services*	\$ 437,741	\$ 473,657	\$ (35,916)	\$ 97,750	\$ 108,727	\$ (10,977)
Operating, general and administrative expenses*	(189,819)	(174,360)	(15,459)	(43,514)	(38,636)	(4,878)
EBITDA*	247,922	299,297	(51,375)	54,236	70,091	(15,855)
Amortization*	(46,084)	(41,531)	(4,553)	(14,522)	(11,067)	(3,455)
EBIT*	\$ 201,838	\$ 257,766	\$ (55,928)	\$ 39,714	\$ 59,024	\$ (19,310)
Sales and other operating revenues*	\$ 4,180,657	\$ 4,299,496	\$ (118,839)	\$ 986,384	\$ 1,182,716	\$ (196,332)
North American Operating Highlights						
Industry receipts						
– six major grains (tonnes)	35,760	31,347	4,413	8,244	8,526	(282)
Industry shipments						
– six major grains (tonnes)	35,379	31,513	3,866	8,249	8,276	(27)
Primary elevator receipts (tonnes)	16,325	13,613	2,712	3,896	3,684	212
Primary elevator shipments (tonnes)	16,967	14,699	2,268	3,902	3,466	436
Six Major Grains	16,293	13,650	2,643	3,713	3,310	403
Industry terminal handle						
– six major grains (tonnes)	25,812	20,551	5,261	6,427	5,741	686
Port Terminal receipts (tonnes)	10,434	7,719	2,715	2,714	2,083	631
Vancouver	6,503	4,240	2,263	1,794	1,285	509
Thunder Bay	2,311	2,123	188	527	661	(134)
Prince Rupert Grain (Company share)	1,620	1,356	264	393	137	256
Margin (\$ per grain tonne shipped – primary)	\$ 25.87	\$ 32.22	\$ (6.35)	\$ 25.38	\$ 31.37	\$ (5.99)
Licensed storage capacity (tonnes)**						
-Industry	5,347	5,312	35.0	5,347	5,312	35.0
-Company	1,865	1,868	(3.0)	1,865	1,868	(3.0)
Inventory turns (shipments divided by capacity)***						
-Industry	6.62 x	5.93 x	0.69 x	6.17 x	6.23 x	(0.06) x
-Company	9.10 x	7.87 x	1.23 x	8.37 x	7.42 x	0.95 x

* Includes results for Viterro Australia operations from September 24, 2009 to October 31, 2009.

** CGC's March 30, 2009 edition of Grain Elevators in Canada – updated to include new builds, expansions and closures.

*** This ratio is annualized to be a more meaningful measure.

8.2.1 Industry Shipments

Shipments in any given fiscal year are reliant upon production levels and carry-out stocks from the prior year. Grain flows can fluctuate depending on global demand, crop size, prices of competing commodities, as well as the factors noted in Sections 3.2 and 8.2.

For the crop year ended July 31, 2009, industry shipments were up 12.3% from the previous year's period to 35.4 million tonnes, reflecting last year's large crop size, producers' desire to market their crop and a strong CWB export program.

8.2.2 Viterra Shipments – North America

Viterra shipped 17.0 million tonnes in fiscal year 2009, up 15.4% or approximately 2.3 million tonnes over the previous year. For the six major grains, Viterra's annual shipments rose 19.4%, surpassing overall industry increases by 7.1%. The increase in Viterra's total volumes reflects:

- The Company's ability to handle a larger than average crop due to its significant inland terminal capacity;
- Strong execution of Viterra's open market export program, particularly through the Port of Vancouver due to our International Grain Group's presence in Asia;
- A solid CWB export program; and
- Ample railcar supply, due to a slowdown in other sectors (potash and other commodities, for example).

For the 12-month period ended October 31, 2009, the split between CWB and open market grain shipments was 50/50 compared to 46/54 for the same period last year.

At export position, port terminal receipts for the industry were up 25.6% year-over-year. Overall, Viterra's port terminal receipts increased 35.2% to 10.4 million tonnes. All of Viterra's ports recorded improved volumes. However, the performance of the Company's Vancouver port led the way benefiting from strong canola and pea sales into the Asian Pacific region, a robust CWB export program and good availability of railcars.

8.2.3 Segment Results

For fiscal 2009, average gross margins for Grain Handling and Marketing were \$25.87 per tonne, in line with management expectations for the year. This compares to last year's gross margin of \$32.22 per tonne. The decrease in margins from 2008 mainly reflects:

- Lower commodity prices, which resulted in lower blending revenues; and
- Fewer opportunities to extract premiums from the market due to less commodity price volatility.

Earnings associated with the Company's interest in Prince Rupert Grain were \$12.1 million for fiscal 2009, a slight increase from fiscal 2008 earnings of \$11.7 million.

For fiscal 2009, OG&A expenses for the Grain Handling and Marketing segment totalled \$189.8 million, representing a \$15.5 million increase from fiscal 2008. The increase is primarily a result of increased variable costs due to higher grain volumes this year and additional wages, salaries and benefits. The increase also reflects the addition of Viterra Australia and a full year of costs associated with the International Grain Group.

For the fiscal year ended October 31, 2009, segment EBITDA was \$247.9 million compared to \$299.3 million for the same period of 2008. EBIT for 2009 was \$201.8 million and for 2008 was \$257.8 million. Viterra's Grain Handling and Marketing operations in Australia contributed an EBITDA loss of \$5.8 million and an EBIT loss of \$8.0 million for the period of September 24, 2009 to October 31, 2009.

8.3 Agri-products

Agri-products sales declined in fiscal 2009, a direct result of the reduction in fertilizer pricing year-over-year. Sales were \$1.6 billion, a decrease of \$55.3 million for the 12-months ended October 31, 2009 compared to the same period of 2008. The revenue contributions from Viterra's Agri-products operations in Australia are included for the five weeks ended October 31, 2009. The Australian operations contributed \$40.7 million in revenue for the period from September 24, 2009 to October 31, 2009.

Fertilizer sales were \$897.3 million for the year compared to \$1,011.9 million for the same period of 2008. While overall volumes were similar to the prior year, fertilizer prices decreased dramatically from previous record highs, which were followed by record low global demand and subsequent price decreases through the first three quarters of 2009.

Seed sales for the year were \$184.4 million, up from \$174.5 million for fiscal 2008. Sales increases reflect higher selling prices for canola seed due to greater demand for higher valued hybrid varieties, slightly offset by less demand for cereal seed due to lower commodity prices.

Sales of Viterra's North American crop protection products decreased by \$9.9 million to \$406.9 million this year. Unfavourable growing conditions, as a result of a late cool spring, reduced demand for pre-seed products and drier than normal weather throughout certain parts of the Prairies, coupled with cooler temperatures in the early summer months

AGRI-PRODUCTS

(in thousands – except percentages)

	Actual Twelve Months Ended October 31,			Actual Three Months Ended October 31,		
	2009	2008	Better (Worse)	2009	2008	Better (Worse)
Gross profit and net revenues from services*	\$ 278,632	\$ 437,613	\$ (158,981)	\$ 36,548	\$ 89,789	\$ (53,241)
Operating, general and administrative expenses*	(156,015)	(160,750)	4,735	(32,032)	(45,756)	13,724
EBITDA*	122,617	276,863	(154,246)	4,516	44,033	(39,517)
Amortization*	(42,189)	(48,217)	6,028	(10,647)	(14,250)	3,603
EBIT*	\$ 80,428	\$ 228,646	\$ (148,218)	\$ (6,131)	\$ 29,783	\$ (35,914)
Sales and other operating revenues*	\$ 1,630,990	\$ 1,686,278	\$ (55,288)	\$ 240,149	\$ 308,072	\$ (67,923)
North American Sales						
Fertilizer**	\$ 897,310	\$ 1,011,944	\$ (114,634)	\$ 103,772	\$ 228,087	\$ (124,315)
Crop Protection	\$ 406,876	\$ 416,811	\$ (9,935)	\$ 47,136	\$ 40,992	\$ 6,144
Seed	\$ 184,432	\$ 174,475	\$ 9,957	\$ 1,174	\$ 1,588	\$ (414)
Equipment sales and other revenue	\$ 101,715	\$ 83,048	\$ 18,667	\$ 47,410	\$ 37,405	\$ 10,005
Average Margin for North America (% of Sales)	17.5%	26.0%	(8.5 pt)	18.2%	29.1%	(10.9 pt)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

** Consolidated sales from North American wholesale and retail operations.

reduced product demand. This was somewhat offset by a higher demand for glyphosates to aid in the delayed harvest, although pricing was not as strong.

Equipment sales and other revenue were up by \$18.7 million from 2008. The increase in sales reflected strong demand for on-farm storage and related products (i.e., augers and aeration equipment). The sales increases were partially offset by an \$8.3 million reduction in investment tax credits this year.

Gross margins were \$278.6 million for the year, which were \$159.0 million lower than the \$437.6 million in gross margins recorded in fiscal 2008. This year's gross margins included an inventory writedown of \$28.1 million that was taken in January 2009, which partially offset realized losses in the second and third quarters. Natural gas costs were \$64.5 million in 2009 and in 2008 were \$114.9 million.

The primary reason for the variance from the prior year reflects lower fertilizer margins due to negative margin sales and very little in-season appreciation linked primarily to phosphate fertilizer. Also contributing to these results were lower crop protection margins due to lower volumes for the full year and decreases in glyphosate pricing compared to the prior year.

OG&A expenses decreased by \$4.7 million during the year to \$156.0 million. The prior year's figures included an expense of \$9.9 million for an increase to the Company's ARO. This was offset primarily by wage increases and higher telecommunication charges related to the expansion of the Company's wide area network and higher credit card fees.

EBITDA for the year was \$122.6 million compared to \$276.9 million in the prior year and EBIT was \$80.4 million versus \$228.6 million in fiscal 2008.

8.4 Food Processing

The Food Processing segment results for the fiscal year 2009 include contributions from Viterra's Food Processing operations in Australia from September 24, 2009 to October 31, 2009 (for further detail on the contribution of the Australian operations, see Section 7.3).

Sales and other operating revenues in Viterra's North American Food Processing operations were \$280.8 million compared to \$198.3 million in fiscal 2008. Human consumption sales volumes from Viterra's oat processing facilities were down 8.5% from the prior year due mainly to a decrease in sales to South America.

FOOD PROCESSING

(in thousands – except percentages and margins)

	Actual Twelve Months Ended October 31,			Actual Three Months Ended October 31,		
	2009	2008	Better (Worse)	2009	2008	Better (Worse)
Gross profit and net revenues from services*	\$ 37,459	\$ 35,948	\$ 1,511	\$ 13,657	\$ 8,418	\$ 5,239
Operating, general and administrative expenses*	(13,668)	(6,919)	(6,749)	(6,881)	(1,278)	(5,603)
EBITDA*	\$ 23,791	\$ 29,029	(5,238)	\$ 6,776	\$ 7,140	(364)
Amortization*	(7,389)	(5,842)	(1,547)	(2,768)	(1,452)	(1,316)
EBIT*	\$ 16,402	\$ 23,187	(6,785)	\$ 4,008	\$ 5,688	(1,680)
Sales and other operating revenues*	\$ 280,826	\$ 198,312	\$ 82,514	\$ 120,867	\$ 54,187	\$ 66,680
North American Operating Highlights						
Gross profit	\$ 34,525	\$ 35,948	\$ (1,423)	\$ 10,723	\$ 8,418	\$ 2,305
Tonnes sold	378	330	48	142	80	62
Margin per tonne	\$ 91.34	\$ 108.93	\$ (17.59)	\$ 75.51	\$ 105.23	\$ (29.72)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

Operating results for the newly-acquired canola processing facility were included in earnings beginning in July 2009. Sales for the four months ended October 31, 2009 were \$41.8 million. During this period, 83,300 metric tonnes of seed was processed.

Sales contributions from Viterra's investment in Prairie Malt were up 11.5% due to higher selling prices for malt.

OG&A expenses for the year were \$13.7 million compared to \$6.9 million in 2008. OG&A expenses increased in fiscal 2009 due to costs associated with the Company's new canola crushing facility.

EBITDA for the segment was \$23.8 million compared to \$29.0 million in fiscal 2008. Included in this year's results is a \$2.3 million EBITDA contribution from Viterra's Food Processing operations in Australia. The primary reasons for the variance include:

- A \$1.9 million EBITDA decline from oat milling for fiscal 2009 due to lower production levels and an increase in OG&A expenses; and
- Viterra's canola plant recorded an EBITDA loss of \$1.7 million, primarily reflecting a maintenance shutdown in late June and the impact of FDA border issues discussed in Section 3.5.

EBIT for the fiscal year ended October 31, 2009 was \$16.4 million, a decrease from fiscal 2008 EBIT of \$23.2 million.

8.5 Feed Products

Feed Products segment results for the fiscal year 2009 include contributions from Viterra's Feed Products operations in New Zealand from September 24, 2009 to October 31, 2009 (for further detail on the contribution of the New Zealand operations, see Section 7.4).

Feed sales for the fiscal year ended October 31, 2009 were \$660.3 million, an improvement of \$34.3 million over the same period last year. Gross profit on feed for the segment was \$80.6 million (\$39.26 per tonne for North America) compared to \$66.1 million (\$42.99 per tonne) last year. The Company's New Zealand operations contributed \$9.3 million to revenue for the year. The higher feed sales and gross profit were primarily a result of a full year of contributions from the Company's acquisition of Sunrise Feeds LLC, V-S Feed and Agri-Supplies Ltd., Gore Bros. Inc. and Gore's Trucking, Inc. in North America. Last year's results only include seven months of contributions from these operations.

OG&A expenses for the current year were \$67.8 million, \$4.3 million lower than last year. The decrease reflects the synergies and cost reductions associated with the new feed manufacturing plants that were acquired during fiscal 2008. Somewhat offsetting these reductions, was increased OG&A expenses for higher wages, salaries, benefits and other costs associated with compensation adjustments for employees that work at the feed manufacturing plants acquired in fiscal 2008.

FEED PRODUCTS

(in thousands – except percentages and margins)

	Actual Twelve Months Ended October 31,			Better (Worse)	Actual Three Months Ended October 31,			Better (Worse)
	2009	2008			2009	2008		
Gross profit and net revenues from services*	\$ 80,563	\$ 66,065		\$ 14,498	\$ 10,922	\$ 11,077	\$ (155)	
Operating, general and administrative expenses*	(67,805)	(72,151)		4,346	(12,192)	(18,997)	6,805	
EBITDA*	12,758	(6,086)		18,844	(1,270)	(7,920)	6,650	
Amortization*	(11,950)	(10,239)		(1,711)	(2,953)	(2,804)	(149)	
EBIT*	\$ 808	\$ (16,325)		\$ 17,133	\$ (4,223)	\$ (10,724)	\$ 6,501	
Feed sales and other operating revenues*	\$ 660,296	\$ 625,947		\$ 34,349	\$ 140,427	\$ 181,751	\$ (41,324)	
North American Operating Highlights								
Gross profit from feed sales	\$ 78,747	\$ 81,120		\$ (2,373)	\$ 9,854	\$ 19,467	\$ (9,613)	
Feed sales (<i>tonnes</i>)	2,006	1,887		119	466	501	(35)	
Feed margin (<i>\$ per feed tonne sold</i>)	\$ 39.26	\$ 42.99		\$ (3.73)	\$ 21.15	\$ 38.86	\$ (17.71)	

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

EBITDA for fiscal 2009 was \$12.8 million, an improvement from fiscal 2008's EBITDA loss of \$6.1 million. EBIT for the fiscal year was \$0.8 million, an improvement from last year's loss of \$16.3 million. In fiscal 2008, the segment incurred one-time losses attributable to a writedown and provision related to Viterra's equity investment in The Puratone Corporation.

8.6 Financial Products

Viterra acts as an agent for a Canadian chartered bank through Viterra Financial™. Performance is a reflection of higher values of crop inputs and increased lending activities to customers due to additional financial products available through Viterra Financial™. The profitability of this segment relates to the type, level, duration and quality of credit in a given period, which,

in turn, is influenced by crop input and feed prices, farm income levels, and interest rates.

Gross profit of \$15.6 million for the year ended October 31, 2009 increased by \$2.0 million compared to the same period last year because of a larger portfolio value in 2009, a result of the expanded credit base and higher sales values this year compared to the prior year.

OG&A expenses increased by \$1.2 million to \$5.9 million in 2009. Annual expenses are up due to increased expenses incurred to support business development initiatives.

Higher gross profit contributed to EBITDA of \$9.6 million for the 12-months ended October 31, 2009 as compared to \$8.8 million in 2008. EBIT for fiscal 2009 was \$9.4 million, an increase from 2008 EBIT of \$8.4 million.

FINANCIAL PRODUCTS

(in thousands except – percentages and margins)

	Actual Twelve Months Ended October 31,			Better (Worse)	Actual Three Months Ended October 31,			Better (Worse)
	2009	2008			2009	2008		
Gross profit and net revenues from services	\$ 15,568	\$ 13,548		\$ 2,020	\$ 4,196	\$ 5,421	\$ (1,225)	
Operating, general and administrative expenses	(5,930)	(4,702)		(1,228)	(1,017)	(1,514)	497	
EBITDA	9,638	8,846		792	3,179	3,907	(728)	
Amortization	(245)	(420)		175	–	(105)	105	
EBIT	\$ 9,393	\$ 8,426		\$ 967	\$ 3,179	\$ 3,802	\$ (623)	

8.7 Corporate

Corporate expenses were \$93.0 million for fiscal 2009, up \$17.7 million from the previous year's expenses of \$75.3 million. This increase is the result of increased stock-based compensation costs and growth initiative expenses in the fourth quarter noted previously, a restructuring accrual related to the enhancement of information technology service delivery, higher external consulting fees in support of growth initiatives, and an increased director compensation program. The increases were offset partially by lower accruals for both short-term incentive program payments and capital taxes. Also included in the corporate results was \$1.0 million of expenses from the Company's Australian operations for the period from September 24, 2009 to October 31, 2009.

8.8 Outlook

In addition to other sections of this report, this section contains forward-looking information and actual outcomes may differ materially from those expressed or implied therein. For more information, please see "Forward-Looking Information" in Section 20 of this report.

The western Canadian harvest was essentially complete by the end of November 2009. Production for the six major grains is estimated to be 51.8 million metric tonnes, about 5% above the 10-year average. Crop quality is generally good, with later harvested crops experiencing some quality issues, due to excessive moisture in the fall period.

The CWB estimates that 78% of the spring wheat is in the top two grades, which is better than an average year. Canola quality is similar to last year, with 92.5% of the crop grading in the top grade according to the CGC, while the average oil content improved from 44.3% last year to 44.8% this year. Malt barley quality is above average.

CORPORATE EXPENSES

(in thousands)

	Actual Twelve Months Ended October 31,			Better (Worse)	Actual Three Months Ended October 31,			Better (Worse)
	2009	2008			2009	2008		
Operating, general and administrative expenses*	\$ (93,028)	\$ (75,345)	\$ (17,683)	\$ (27,201)	\$ (16,993)	\$ (10,208)		
Amortization*	(1,284)	(583)	(701)	(661)	(548)	(113)		
EBIT*	\$ (94,312)	\$ (75,928)	\$ (18,384)	\$ (27,862)	\$ (17,541)	\$ (10,321)		

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

Management estimates fiscal 2010 industry receipts in Western Canada of 32 to 33 million tonnes for the six major grains. Management currently expects carry-out stocks into the following crop year to remain historically high, which will supplement future grain handling volumes.

While exports of western Canadian grains and oilseeds are anticipated to be down from last year's high levels, the industry believes that demand for Canadian originated commodities will remain above historical averages as a result of above average production, high quality and competitive prices. The CWB recently released a revised 2010 export target for wheat and barley of 18.7 million tonnes, up from their 2009 performance of 18.3 million tonnes. If achieved, CWB exports for the 2010 crop year would be second only to the crop year of 2000, when they shipped over 19 million tonnes.

For open-market grains, management acknowledges the potential impact that import restrictions in China may have on canola exports but is confident that demand from other parts of the world will keep demand strong. In addition, Agriculture Canada recently released an export projection of 6 million tonnes, which, while down 24% from last year's record level, is still the second largest figure on record for canola. It should also be noted that, as a result of increased domestic crush capacity, demand for canola is anticipated to remain robust.

In Australia, total grain production is currently forecast to be 36.3 million metric tonnes, with approximately 7.5 million tonnes being produced in South Australia. This represents an increase of 40% over the five-year average. As such, management currently expects receipts in the 6.5 to 7.0 million metric tonne range in fiscal 2010, an increase of 51% against the historical five-year average. As of the date of this report, Viterra's Australian operations had received approximately 6.3 million tonnes.

Viterra intends to report on Australian and North American blended grain margins going forward. Based on current industry information, management expects average annual grain margins for Viterra's entire global Grain Handling and Marketing segment to be in the \$30 to \$33 per tonne range for fiscal 2010.

Last year, farmers faced record high fertilizer prices and, with the softening of grain and oilseed prices in fiscal 2009, farmers chose to reduce their fertilizer use rates, resulting in western Canadian fertilizer shipments declining overall by 11%. Due to favourable growing conditions, crop yields did not suffer in the short term; however, this practice is not sustainable to maintain yields in the long term. With three-year lows on fertilizer prices and historically favourable projected returns, our expectations are that growers will return to more normal fertilizer use rates to replenish their soil nutrients this coming year. Early indicators support these expectations as fertilizer movement to farm has been stronger than last year despite the late harvest and the inability of growers in certain areas to complete fall applications. As farmers in North America have increased their demand for nitrogen and phosphate over the last few months, prices for these products have firmed. Management expects to see continued strengthening on both products until spring as farmers continue to secure product for spring planting season.

In Western Canada, seed bookings for the spring have been progressing as expected while the sales of equipment, in particular corrugated storage bins, have remained strong due to increased producer cash flow in recent years. Management expects this trend to continue into 2010.

Viterra's Food Processing operations anticipate steady performance in 2010. Demand for whole grain, nutritional food ingredients continues to remain strong and demand for oat ingredients is expected to continue to grow. With the economic challenges facing North America, management anticipates an increase in private label/store brand ready-to-eat cereals and, possibly, more consumption of oatmeal. Consumer demand for economical whole grain convenience in the form of granola bars and meal replacement bars is expected to continue.

In the Canadian canola operations, anticipated capacity additions by some competitors is expected to pressure margins in the near term; however, prospects for this industry remain strong longer-term given ongoing demand for healthy oils.

In Viterra's Australian malt business, management believes that average margins have stabilized and will migrate to more traditional levels once malt demand increases globally. A decision on building the new Minto plant, previously announced by ABB, is under review by management.

From a feed manufacturing perspective over the long term, management believes that the North American land, water and available feed resource base is suitable and competitively placed for livestock production. Beef cattle are typically grazers and are often raised on land unsuitable for growing crops. They consume naturally grown products like hay, silage and grass as a major component of their diet. Feed sales by Viterra to the beef sector comprise low-inclusion vitamin and mineral supplements, pasture/range supplements and feed ingredient commodities. Additional feed inputs, made available from the byproducts of ethanol production, are additional supplement beef feed ingredients.

Milk price recovery is slow but future pricing indications are for prices to be above the cost of production in 2010. Overall, management believes that, over the long term, the relocation of industrial milk production will continue from densely human populated states, such as California, to more animal husbandry friendly states such as Texas and New Mexico. Total dairy cow numbers in Texas and New Mexico are roughly half of the total number of cows in all of Canada and are two of the fastest growing dairy herd states in the U.S. Feed sales to the dairy sector range from high-inclusion rate supplements in Canada to low-inclusion mineral pre-mixes in both Canada and the U.S. This segment is also a major consumer of feed ingredient commodities, such as barley in Canada and corn and canola meal in the U.S.

Select Three-Year Annual Financial Information

SELECT ANNUAL FINANCIAL INFORMATION

(in millions – except per share amounts)

	Twelve Months Ended October 31, 2009*	Twelve Months Ended October 31, 2008	Fifteen Months Ended October 31, 2007
Sales and other operating revenues	\$ 6,635.6	\$ 6,777.6	\$ 3,875.8
EBITDA	\$ 323.7	\$ 532.6	\$ 268.0
EBIT	\$ 214.6	\$ 425.8	\$ 197.6
Net earnings	\$ 113.1	\$ 288.3	\$ 111.4
Basic and diluted earnings per share	\$ 0.45	\$ 1.31	\$ 0.86
Total assets	\$ 6,422.7	\$ 3,979.4	\$ 3,042.1
Total long-term liabilities	\$ 1,508.0	\$ 826.0	\$ 482.8
Cash dividends declared per share	\$ —	\$ —	\$ —

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

In 2007, Viterra changed its financial year-end from July 31 to October 31 to better align its reporting period with its business cycle. As a result, the Consolidated Financial Statements for fiscal 2007 reflect a 15-month transitional period from August 1, 2006 to October 31, 2007, and include the results of AU from its acquisition date of May 29, 2007 including the results of operations for the month of June for a number of facilities that were later sold to James Richardson International (“JRI”) and Cargill at the end of June 2007. The acquisition of AU materially increased the assets, liabilities, sales, employees, market share and operating capacity of the Company. Fiscal 2009 results, as noted earlier, include results for five weeks from Viterra’s newly-acquired Australian operations.

Sales in 2009 are not materially different than in 2008, despite the significant change in commodity prices over the past year. The largest decline was felt in the Agri-products segment where sales prices for fertilizer declined significantly. This was partly offset by an increase in core grain handling shipments year-over-year in Viterra’s North America operation.

For a more complete discussion on the results of the 2008 fiscal year relative to 2007, please see the Company’s MD&A in its 2008 Financial Review.

9. LIQUIDITY AND CAPITAL RESOURCES

9.1 Cash Flow Information

9.1.1 Operating Activities

CASH FLOW PROVIDED BY (USED IN) OPERATIONS

(in thousands – except per share amounts)

	Actual Twelve Months Ended October 31,			Actual Three Months Ended October 31,		
	2009*	2008	Change	2009*	2008	Change
EBITDA	\$ 323,698	\$ 532,604	\$ (208,906)	\$ 40,236	\$ 100,258	\$ (60,022)
Add (Deduct):						
Employee future benefits	(22,875)	(19,918)	(2,957)	(25,924)	(20,422)	(5,502)
Equity loss (gain) of significantly influenced companies	(59)	10,963	(11,022)	18	4,556	(4,538)
Other items	2,124	(24)	2,148	125	(243)	368
Adjusted EBITDA	302,888	523,625	(220,737)	14,455	84,149	(69,694)
Integration expenses	(10,191)	(14,622)	4,431	(5,143)	(2,358)	(2,785)
Cash financing expenses	(55,130)	(33,315)	(21,815)	(21,898)	(4,753)	(17,145)
Pre-tax cash flow	237,567	475,688	(238,121)	(12,586)	77,038	(89,624)
Current provision for corporate income taxes	(14,144)	(19,422)	5,278	(2,579)	(3,907)	1,328
Cash flow provided by (used in) operations	\$ 223,423	\$ 456,266	\$ (232,843)	\$ (15,165)	\$ 73,131	\$ (88,296)
Per share	\$ 0.89	\$ 2.08	\$ (1.19)	\$ (0.05)	\$ 0.31	\$ (0.36)

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES

(in thousands)

	Actual Twelve Months Ended October 31, 2009*			Change	Actual Three Months Ended October 31, 2009*			Change
	2009*	2008	Change		2009*	2008	Change	
Free Cash Flow**								
Cash flow provided by (used in) operations	\$ 223,423	\$ 456,266	\$ (232,843)	\$ (15,165)	\$ 73,131	\$ (88,296)		
Property, plant and equipment expenditures	(75,283)	(55,583)	(19,700)	(28,110)	(20,409)	(7,701)		
Free cash flow	\$ 148,140	\$ 400,683	\$ (252,543)	\$ (43,275)	\$ 52,722	\$ (95,997)		

* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

** See Non-GAAP Financial Measures in Section 18.

For the fiscal year ended October 31, 2009, Viterra generated cash flow provided by operations of \$223.4 million, a decrease of \$232.8 million over the comparable period last year. On a per share basis, the Company generated cash flow provided by operations of \$0.89 per share compared with \$2.08 per share in the comparable period last year. The reduced cash flow from operations reflects lower EBITDA and higher financing expenses, offset by lower integration costs and a lower provision for current income taxes. Actual current income taxes are less than what would be imputed by applying the Company's prevailing tax rate to pre-tax cash flows. The lower current income taxes primarily result from the tax shield provided by the Company's capital cost allowance claim and utilization of its tax loss carryforwards.

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 18). For the 12 months ended October 31, 2009, free cash flow decreased by \$252.5 million to \$148.1 million from the comparable period of the prior year.

9.1.2 Investing Activities

Viterra's capital expenditures (excluding business acquisitions) for the 12 months ended October 31, 2009 were \$75.3 million,

which includes \$3.1 million related to Viterra Australia. This compares to \$55.6 million for 2008. Proceeds from the sale of certain capital assets totalled \$4.2 million for the current year, compared with \$5.3 million for 2008.

Viterra invested cash of \$814.0 million in business acquisitions, of which \$697.8 million was for Viterra Australia. This was a significant increase from \$31.8 million invested in fiscal 2008. See Note 6 of the Consolidated Financial Statements for further details on all major business acquisitions.

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

9.2 Non-Cash Working Capital

Inventory levels at October 31, 2009 were \$960.9 million (including Viterra Australia – \$277.5 million) compared with \$816.2 million at October 31, 2008. Exclusive of Viterra Australia, inventory levels fell by \$132.8 million. This primarily reflects lower fertilizer and grain inventory levels and prices.

Accounts receivable at October 31, 2009, were \$218.2 million higher than at October 31, 2008. Viterra Australia accounted for an increase of \$312.3 million, which was partly offset

NON-CASH WORKING CAPITAL

(in thousands)

	2009	2008	Change	Change Attributable to Viterra Australia	Change Excluding Viterra Australia
Inventories	\$ 960,896	\$ 816,158	\$ 144,738	\$ 277,538	\$ (132,800)
Accounts receivable	1,004,674	786,504	218,170	312,286	(94,116)
Prepaid and deposits	89,768	91,183	(1,415)	30,369	(31,784)
Accounts payable and accrued liabilities	(1,095,366)	(919,485)	(175,881)	(240,965)	65,084
	\$ 959,972	\$ 774,360	\$ 185,612	\$ 379,228	\$ (193,616)

primarily by lower CWB receivables, which reflects both lower quantities and commodity prices.

Lower prepaid expenses and deposits of \$1.4 million reflect an increase due to Viterra Australia of \$30.4 million, offset primarily by lower inventory prepayments to agri-products suppliers.

Accounts payable and accrued liabilities were up \$175.9 million over the balance at October 31, 2008. After removing the impact of Viterra Australia (\$241.0 million), there was a residual decrease of \$65.1 million, which reflects a decrease in customer deposits accompanied by lower producer deferred cash tickets.

9.3 Financing Activities

KEY FINANCIAL INFORMATION

(in thousands – except percentages, pts and ratios)

	At October 31,		Change
	2009*	2008	
Total Debt	\$1,574,714	\$ 627,857	\$ 946,857
Total Debt, Net of Cash and Cash Equivalents**	\$ 541,639	\$ (41,153)	\$ 582,792
EBITDA (Twelve Months ended October 31)**	\$ 323,698	\$ 532,604	\$ (208,906)
Ratios			
Current Ratio	2.23 x	2.54 x	(0.31 x)
Total Debt-to-Capital	31.0%	22.2%	8.8 pt
Long-Term Debt-to-Capital	25.2%	21.6%	3.6 pt

* Fiscal 2009 includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

** See Non-GAAP Measures in Section 18.

Viterra's balance sheet at October 31, 2009, remained strong with total debt-to-capital of 31.0% (22.2% at October 31, 2008). Viterra had no cash drawings on its \$800 million North American revolving credit facility at year end, and had approximately \$597 million drawn on the \$1.2 billion AUD operating facility that funds the Australian and New Zealand businesses. In addition, Viterra, on a consolidated basis, had approximately \$1.0 billion of cash and short-term investments on its balance sheet as at October 31, 2009, approximately \$800 million of which is not required to finance seasonal working capital needs and is available for future growth initiatives.

The Company's total debt increased by \$946.9 million from the previous year. This is primarily due to Viterra Australia's short-term borrowings (\$291.1 million) and long-term debt (\$306.3 million), a new issuance of \$300 million in senior unsecured notes in July 2009, and a further draw of \$100 million in December 2008 on the term credit facility, partially offset by principal repayments made during 2009 on the term credit facility and the total repayment of Member Demand Loans in September 2009. See Notes 10 and 11 of the Consolidated Financial Statements for more complete details on the above.

The Company's total debt, net of cash and short-term investments, increased \$582.8 million from the same period last year. This resulted from the increase in total debt explained above (\$946.9 million), offset by an increase in cash and short-term investments of \$364.0 million. This increase in cash and short-term investments is presented in detail in the Consolidated Statements of Cash Flows. Some of the major components from the Consolidated Statements of Cash Flows (in addition to the debt components detailed above) were cash from operating activities (2009 – \$457.4 million; 2008 – \$283.7 million), increases in share capital primarily due to the issuance of 56.3 million common shares through a private placement in May 2009 for gross proceeds of \$450 million (see Note 16 of the Consolidated Financial Statements), and cash invested in business acquisitions (2009 – \$814.0 million; 2008 – \$31.8 million) (See Note 6 of the Consolidated Financial Statements). The Company maintains an active role in all decisions affecting cash distributions from principal subsidiaries (those in which the Company has at least a 50% interest). The Company does not rely on distributions from subsidiaries or joint ventures to fund its capital spending programs or to meet its financial obligations.

As a result of swap transactions, the hedged fixed rate on the term Credit Facility, based upon Viterra's current credit ratings, is at approximately 7.4% on \$312 million of Canadian dollar borrowings and 8.1% on \$72 million of USD borrowings, with minimum mandatory repayments of 4% per annum.

The weighted average interest rate on long-term borrowings for Viterra Australia, including interest rate swaps, is approximately 6.2%.

Short-term debt is used during the year to finance operating requirements, which primarily consist of inventory purchases and financing of accounts receivable.

In the Grain Handling and Marketing segment, the level of short-term debt can also fluctuate as a result of changes in underlying commodity prices and the timing of grain purchases, while, in the Agri-products segment, changes in fertilizer prices can impact inventory values and customer and inventory prepayments.

Management believes that cash flow from operations and its access to undrawn credit facilities will provide Viterra with sufficient financial resources to fund its working capital requirements, planned capital expenditure programs, and debt servicing requirements. This belief is predicated upon the Company's expectations of future commodity and crop input prices, and the expected turnover of inventory and accounts receivable components of working capital. (See Forward-Looking Information in Section 20 of this MD&A).

9.4 Debt Ratings

On July 31, 2008, Standard & Poor's ("S&P") raised the Company's long-term corporate credit rating from BB to BB+, with a positive outlook. S&P also increased the rating on Viterra's Revolving Credit Facility to BBB from BBB- and the rating on the Company's Senior Unsecured Notes to BB+ from BB. According to Standard & Poor's, the ratings upgrade considered Viterra's leading position in Canadian agri-business and improved profitability from its integration of AU.

On October 29, 2009, DBRS Limited ("DBRS") confirmed Viterra's Senior Unsecured Notes and Revolving Credit Facility ratings as BBB (Low) with a stable trend. According to DBRS, the rating was confirmed after a review focusing on the potential risks and benefits of the Implementation Agreement between Viterra and ABB announced on May 19, 2009. DBRS

has stated that the acquisition of ABB is consistent with Viterra's previously stated ambition to increase investment for growth and believes ABB's strength in malt processing will compliment Viterra's agri-food business and ABB's grain handling should enhance access to high-growth Asian markets.

On December 8, 2009, Moody's Investors Service ("Moody's") announced it was maintaining its outlook of 'under review for possible downgrade'. The under review outlook initiated on May 19, 2009, was prompted by the proposed acquisition of ABB, which was completed on September 23, 2009. The under review rating is being maintained as the Company recently reported that there had been a technical breach of a loan covenant of Viterra Australia, which was yet to be waived by the Viterra Australia lending syndicate as at October 31, 2009. Management considered it unlikely the syndicate's response to the breaches would be to require immediate settlement of the outstanding drawings on the syndicated facility. Viterra's corporate credit rating and the credit rating on the Company's \$600 million of Senior Unsecured Notes have been assigned a Ba1 rating, one level below investment grade.

Viterra Australia finalized a waiver of the covenant breach with its loan syndicate on December 29, 2009.

	Corporate Rating	Senior Unsecured Notes	Term Credit Facility	Revolving Credit Facility	Trend
Standard & Poor's	BB+	BB+	n/a	BBB	Positive
DBRS Limited	n/a	BBB (Low)	BBB (Low)	n/a	Stable
Moody's Investors Service	Ba1	Ba1	n/a	n/a	Under Review

9.5 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 Obligation					
Short-term debt	\$ 291,128	\$ 291,128	\$ –	\$ –	\$ –
Long-term debt	1,301,735	324,240	34,444	742,220	200,831
Other long-term obligations	142,970	21,972	40,117	21,260	59,621
	1,735,833	637,340	74,561	763,480	260,452
Other Contractual Obligations					
Operating leases	\$ 86,442	\$ 20,588	\$ 25,184	\$ 10,859	\$ 29,811
Purchase obligations ¹	655,384	648,819	6,249	316	–
	741,826	669,407	31,433	11,175	29,811
Total Contractual Obligations	\$ 2,477,659	\$ 1,306,747	\$ 105,994	\$ 774,655	\$ 290,263

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

10. OUTSTANDING SHARE DATA

On May 13, 2009, the Company completed a subscription receipt offering of 56,250,000 common shares, by way of a private placement to exempt purchasers, at a price of \$8.00 per common share.

The Company raised gross proceeds from the offering of \$450.0 million. The proceeds were raised to provide a portion of the funding for the acquisition of ABB. Shares were held in escrow until the closing of the acquisition. Underwriters' fees and other costs, net of escrow interest, associated with the offering, were approximately \$18.0 million. In accordance with the capital nature of this transaction, the associated costs are reflected as a charge to shareholders' equity and reflected in the retained earnings of the Company.

The Company also issued 78,296,645 common shares and/or CDIs to the shareholders of ABB in accordance with the Scheme of Arrangement to acquire ABB. For purposes of calculating the value of the share component of the purchase consideration, the Company used the average closing price of its shares on the TSX around the May 19, 2009 announcement of the proposed acquisition of ABB. The resulting value was \$8.84 per common share and a gross value of \$692.1 million.

The market capitalization of the Company's 371.6 million issued and outstanding shares at January 20, 2010 was \$3.9 billion or \$10.58 per share. The issued and outstanding shares, including

options convertible to common shares at January 20, 2010 are summarized in the following table:

OUTSTANDING SHARE DATA

As at January 20, 2010

(unaudited)

Issued and outstanding Common Shares	371,596,883
Securities convertible into Common Shares:	
Stock Options	1,638,306
	373,235,189

11. RESTRUCTURING AND INTEGRATION MATTERS

As described in Note 6 of the Consolidated Financial Statements, on September 23, 2009, the Company acquired all of the issued and outstanding common shares of ABB, an Australian agri-business. The results of the operations of the acquired subsidiary, known as Viterra Australia, are included in the Company's Consolidated Financial Statements commencing upon acquisition.

The total purchase price of \$1,421.6 million consisted of 78,296,645 common shares and/or CDIs, the maximum amount which could be issued, at an ascribed price of \$8.84 per share for a total of \$692.1 million, plus \$703.4 million of cash representing an aggregate value of \$1,395.5 million, plus transaction costs of \$26.1 million paid by the Company. To assist with the financing of the cash portion the Company

issued 56,250,000 common shares for proceeds of \$432.0 million, net of share issue costs of \$18.0 million.

The acquisition has been accounted for using the purchase method, whereby the purchase consideration will be allocated to adjust the carrying value of the assets acquired and liabilities assumed based on their estimated fair values as at the effective date of the purchase. The excess consideration not allocable to the assets and liabilities or to identifiable intangible assets will be reflected as goodwill.

Integration of the two companies is well underway. The change of control was effectively executed on September 24, 2009. The high level organization and leadership structures were implemented on September 28, 2009, with further announcements for the key Grain, Finance and Global Enabling functions announced and implemented on October 6, 2009. Since then, the focus has turned to formal integration planning, including the development of detailed operating models, synergy identification and comprehensive 12 to 18 month integration program plans. These integration plans detail how each integration team will deploy their target operating model, achieve their full synergy run rate in line with due diligence targets and complete other key integration activities. The next quarterly MD&A will provide additional information around key milestones from the integration process.

On October 20, 2009, ABB and its subsidiary businesses adopted the name Viterra. The Company has begun re-branding site locations, business names and various other communications tools. The legal name change will be part of the integration effort. Employees are now part of Viterra. Some product brands will remain in place pending further research. Full execution of the re-branding initiative will take approximately 6 to 12 months.

Shareholders should benefit from estimated gross synergies of approximately \$30.0 million, with the full annualized benefit to be delivered in fiscal 2012. These synergies will be generated primarily through revenue and cost efficiency measurements over the next 12 to 18 months, and detailed implementation plans are currently being finalized to achieve these targeted synergies.

Integration costs related to the ABB acquisition expensed for the current quarter were \$2.3 million. These costs relate

primarily to travel, consulting and advisory fees, branding, and other integration costs incurred directly by the Company. Integration costs, including severance and closure costs incurred by or related to ABB, have already been accrued on the balance sheet as part of the acquisition price of 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, of which about \$71.5 million has already been incurred, including \$19.6 million of costs accrued and outstanding. These costs are financed by free cash flow.

12. OFF BALANCE SHEET ARRANGEMENTS

12.1 Pension Plans

At October 31, 2009, the market value of the assets of the Company's various defined benefit plans exceeded the accrued benefit obligations (valued on an ongoing basis for accounting purposes). The Company reported a net defined pension asset of \$86.5 million at October 31, 2009, compared to \$47.8 million at October 31, 2008. The Company made \$28.1 million in cash payments related to its employee future benefits for the 12-month period ended October 31, 2009, consisting of cash contributed to its funded pension plans, its defined contribution plans, its multi-employer pension plan and directly to beneficiaries for other plan benefits.

The Company reported total pension benefit income of \$23.6 million for the 12 months ended October 31, 2009, compared to \$20.8 million for fiscal 2008. A reduction in corporate bond rates that are used to value future pension obligations resulted in an increase in the value of the Company's pension obligations. Under pension accounting rules, the increase in obligation is capitalized on the balance sheet and amortized into expense over future periods. However, the increased obligations also cause the reduction of valuation reserves held against the Company's pension assets and those reductions are recognized immediately into income (see Note 20a) of the Consolidated Financial Statements).

The following table compares the values of pension plan assets and liabilities for accounting purposes to the estimated values for pension funding purposes (solvency basis) at October 31, 2009:

(in thousands)	Accounting Basis	Solvency Funding
Market value of pension assets	\$ 559,994	\$ 559,994
Pension liabilities	\$ 530,373	\$ 602,269
Funded status - surplus (deficit)	\$ 29,621	\$ (42,275)
Unamortized accounting differences	\$ 56,902	
Consolidated accrued benefit asset	\$ 86,523	

Based on current estimates, the Company has an \$86.5 million accrued benefit asset net of valuation allowance in its plans for accounting purposes. However, from a solvency perspective (for pension funding purposes), the plans had a combined deficit of \$42.3 million as at October 31, 2009. The Company funds its defined benefit pension plans in accordance with actuarially determined amounts based on federal pension regulations. Management currently estimates quarterly payments of \$2.5 million in 2010, down from quarterly payments of \$5.6 million in 2009. The decrease in payments is the result of funding relief provided in 2009 that allows pension plan deficits to be funded over a 10-year period if a letter of credit is provided to guarantee payment. As a result, the Company has been required to provide letters of credit of \$12.8 million, subsequent to the Company's year end in 2009. Funding requirements may increase or decrease depending upon future actuarial valuations. The Company's projection is based on funding the increase in plan deficits over a 10-year period and these payments may change in the future to reflect formal valuations as at December 31, 2009, which the Company expects to receive in April 2010. Note 20a) of the Consolidated Financial Statements for October 31, 2009 describes in detail the Company's pension plan obligations.

12.2 Viterra Financial

Viterra Financial™ provides grain and oilseed producers with unsecured working capital financing, through a Canadian chartered bank, to purchase the Company's fertilizer, crop protection products, seed and equipment. Outstanding credit was \$528.1 million at October 31, 2009, compared to \$487.7 million at October 31, 2008. Over 90% 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 October 31, 2009, Viterra has provided \$3.0 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 \$94.7 million, compared to \$93.4 million in fiscal 2008, in credit applications for Viterra's Feed Products customers, of which these customers had drawn \$35.8 million at October 31, 2009 (October 31, 2008 – \$31.9 million). The Company has indemnified the bank for aggregate credit losses of up to \$8.3 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 October 31, 2009, the Company had provided about \$0.2 million for actual and expected future losses.

13. 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 investees Prince Rupert Grain and The Puratone Corporation, as well as grain pools operated by the Company.

Total sales to related parties were \$15.4 million, compared to \$18.9 million in 2008. Total purchases from related parties were \$7.2 million, compared to \$11.6 million in 2008. As at October 31, 2009, accounts receivable from related parties totalled \$24.0 million compared to \$24.9 million in 2008. Accounts payable to related parties totalled \$5.7 million; in 2008 this number was \$22.0 million.

14. 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 20, Forward-Looking Information.

14.1 Valuation of Long-Lived Assets and Asset Impairment

Goodwill is not amortized but is assessed for impairment at the business unit level at least annually or whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. Potential goodwill impairment is identified by comparing the fair value of a business unit, estimated using discounted cash flows, to its carrying value. Should the carrying value exceed the assessed fair value of the business unit, the goodwill impairment would result in a reduction in the carrying value of goodwill on the balance sheet and the recognition of a non-cash impairment charge in the Consolidated Statements of Earnings. While the Company believes that all of its estimates are reasonable, there exists inherent uncertainties that management may not be able to control. As a result, the Company is unable to reasonably quantify the changes in its overall financial performance if it had used different assumptions, and it cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment, indicated by such factors as business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying value of the asset, an impairment loss would be

recognized based on the excess of the carrying value of the asset over the fair market value calculated using discounted future cash flows.

14.2 Future Income Taxes

Future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and future income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying values of assets and liabilities. The current and future income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Management regularly assesses the Company's ability to realize net future income tax assets based on all relevant information available. Changes or differences in these estimates or assumptions may result in changes to the current and future income tax assets and liabilities on the Consolidated Balance Sheets and a charge to, or recovery of, income tax expense.

As at October 31, 2009, the Company had loss carryforwards of approximately \$62.6 million compared to \$111.3 million at October 31, 2008. These loss carryforwards are available to reduce income taxes otherwise payable in future years. Of these losses, \$31.3 million will expire between 2012 and 2029 and \$31.3 million associated with Viterra Australia are not subject to expiry. The Company's October 31, 2009 loss carryforwards are associated with its wholly-owned and less-than-wholly-owned subsidiaries.

A short-term future income tax asset of \$1.2 million and a long-term future tax asset of \$17.0 million have been recorded as at October 31, 2009 in respect of the Company's unutilized losses. A valuation allowance of \$6.5 million has been recorded in respect of \$25.0 million of losses associated with inactive less-than-wholly-owned subsidiaries. The valuation allowance represents management's best estimate of the allowance

necessary to reflect the future income tax assets related to losses available for carryforward at an amount that the Company considers is more likely than not to be realized.

14.3 Pension and Other Post-Employment Benefits

Certain estimates and assumptions are used in determining the Company's defined benefit pension and other post-employment benefit obligations, including the discount rate, the expected long-term rate of return on plan assets and expected growth rate of health care costs. These assumptions depend on various underlying factors such as economic conditions, investment performance, employee demographics and mortality rates. These assumptions may change in the future and may result in material changes in the pension and employee benefit plans expense recorded in OG&A. Changes in financial market returns and interest rates could also result in changes to the funding requirements of the Company's defined benefit pension plans. A substantial number of the Company's employees are members of its defined contribution plans. With the exception of the Hourly Employees' Retirement Plan, the Company's remaining defined benefit plans cover a closed group of members and all retirees prior to the Company's conversion to defined contribution plans.

For 2009, the discount rate used for calculation of pension benefit plans was 6.2% (2008 – 7.25%) and for other future benefits was 6.0% (2008 – 7.25%). The expected long-term rate of return on plan assets for pension benefit plans for 2009 was 5.9% (2008 – 6.5%). A one percentage-point decrease in the assumed return on plan assets would decrease the pension income by \$5.1 million. A one percentage-point decrease in the assumed discount rate would decrease pension income by \$2.1 million and increase the accrued benefit obligation by \$52.4 million, and increase the other future benefit expense by \$0.1 million and increase the accrued other future benefit obligation by \$1.0 million. A one percentage-point increase in the assumed trend in health care cost would not materially increase interest costs, but would increase the accrued benefit obligation by \$0.3 million. The sensitivity of each assumption has been calculated independently. Changes to more than one assumption simultaneously may amplify or reduce the impact on the accrued benefit obligations or benefit plan expenses.

14.4 Environmental Matters

The Company's other long-term liabilities include the ARO associated with Western Co-operative Fertilizer Ltd's ("Westco") fertilizer manufacturing and processing plants, which discontinued operations in 1987. The Company provided for site restoration and reclamation costs related to former production facilities in Calgary and Medicine Hat, Alberta and associated phosphogypsum stacks and certain closed landfills. The period to complete the reclamation project is estimated to be about nine years from the current date, and management believes that the ARO is adequate. The ARO was \$17.5 million at October 31, 2009, while at October 31, 2008, the ARO was \$22.1 million.

14.5 Purchase Price Allocation and Goodwill

Acquisition of ABB

As described in more detail in Section 11, Restructuring and Integration Matters, and in Note 6 to the Consolidated Financial Statements, the Company has recorded an amount of \$374.1 million in respect of goodwill and intangible assets relating to the acquisition of ABB. As the acquisition has recently been completed, the preliminary purchase price allocation between the assets and liabilities acquired, including goodwill and intangibles, will be finalized in a subsequent period, including allocation of goodwill by segment and determination of goodwill deductible for tax purposes. The determination and allocation of the purchase price paid for ABB will be based on management's best estimates. In determining the fair value of property, plant and equipment, goodwill and intangibles, the Company is using the work of third-party valuation experts. The fair value of the other assets, liabilities and obligations assumed on the purchase will be based on estimated market values. Liabilities relating to the restructuring and integration of ABB's operations included estimated severance and employee-related costs, professional fees and other related costs.

Other Acquisitions

As described in more detail in Note 6 to the Consolidated Financial Statements, the Company has recorded an amount of \$28.5 million in respect of goodwill and intangible assets relating to other acquisitions that occurred in fiscal 2009. Some of these acquisitions have recently been completed, and the preliminary purchase price allocation between the assets and liabilities acquired, including goodwill and intangibles, will be finalized in a subsequent period. The determination and allocation of the purchase prices paid were and will be based

on management's best estimates. The fair value of the other assets, liabilities and obligations assumed on the purchases were and will be based on estimated market values.

Agricore United

In fiscal 2009, management determined that the accrual for restructuring costs was \$5.0 million more than necessary, mainly due to lower-than-expected costs of disposal for certain assets. The after-tax impact of this adjustment to the purchase price allocation was \$3.4 million and resulted in a corresponding reduction in goodwill recorded for the AU acquisition.

Management believes that the remaining estimates used for the purchase price allocation are reasonable; however, actual results could differ as confirming events occur, which could require future adjustments to goodwill and related accruals.

15. CHANGES IN ACCOUNTING POLICY

15.1 Inventories

Effective November 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, Inventories. This adoption resulted in additional disclosures as provided in Note 3 of the Consolidated Financial Statements.

15.2 Goodwill and Intangible Assets

Effective November 1, 2008, the Company adopted the CICA Handbook Section 3064, Goodwill and Intangibles. This adoption had no material impact to the Company.

15.3 Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the CICA issued an amendment to Section 3862 to provide improvements to fair value and liquidity risk disclosures. The amendment applies to the Company's fiscal year ending October 31, 2009. This adoption resulted in additional disclosures as provided in Note 2p) and 23 of the Consolidated Financial Statements.

16. FUTURE ACCOUNTING STANDARDS

16.1 International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") announced that 2011 is the change over date for publicly accountable enterprises to replace Canadian 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.

Viterra has undertaken a project to assess the potential impacts of its transition to IFRS. A detailed project plan was developed and working teams formed to ensure compliance with the new standards. A steering committee of senior individuals from Finance, Treasury, Legal, Investor Relations and Information Technology has been established to monitor progress and review and approve recommendations from the working teams. Quarterly IFRS updates are provided to the Audit Committee of the Board of Directors.

Viterra has committed the appropriate resources and training to ensure the Company is compliant by the transition date. Part of the work that will be completed will include an assessment of the impact to accounting, financial reporting, information technology systems as well as certain contractual arrangements. The project has been broken down into four key phases, including Project Initiation and Initial Assessment, Detailed Assessment, Design and Execution.

Viterra has completed both the Initial and Detailed Assessment phases, of its project plan. Key segments of these phases included determining accounting policy and disclosure changes that will be required upon transition to IFRS as well as the exemptions relating to IFRS 1, First-time Adoption of International Financial Reporting Standards.

Set out below is the significant difference between GAAP and IFRS that the Company has currently identified. Viterra continues to monitor standards development as issued by the International Accounting Standards Board and, as standards change or are issued, there may be additional impacts on Viterra's assessment. In addition, Viterra may identify additional differences or experience changes in its business that may have an impact on the assessment.

A material item was identified for employee benefits based on differences between GAAP and IFRS relating to the accounting for defined benefit pension plans. IFRS has several technical differences from current GAAP accounting for defined benefit pension plans. As well, there are several accounting policy choices that are available under IFRS for pension accounting,

including a choice that is similar to what the Company currently employs under GAAP. Compared to GAAP, IFRS introduces differences in the calculation of the expected future benefit, the liability for minimum funding requirements, the valuation allowance, and the interaction thereof.

All other identified differences are considered unlikely to have a significant impact on Viterra's Consolidated Financial Statements. These differences include:

- Presentation and Disclosure
- Business Combinations
- Impairment
- Provisions
- Share-based Payments
- Leases
- Foreign Currency Translation
- Income Taxes

Viterra has begun the Design phase of its conversion project. Work has focused on areas assessed in the Detailed Assessment phase to have the greatest impact on results, disclosures and systems. Key segments of this phase will include the design of implementation plans for all work streams affected by IFRS and drafting financial statements and notes to comply with IFRS. The Company will also continue to assess the impact of the transition on information technology and data systems and on internal controls. This phase also includes ongoing communication and training.

17. RISKS AND RISK MANAGEMENT

Viterra faces certain risks, including weather, market, credit, foreign exchange and interest rate risk, which can impact its financial performance. For additional information on other general business and environmental risks, readers should review the 2009 Annual Information Form.

17.1 Governance and Oversight

Viterra's Risk Management Committee (the "Committee") is a senior management committee responsible for assessing enterprise risks and implementing strategies to reduce the Company's exposure. The Committee meets regularly to assess risks and direct risk mitigation activities. Regular reports are provided to the Audit Committee of the Board of Directors.

17.2 Weather Risk

As an agri-business company, Viterra's most significant risk is the weather. The effect of weather conditions on crop quality and production volumes present significant operating and financial risk to Viterra's Grain Handling and Marketing segment. Volumes are a key driver of earnings for Viterra's grain operations. Fixed costs in Viterra's primary elevator system represent approximately 75% to 80% of total costs and, as a result, reduced volume and inventory turns negatively impact the margin/earnings per tonne achievable.

Crop quality is also an important factor because the majority of the higher quality grains and oilseeds move into export position; accordingly, Viterra generates margins at each stage of its value chain through to its port terminals.

Grains destined for domestic markets on average generate lower margins, particularly feed grains, which require little processing and handling. Therefore, the mix of grains and oilseeds that Viterra manages in any given year is an important factor affecting margins and earnings. Viterra offers a number of programs to its primary customers, including drying and blending opportunities in an attempt to mitigate some of the quality risk.

The level and mix of agri-products sales are also dependent on weather. Weather and moisture levels are a determining factor in crop selection by producers at seeding time, the variety of seed sown, and the amount of proprietary seed purchased. Crop selection decisions also impact the amount of fertilizer and crop protection products Viterra sells since certain crops require significantly more inputs than others. During the growing season, weather determines the type and amount of agri-products applied to the land. Viterra's Agri-products segment works closely with its Grain Handling and Marketing segment to anticipate producers' intentions for seeding in order to manage agri-products inventories appropriately.

Viterra's elevators and agri-products distribution facilities in Canada are geographically dispersed throughout the Prairie Provinces, diversifying the Company's exposure to localized growing conditions. In Australia, the majority of the facilities are located in South Australia.

Viterra has, over the last number of years, obtained grain volume insurance to provide a degree of protection to the cash flow of the organization from significant declines in grain volumes,

resulting from drought or other weather-related events. For 2009, the Company had \$60.0 million of coverage in place for Canadian exposure and placed \$27.0 million AUD of coverage for Australian exposure in June 2009, contingent on the successful acquisition of ABB. For 2010, the Company has 46.5% of the \$60.0 million of Canadian coverage in place under a multi-year program. The Company intends to place additional coverage for 2010.

17.3 Market Risk

A significant portion of Viterra's sales are derived from its Grain Handling and Marketing segment. Earnings for this segment fluctuate based on the volume of grain handled and the margins earned on the purchase and sale of open market grains. In the case of Board grains, Viterra earns CWB storage and handling tariffs; these are established independently of the market price for grain.

CWB grains accounted for about 50.8% of total grain received by Viterra in 2009, on par with the 51.4% in fiscal 2008. For these grains, the Company's risks are reduced in part through the terms of formal legal arrangements between Viterra and the CWB. The arrangements provide for full reimbursement of the price paid to producers for grain as well as certain costs incurred by Viterra. Adverse impacts can be experienced by Viterra whereby handling of Board grain results in a loss of grade or, in the case of the CWB's tendering program, Viterra fails to meet the requirements under the tendering contract. Viterra employs grain grading, handling procedures and quality testing across its value chain to help mitigate these risks.

For non-Board or open market grains and oilseeds purchased by Viterra, as well as Australian grains and oilseeds, the Company is exposed to the risk of movement in price between the time the grain is purchased and when it is sold. Financial risk management activities commonly referred to as "hedging", where such opportunities exist, can reduce this risk. Hedging is the placing in the futures market of a position opposite to one held in the cash market in order to reduce the risk of financial loss from an adverse price change. In so doing, the Company assumes basis risk to the extent the futures market and the cash market do not change by directly equivalent amounts. Where exchange-traded futures for a particular commodity are not available or where the liquidity of a particular exchange-traded future is volatile, Viterra develops cross-hedges, using futures contracts for similar or related products.

Viterra employs a Commodity Risk Management Policy, in which position limits are used to limit the Company's exposure to changes in commodity prices. Position limits set out the amount of market exposure the Company is willing to tolerate by commodity. The Policy defines these tolerance levels based on the size of the original position, liquidity in the futures market and a number of other factors. The Board's Audit Committee sets various authorization limits.

The Company also utilizes forward sales contracts to hedge the ownership of grain, oilseeds and special crops, forward purchase contracts to fix the costs of supply of livestock feed inputs and prepaid purchases of agri-products inputs with future delivery dates. The costs associated with these instruments are included in the cost of sales for the affected business segment.

In Australia, Wheat Exports Australia administers a scheme under which all exporters of wheat must be accredited; Viterra's Australian operations are accredited. To maintain its accreditation, Viterra must provide access to its port services to other exporters pursuant to access arrangements approved by the ACCC.

Although the majority of Viterra's Grain Handling and Marketing revenue is volume-driven, rather than price-driven, grain and oilseed prices are a chief determinant of farm income levels and also influence producers' decisions regarding total seeded acreage and the types of crops grown. Such factors affect Viterra's sales mix, handling volumes, and the level of Agri-products sales.

17.4 Credit Risk

Viterra is exposed to credit risk in connection with credit provided to its customers, including credit provided on agri-products purchases through a third party. Credit defaults by Viterra's customers could have a material adverse effect on Viterra's financial results and financial condition. Viterra shares responsibility for defaulted accounts and loan losses with a Canadian chartered bank through Viterra Financial™. Viterra's average credit losses since combining its new credit programs in February 2008 were less than 0.2% of sales.

For credit provided through Viterra Financial™, the Company has limited its exposure to credit risk by limiting the financial institution's recourse against the Company for indemnification

of losses incurred on certain credit sales. Additionally, exposure to credit risk is managed through a rigorous analysis of outstanding positions, payment and loss history and ongoing credit reviews of all significant contracts.

Viterra regularly evaluates its counterparty risk with respect to its relationships with global customers and employs risk management practices to manage those relationships. The Company controls its exposure to counterparty risk through credit analysis and approvals, credit limits, and monitoring procedures. Changes in the economic, political and market conditions may impact counterparty risk, which could have a material financial impact.

17.5 Foreign Exchange Risk

The Company undertakes certain transactions denominated in foreign currencies and, as a result, foreign currency exposures arise. The Company is exposed to foreign exchange risk on financial commodity contracts, which are denominated in foreign currencies, and on its investment in foreign subsidiaries. The Company uses derivative financial instruments, such as foreign currency forward contracts and futures contracts, and options to limit exposures to changes in foreign currency denominated assets and liabilities as well as anticipated transactions.

During the year, the Company entered into a series of derivative contracts in connection with its offer to acquire ABB. The Company entered into option arrangements in order to limit exposure to a change in the AUD. These derivatives were used to mitigate the risk of economic loss arising from changes in the value of the AUD compared to the Canadian dollar between the announcement of the acquisition and the expected closing date.

The acquisition of ABB has exposed the Company to the impact of changes in the AUD to the Canadian dollar exchange rate on its net investment in Viterra Australia. For accounting purposes, ABB is considered to be a self-sustaining entity and, therefore, the impact of changes in the exchange rate will be recognized in the Accumulated Other Comprehensive Income (Loss) section of the Company's Consolidated Statements of Shareholders' Equity.

To the extent that the Company has not fully hedged its foreign exchange risks, a fluctuation of the Canadian dollar against the USD, AUD or other relevant currencies could have a material effect on Viterra's financial results.

17.6 Interest Rate Risk

The Company's exposure to interest rate risk relates primarily to the Company's debt obligations. The Company manages interest rate risk and currency risk on borrowings by using a combination of cash instruments, forward contracts and a mixture of fixed and floating rates. The Company has entered into interest rate swaps to manage variable interest rates associated with a portion of the Company's debt portfolio. The Company uses hedge accounting for interest rate swaps used to mitigate the impact of variable rates on long-term debt.

17.7 Other Risks

To address consumer awareness and concern over food safety and "traceability", Viterra has established a number of processes to track and identify crops at every stage of production: from seed to customer delivery. Its processes meet international standards, including HACCP – the internationally recognized system of quality control for food safety – and ISO 9000 certification for the processing and export of grains, oilseeds and special crops. ISO 9001:2000 registration and HACCP compliance are verified by third-party audits. As at October 31, 2009, all of the Company's port terminals, except Prince Rupert Grain, met the ISO 9001:2000 Quality Management Standard and ISO 22000:2005 HACCP Food Safety Standard. All of the Company's Thunder Bay Terminals (A, B and C) are also GMP+B2 (Good Manufacturing Practices) certified.

The Company's country elevator network in North America consists of 85 grain facilities, which includes two joint venture country facilities, and nine processing facilities, which are registered ISO 9001:2000 and are HACCP compliant. In addition, the Quality Control department in the Company's offices in Regina is ISO 9001:2000 registered. The Company's six Canadian feed mills and pre-mix facilities comply with all federal regulations and are HACCP certified or compliant. In addition, Canadian operations are inspected by the Canadian Food Inspection Agency ("CFIA") and U.S. feed mills are inspected by state and federal agencies in the United States.

Viterra's grain handling and malt operations in Australia are certified to the ISO 22000 HACCP standards. The ISO 9001:2000 and ISO 9001:2008 Quality Management System accreditations cover Viterra's Australia and New Zealand broader grain handling, malting operations and feed manufacturing,

respectively. As well, these accreditations cover these operations' respective associated functions.

Consumer perceptions related to food safety are an increasing industry risk. The general public is demanding legislative response to the perceived threat of food safety, and there is a high probability that the U.S. will introduce new legislation that may impact the business.

In September 2009, the FDA announced a zero tolerance policy for *salmonella* in all Canadian canola meal, and has since been rejecting or holding some cars for inspection. Viterra is working with the Canola Council of Canada and other industry participants to find a resolution to this issue with the FDA.

A detailed commentary on risk factors relating to the Company and its business is set forth in the Company's current Annual Information Form. Also see Section 21, Additional Information.

18. NON-GAAP MEASURES

EBITDA (earnings before interest, taxes, amortization, gain (loss) on disposal of assets, integration expenses, net foreign exchange gain on acquisition, and recovery of pension settlement) and EBIT (earnings before interest, taxes, gain (loss) on disposal of assets, net foreign exchange gain on acquisition, integration expenses and recovery of pension settlement) 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 charges 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 its 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 charges, 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 in assessing 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. Viterra uses cash flow provided by operations and cash flow provided by operations per share as a financial measure for the evaluation of liquidity. Management believes that excluding the seasonal swings of non-cash working capital assists their 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 Canadian 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

(in thousands – except percentages and ratios)

For the Twelve Months Ended October 31

	2009*	2008	Better (Worse)
Gross profit and net revenues from services	\$ 849,963	\$ 1,026,831	\$ (176,868)
Operating, general and administrative expenses	(526,265)	(494,227)	(32,038)
EBITDA	323,698	532,604	(208,906)
Amortization	(109,141)	(106,832)	(2,309)
EBIT	\$ 214,557	\$ 425,772	\$ (211,215)
Net earnings (loss)	\$ 113,127	\$ 288,282	\$ (175,155)
Amortization	109,141	106,832	2,309
Non-cash financing expenses	6,033	4,470	1,563
Recovery of pension settlement	–	(3,356)	3,356
Employee future benefits	(22,875)	(19,918)	(2,957)
Equity loss (gain) of significantly influenced companies	(59)	10,963	(11,022)
Future income tax provision	29,723	70,280	(40,557)
Net foreign exchange gain on acquisition	(24,105)	–	(24,105)
Loss (gain) on disposal of assets	10,314	(1,263)	11,577
Other items	2,124	(24)	2,148
Cash flow prior to working capital changes	\$ 223,423	\$ 456,266	\$ (232,843)
Property, plant and equipment expenditures	(75,283)	(55,583)	(19,700)
Free Cash Flow	\$ 148,140	\$ 400,683	\$ (252,543)
AT OCTOBER 31			
Current assets	\$ 3,133,149	\$ 2,422,712	\$ 710,437
Current liabilities	1,405,812	952,612	(453,200)
Current Ratio (Current Assets/Current Liabilities)	2.23	2.54	(0.31 pt)
Short-term borrowings (Note 10)	\$ 291,128	\$ 17,769	\$ (273,359)
[A] Long-term debt due within one year (Note 11)	18,151	14,703	(3,448)
[A] Long-term debt (Note 11)	1,265,435	595,385	(670,050)
[B] Total debt	\$ 1,574,714	\$ 627,857	\$ (946,857)
Cash and short-term investments	\$ 1,033,669	\$ 669,665	\$ 364,004
Bank indebtedness	(594)	(655)	61
[C] Cash and cash equivalents	\$ 1,033,075	\$ 669,010	\$ 364,065
Total Debt, Net of Cash and Cash Equivalents	\$ 541,639	\$ (41,153)	\$ (582,792)
[D] Total equity	\$ 3,508,919	\$ 2,200,725	\$ 1,308,194
[E] Total capital [B + D]	\$ 5,083,633	\$ 2,828,582	\$ 2,255,051
Total Debt-to-Capital [B]/[E]	31.0%	22.2%	(8.8 pt)
Long-Term Debt-to-Capital [A]/[E]	25.2%	21.6%	(3.6 pt)

* Includes results from Viterra Australia operations from September 24, 2009 to October 31, 2009.

19. EVALUATION OF DISCLOSURE AND PROCEDURES

Management, including the President and Chief Executive Officer and Chief Financial Officer, has evaluated the design and effectiveness of Viterra's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of October 31, 2009. Management has concluded that, as of October 31, 2009, Viterra's disclosure controls and procedures are designed and operating 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, except as noted below in the scope limitation that exists as a result of the purchase of ABB.

Management, including the President and Chief Executive Officer and Chief Financial Officer, has also evaluated the design and effectiveness of Viterra's internal controls over financial reporting (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of October 31, 2009. Management has concluded that, as of October 31, 2009, Viterra's internal controls over financial reporting are designed and operating 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, except as noted below in the scope limitation that exists as a result of the purchase of ABB. Viterra's management has used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of the Company's internal control over financial reporting. It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no other changes in the Company's internal control over financial reporting that occurred during the year, except as noted in the scope limitation below, that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Limitation on scope of design:

Management has limited the scope of design of our disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of ABB and its subsidiaries. The chart below presents the summary financial information of ABB:

Balance Sheet Data (\$ millions)	At October 31, 2009
Current assets	\$ 686.9
Long-term assets	\$ 1,640.7
Current liabilities	\$ 532.4
Long-term liabilities	\$ 1,005.9

Income Statement Data (\$ millions)	Five Weeks Ending October 31, 2009
Total revenue	\$ 139.20
Net income/(loss) for the period	\$ (14.3)

The scope limitation is in accordance with National Instrument 52-109 3.3(1)(b), which allows an issuer to limit its design of disclosure controls and procedures, or internal controls over financial reporting to exclude controls, policies and procedures of an acquired company not more than 365 days before the end of the financial period to which the certificate relates.

20. FORWARD-LOOKING INFORMATION

Certain statements in this 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 such matters, are forward-looking statements. In addition, 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. A number of factors could cause actual results to differ materially from expectations, including, but not limited to, those factors discussed under the heading Risk Factors in Viterra's 2009 Annual Information Form and in the Company's 2009 Management's Discussion and Analysis under the heading "Risks and Risk Management"; adverse weather conditions; political and economic risks; changes in regulation; commodity price and market risks; employee relations, collective bargaining and third-party relationships; integration risk associated with the merger of Viterra and ABB and integration risk related to other acquisitions; foreign exchange risk; availability of credit and credit costs; availability and cost of water in Australia; dependence on key personnel; environmental, health and safety risks; property and liability risks; food and agricultural products risks; diseases and other livestock industry risks; credit risk; commodity trading risks; and reliance on business information systems. The uncertainties and other factors include, but are not limited to, crop production and crop quality in Western Canada and South Australia; world agricultural commodity prices and markets; producers' decisions regarding total seeded acreage, crop selection, and utilization levels of farm inputs such as fertilizer and pesticides; changes in the grain handling and agri-products, food processing and feed products competitive environments, including pricing pressures; Canadian and Australian grain export levels; changes in government policy and transportation deregulation; international trade matters; global political and economic conditions, including grain subsidy actions and tariffs of the United States and the European Union; current global financial crises and changes in credit markets; and competitive developments in connection with Viterra's grain handling, agri-products, food processing, feed products and financial products businesses. Many of these risks, uncertainties and other factors are beyond the control of the Company. All of the forward-looking statements made in this Management's Discussion and Analysis and the documents incorporated herein by reference are qualified by these cautionary statements and the other cautionary statements

and factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual developments or results anticipated by the Company and its management will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Company.

Although Viterra believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this 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 2009 and subsequent crop years;
- the volume and quality of grain held on-farm by producer customers in North America;
- movement and sales of Board grains by the CWB;
- the amount of grains and oilseeds purchased by other marketers in Australia;
- demand for and supply of open market grains;
- movement and sale of grain and grain meal in Australia and New Zealand, particularly in the Australian states of South Australia, Victoria and New South Wales;
- agricultural commodity prices;
- demand for oat, canola, and barley products and the market share of these products that will be achieved;
- general financial conditions for western Canadian and southern Australian agricultural producers;
- demand for seed grain, fertilizer, chemicals and other agri-products;
- market share of grain deliveries and agri-products sales that will be achieved by Viterra;

- extent of customer defaults in connection with credit provided by Viterra, its subsidiaries or a Canadian chartered bank in connection with feed product and agri-product, purchases;
- ability of the railways to ship grain to port facilities for export without labour or other service disruptions;
- demand for oat, 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;
- cyclicalities 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; and
- 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, and undue reliance should not be placed on Viterra's forward-looking information.

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 otherwise required by applicable law.

21. **ADDITIONAL INFORMATION**

Additional information about Viterra, including its most recent Annual Information Form, can be found on the Company's website at www.viterra.ca and on SEDAR at www.sedar.com.