Canadian Grain in 2016

Ken Ritter
Chairman of the Board
The Canadian Wheat Board

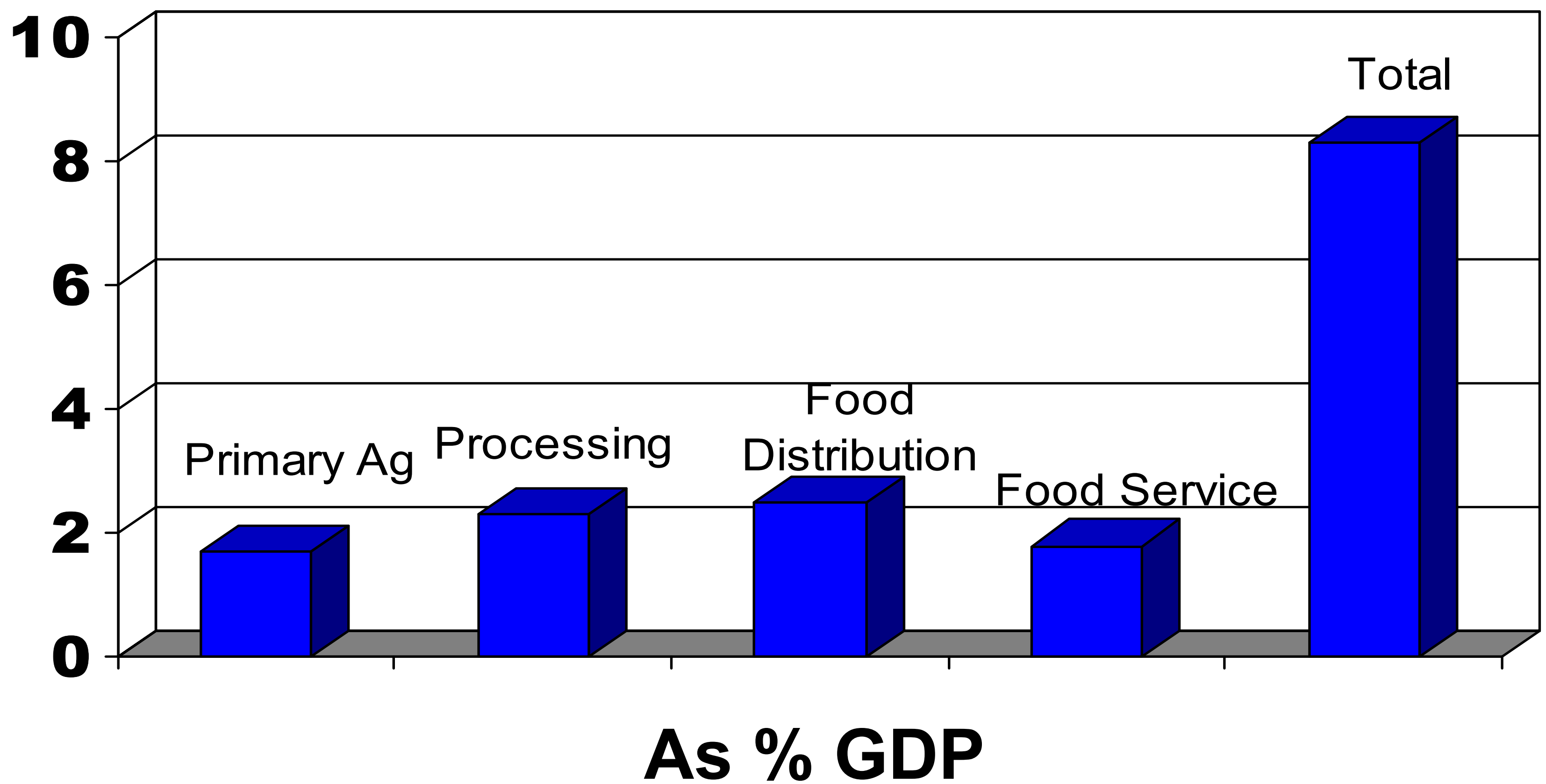
March 20, 2006

CWB

Prairie strong, worldwide

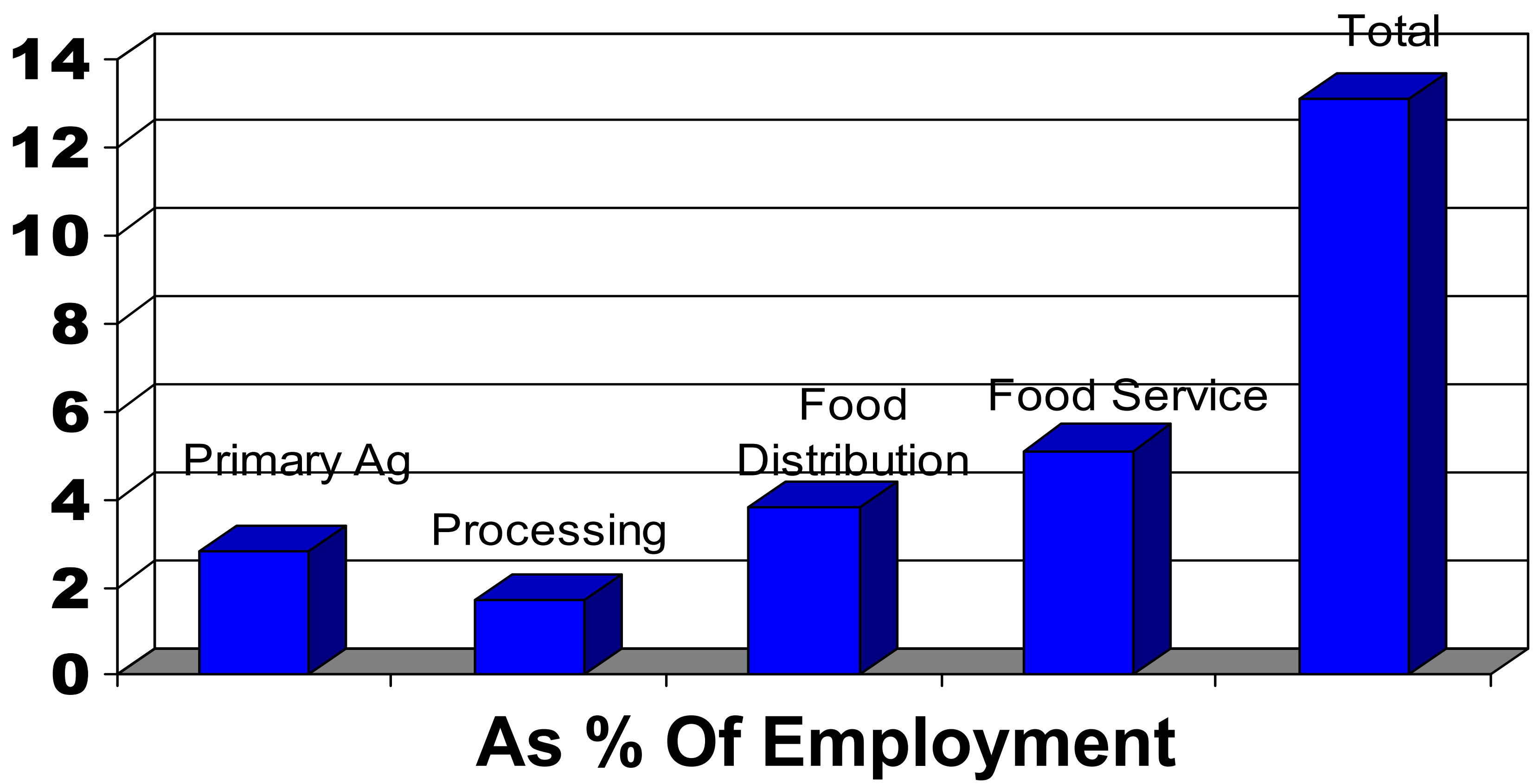
Agriculture is extremely important to the Canadian economy...

Agri-Food's Economic Impact



Source: AAFC, Statistics Canada

Agri-Food's Economic Impact



Source: AAFC, Statistics Canada

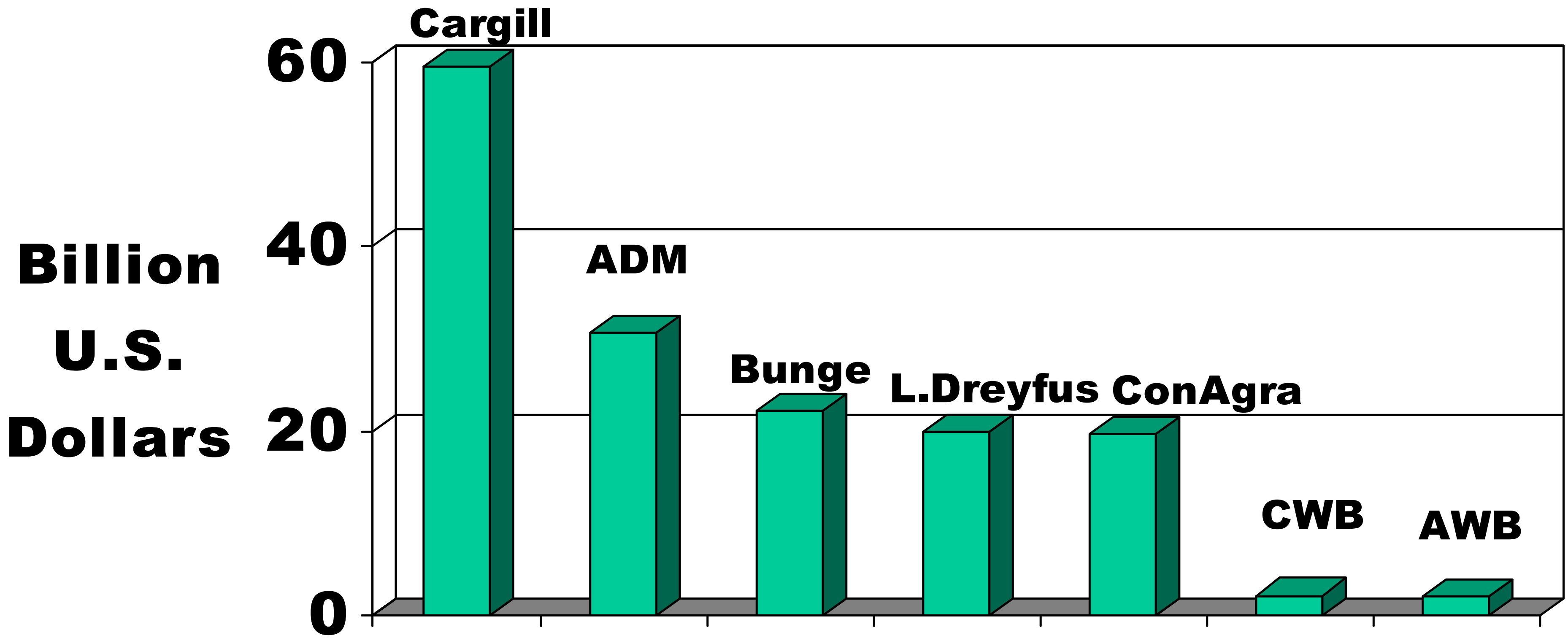
Western Canadian farmers face real challenges...

Our Competitive Disadvantages

- Market concentration
- No Canadian integration into offshore value chain
- Weather
- Distance to port
- Lack of competition in rail and terminal handling
- Unlevel international playing field

Concentration

Revenue by Company 2002-03



World wheat trade is controlled by a handful of very large players.

Concentration

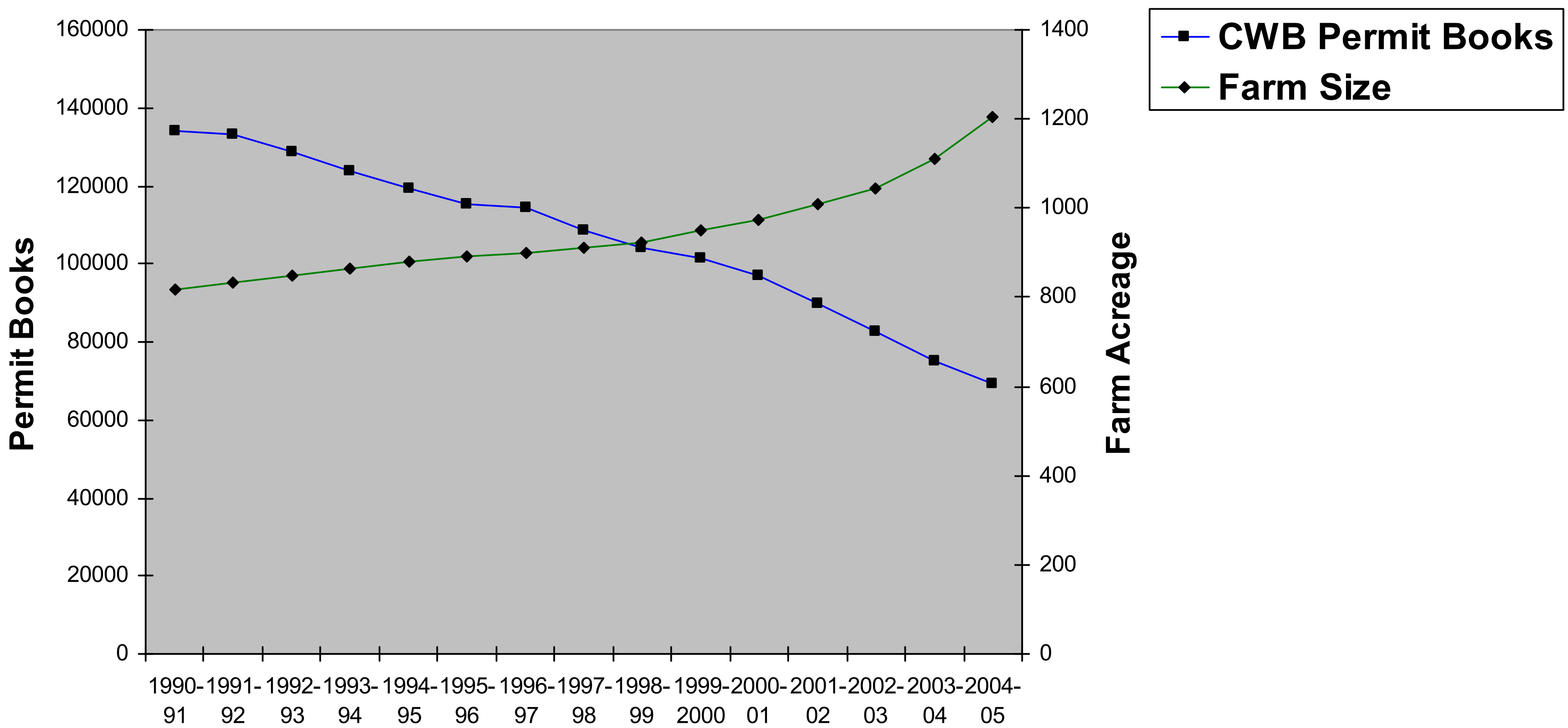
- Canadian Industry
  - Millers
  - Maltsters
  - Handling companies

    4,947 elevators (1970)
    1,300 elevators (1998)
    950 elevators (2000)
    376 elevators (2005)
    284 delivery points

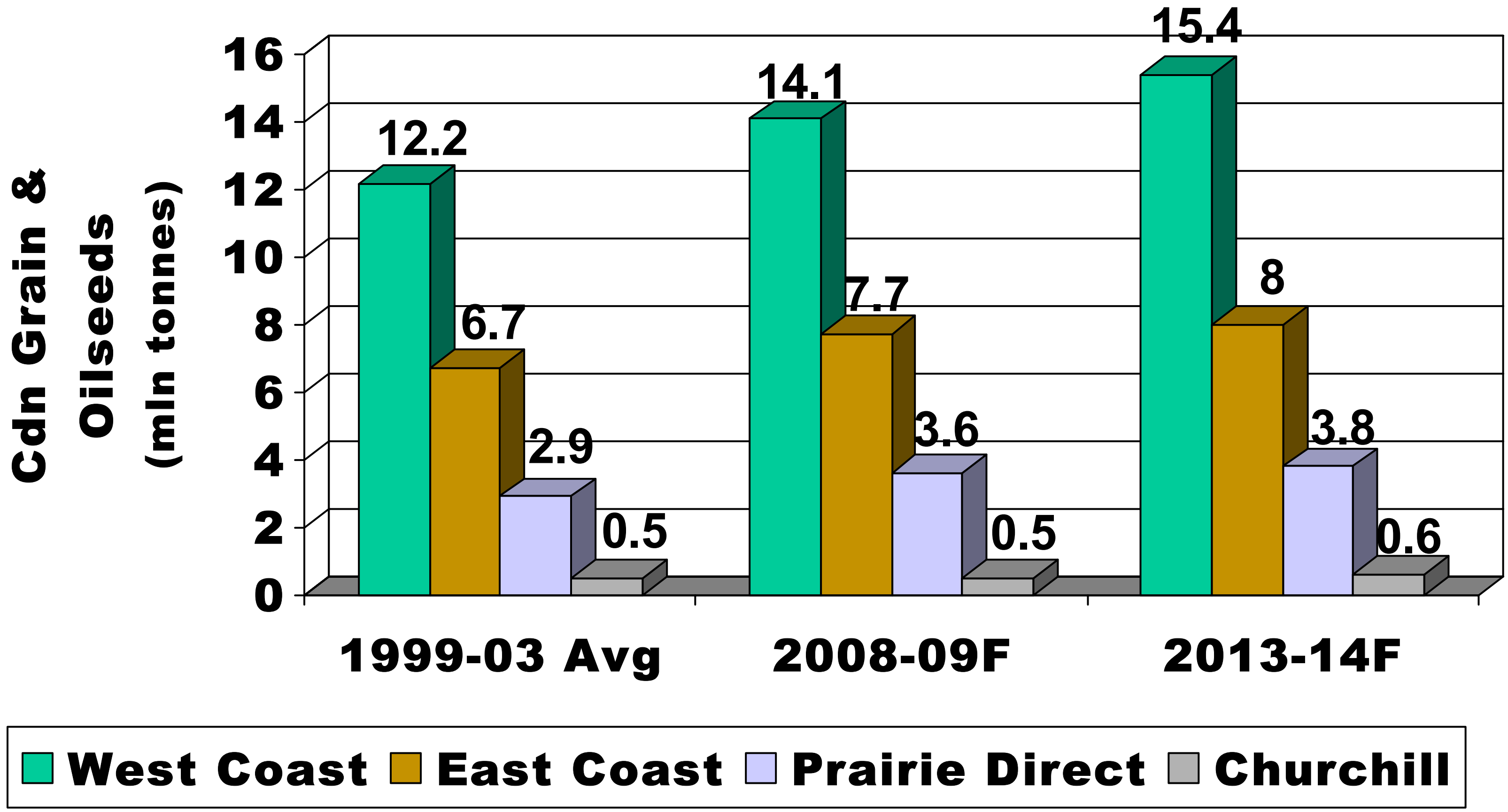
- Transportation
  - 6 major North American Railways
  - Short lines

Consolidation of farms

Number & Size of Prairie Farms



The Next 10 Years



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Lack of Competition - Rail and Terminal Handling

- Independent West Coast terminal facility
- Churchill / Mission Terminal provide east coast independence
- FRCC / CWB control of rail cars
- Reverse onus joint running rights

Integrated Supply Chain

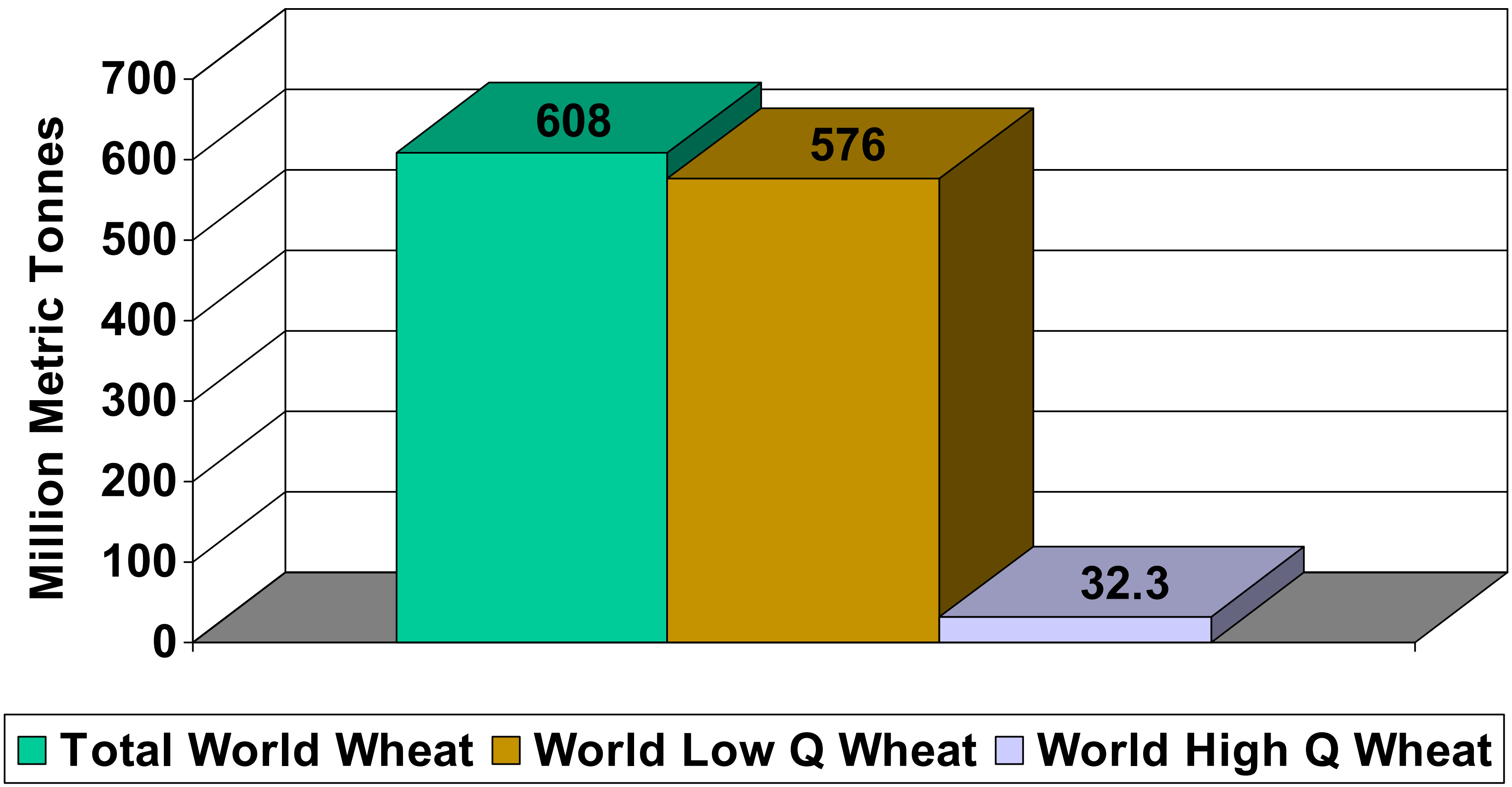
Supply Chain	Farmer Ownership and Control
Farm	✓
Producer Cars	✓
Primary Elevators	Partial (ITAC)
Railways	Partial (FRCC/CWB/short lines)
Terminal Elevators	X
Marketing	Partial (CWB)
Offshore Facilities	X

We also have a significant number of strengths...

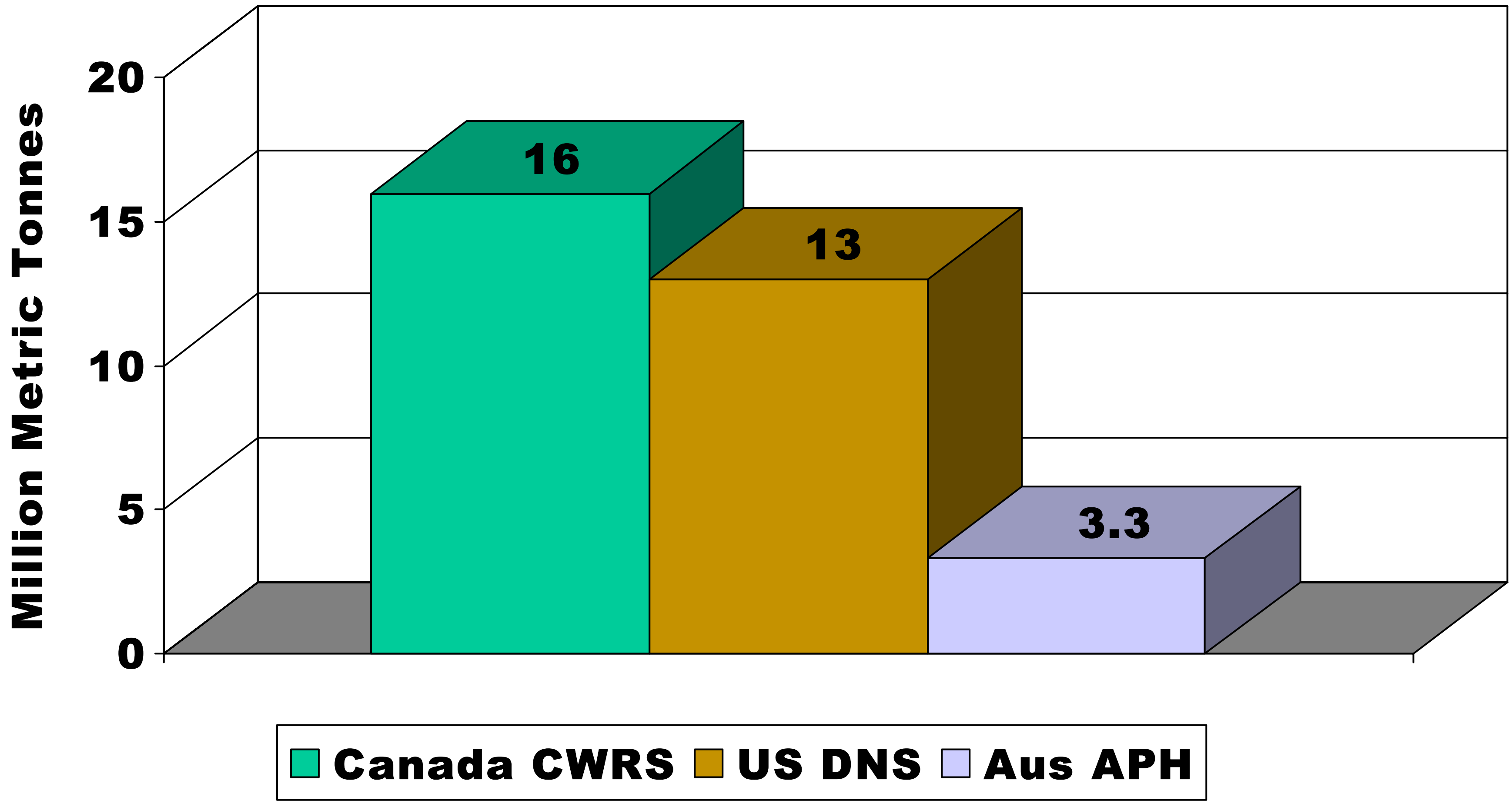
Our Competitive Advantages

- High quality of our products.
- Our hard work and dedication.
- The value of our brand.
- Canada's worldwide reputation for grain quality assurance.
- Our established high-value customer base.

Quality Vs. Quantity



Canada's Market Power



Maintaining the Quality Advantage

- Focussed research that is directed by farmers (WGRF)
- KVD evolution
- In our customer survey, 98 per cent rate CWB product as good or better than our competition.

Quality Assurance

- Canadian Grain Commission (CGC) review
- Food safety certification
- Traceability
- Falling number

High Value Customer Base

- Western Canadian farmers currently have strongly established market ties to high value markets such as Japan and the UK
- Other established customers such as China are becoming more quality focussed, Mexico quantities increasing
- Market development work establishes and develops new markets
  - CIGI
  - CMBTC
  - COFCO/CWB joint technical centre

Major customers 2004-05

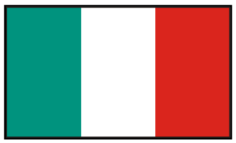
Wheat

Canada	2.3 m
China	2.3 m
Japan	1 m
South Korea	922 000
Indonesia	775 000

Malting barley

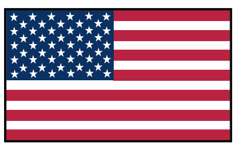
Canada	1.1 m
China	673 000
United States	146 000
Colombia	75 000
South Africa	45 000

Durum



Italy
554 000

Algeria
380 000

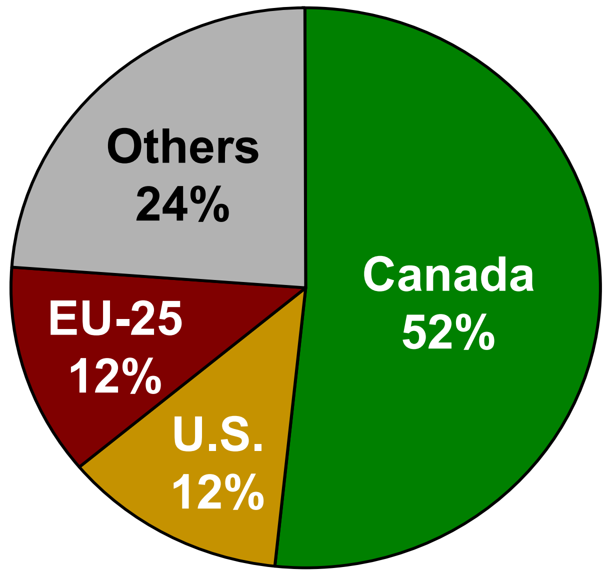


United States
361 000

Morocco
356 000

Venezuela
335 000

World Durum wheat trade*



2004-05, July-June trade year

*excludes semolina

We can and must build on these strengths...

The Value of Our Brand

- Opportunity exists for Prairie wheat and barley growers to leverage their brand and continue to extract premiums for it.
- Product quality, cleanliness, consistency and service rated number one by customers.

Vision

Canadian farmers innovatively leading the way in the

global grain market

Mission

Creating a sustainable competitive advantage for farmers and customers through our unique business structure, innovative marketing, superior service, profitable investments and effective partnerships.

Loss of Guarantees

- Further moves CWB away from direct government involvement.
- Will increase CWB borrowing costs
  - need for capital base
- A challenge

A New Environment

- The new federal government feels the CWB must evolve to better serve farmers
- The farmer-elected board members agree
- The CWB represents the best opportunity to give Canadian farmers a meaningful role in the world grain trade

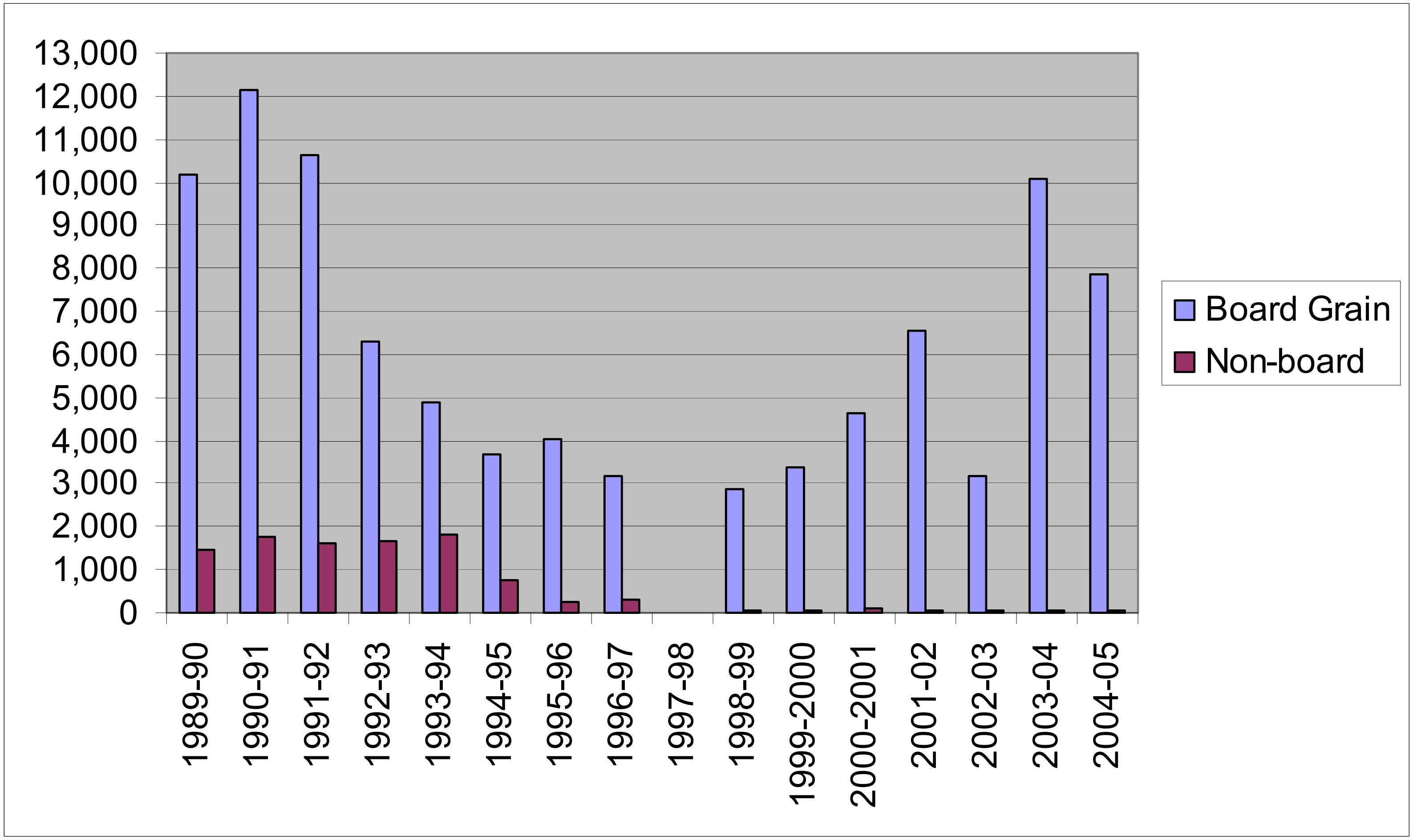
The CWB is our foundation on which to build...

The Opportunity

Empowering farmers - CWB

- Offshore joint ventures
- Value-added investment
- Bulk buying
- Grain handling and transportation investment
- Branding
- Marketing other Canadian crops

Producer Cars



Market Concentration

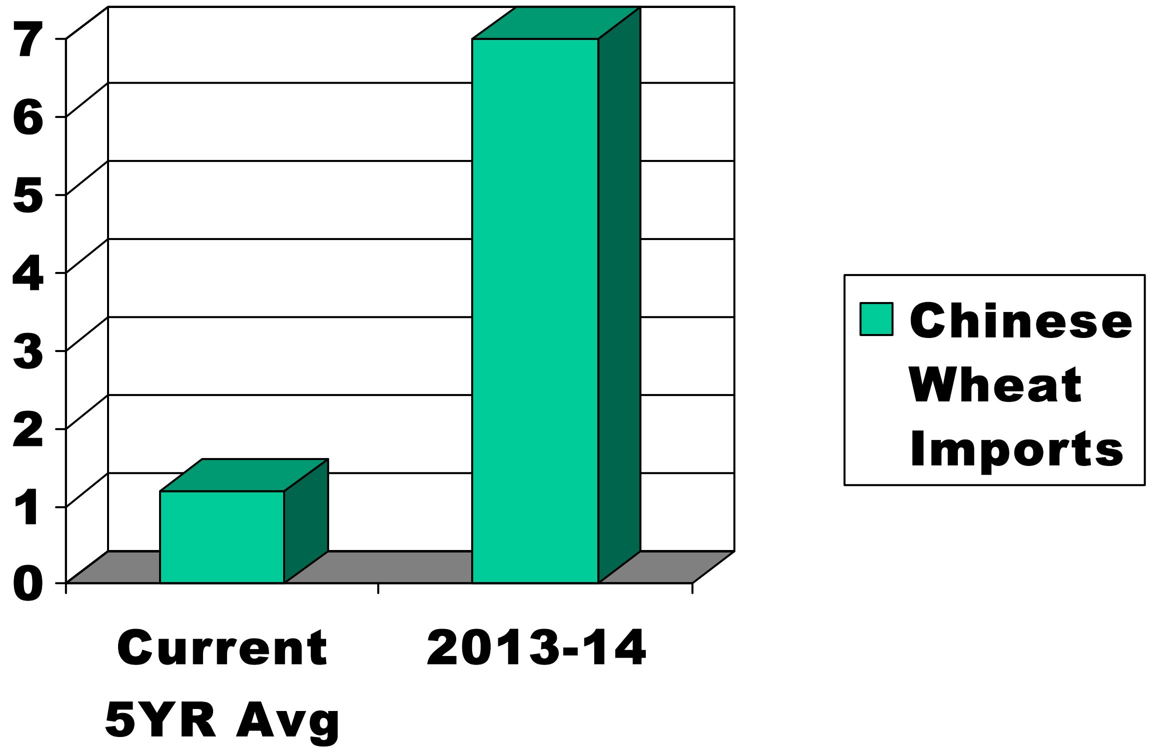
- Maintain the CWB single desk
  - The CWB is the only counterbalance built within the grain marketing system that represents farmers

There are opportunities on the horizon...

Market Expansion

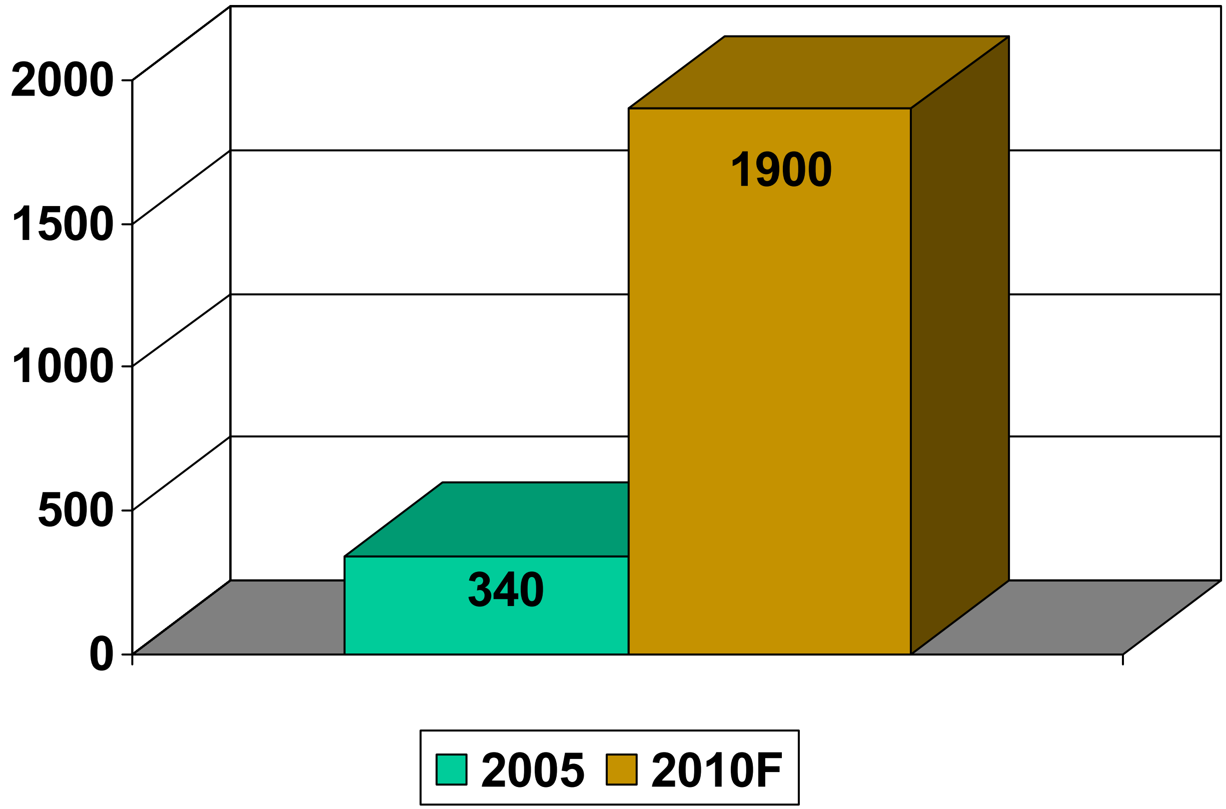
- China remains one of the most promising future markets for Canadian grain.
- As a nation China is undergoing an enormous transformation.
  - Largest migration in human history
  - Environmental and land use issues
  - “Long on labor, short on land”

Market Expansion

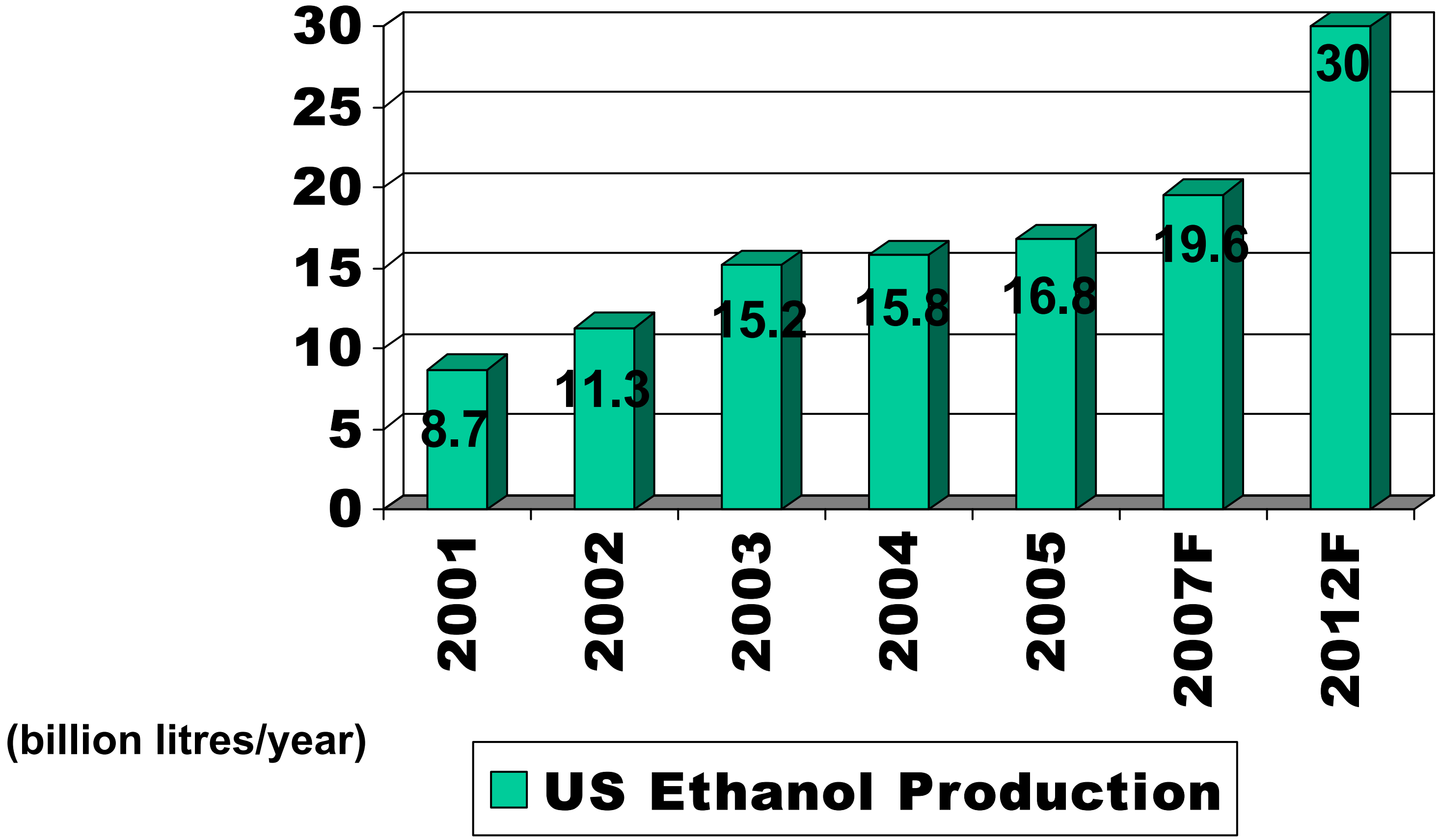


Potential Canadian Ethanol Expansion

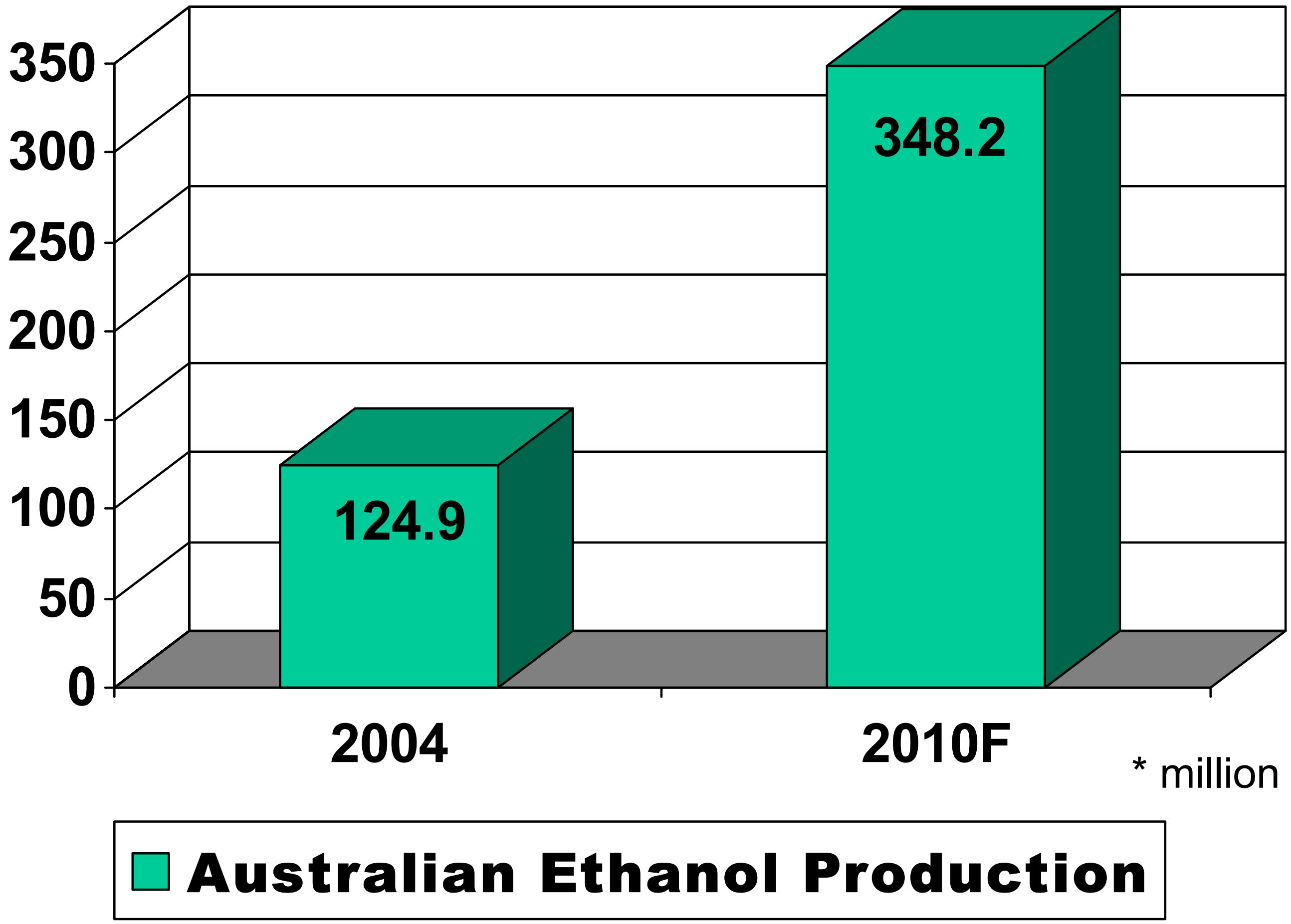
A policy of five per cent renewable fuels by 2010 would equal a six-fold expansion in Canadian ethanol production, or a requirement for five million tonnes of feed stocks annually.



Global Ethanol Expansion

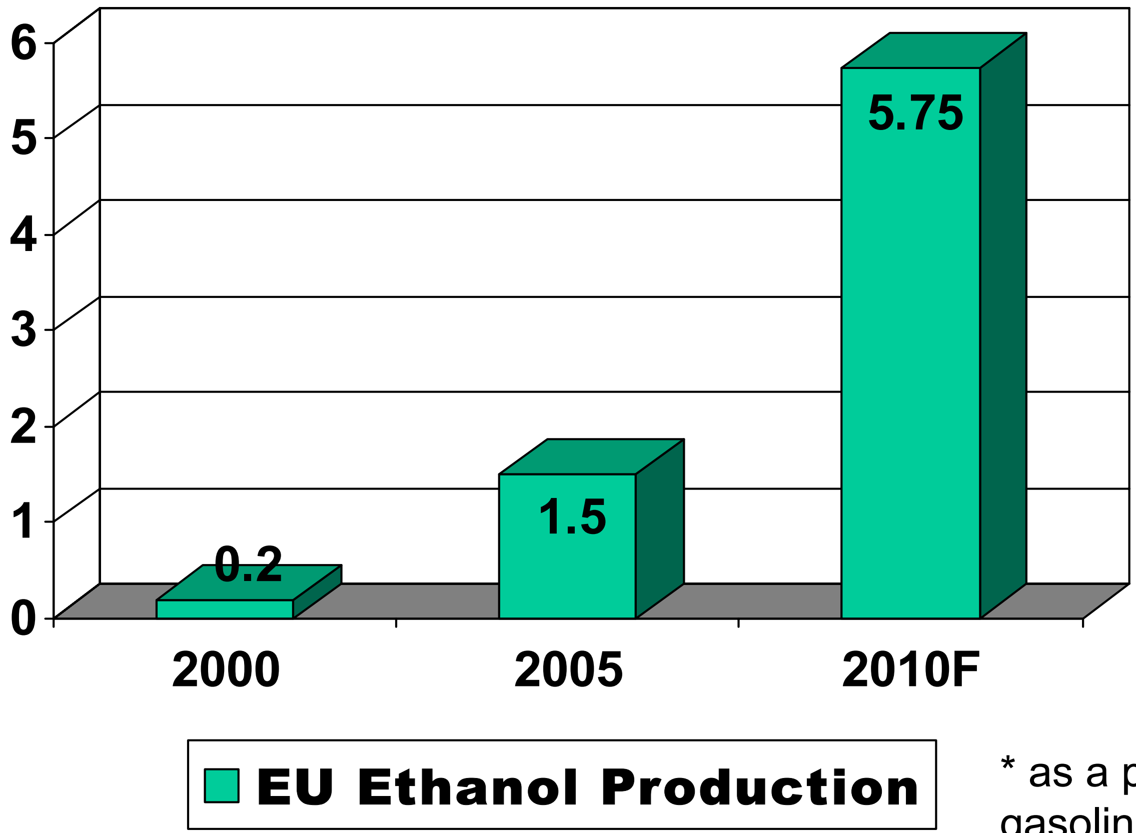


Global Ethanol Expansion



* million litres/year

Global Ethanol Expansion



* as a per cent of gasoline consumption

QUESTIONS ?

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Prairie strong, worldwide