



The Canadian Wheat Board
La Commission canadienne du blé

April 21, 2006

CONFIDENTIAL

The Honourable Chuck Strahl, P.C., M.P.
Minister of Agriculture and Agri-Food and
Minister responsible for the Canadian Wheat Board
Agriculture and Agri-Food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, ON K1A 0C5

Dear Minister Strahl:

Re: Process for Nomination and Appointment of CWB Directors

As you are aware, the *Canadian Wheat Board Act* provides for 10 directors to be elected to the CWB board of directors and five directors, including the president, to be appointed by the Governor in Council on the recommendation of the Minister. Considering that a vacancy on the board of directors could occur as early as this June with the expiration of Lynne Pearson's term, the CWB board has contemplated the process for the nomination and appointment of directors and wishes to put forward the following proposal.

Sound corporate governance requires that a board of directors establish a list of the skills and experience needed on the board and then make a regular assessment of the collective skill set to identify any gaps that need to be filled. The CWB board maintains a list of director qualifications, which includes the recommended traits of all directors as well as the additional skills, experience and strengths of value to the board. (A copy of the current list is attached for your reference.) This list assists to identify which skills are lacking on the board.

In the past, when a vacancy has existed on the board, the CWB has provided the list of qualifications to the Minister and identified the skills most needed in the next appointee. However, our board now wishes to transition to an appointment process that would allow it to have a more direct role in ensuring that the skills most needed on the board are attained. This new process would be consistent with the advice of the CWB Election Review Panel, which recommended that, with respect to appointed directors, the Minister appoint directors on the recommendation of the elected CWB board (Recommendation #13.1., *Report Respecting the Review of the Electoral Process for Election of Directors of the CWB*). This recommendation is also consistent with the feedback that the CWB has received directly from farmers, who desire more farmer control of the corporation.

While our preferred appointment model would be for the CWB to be granted authority to appoint outside directors directly, we are proposing that a transitional model be implemented for the immediate future. Under this proposed model, the CWB would identify the skills to be sought in the next appointee, and, through the use of a professional search firm, select three qualified individuals to comprise a short list. The CWB would then present this short list of qualified individuals to you as Minister for recommendation of your preferred candidate. In this way, the CWB would ensure that the individual appointed would complement the skill set of the board, while the Governor in Council would retain the final appointment authority.

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It is important to note that a similar process was used for the nomination and appointment of the president in 2002, when the board retained a professional search firm and recommended its preferred candidate to the government.

In light of the time required to identify three qualified candidates and the limited time available before a vacancy on the board could occur, I would appreciate your early consideration of our proposal. I am available to discuss this matter at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Ken Ritter". The signature is written in a cursive, flowing style.

Ken Ritter
Chair, board of directors

KR/dlh
2925q

Attachment

c: Mr. Laurie Throness, Chief of Staff

20-05CH.doc

Director Qualifications

Recommended Traits of all Directors

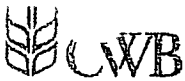
- Commitment to the success of the organization
- Ability to act decisively, with tolerance for risk
- Ability to think strategically, set direction and be innovative
- Results orientation
- Fairness, open-mindedness
- Ability to influence others and to take value from others' contributions
- Ability to delegate
- Ability to compromise and to work with others to build consensus
- Self awareness
- Ability to exercise independent judgement
- Highest integrity and ethical standards
- Ability to communicate effectively
- Strong interpersonal skills
- Respected community leader
- Commitment to continuous learning
- Computer literacy
- Availability to serve

Additional Skills, Experience and Strengths of Value to the Board

- Finance (including accounting, corporate finance, investment banking, capital markets, treasury and risk management expertise)
- Governance (including subsidiary governance)
- Corporate board experience
- Business experience (including international business)
- Grain industry experience (including farming and agricultural policy experience)
- International trade
- Law
- Government relations
- Public relations (including farmer relations)
- Human resources (including pension expertise)
- Information technology

Other Considerations

- Diversity



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June 15, 2006

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Agriculture and Agri-Food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, ON K1A 0C5

Via Facsimile: 613-995-5621

Dear Minister Strahl:

Re: 421288 - Qualities Required in Next Appointed CWB Director

Thank you for your letter of June 1, 2006 (received June 6).

At its most recent board meeting, the directors completed their assessment of the collective skill set of the board and determined the qualities most needed in the next appointee.

As you are aware, Lynne Pearson's term as a director expires in the very near future. The board has been very satisfied with Mrs. Pearson's performance as a director, and as such, would fully support her re-appointment to a second term. However, in the event that the government is not prepared to re-appoint Mrs. Pearson, the qualities that would be of greatest value to the board at the present time are:

- Senior level experience in a financial management and/or accounting role (e.g. accounting, corporate finance, international finance, investment banking, and/or treasury), with particular focus on capital markets.
- A professional accounting designation would be desirable (CA, CMA or CGA).
- Corporate board experience.
- Business expertise.
- Knowledge of prairie agriculture would be an asset.

Also I was interested in the third paragraph of your letter where you indicate that you feel "it is also important that directors appointed by the Government understand and support the directions of government policy in areas affecting the CWB." Directors, no matter how they become members of the CWB board, have the same fiduciary responsibilities of directors on any corporate board. That is, directors must serve the best interests of the corporation and its stakeholders.

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I trust this input will be useful to you in assisting the CWB to secure the best possible skills for our board and in achieving your government's objective of making government appointments on the basis of qualifications.

Sincerely,

A handwritten signature in cursive script that reads "Ken Ritter".

Ken Ritter
Chair, board of directors

KR/jem

c: Mr. Laurie Throness, Chief of Staff

POC1609-CH