

Specialty Oils Industry in North America – The Future Potential



Cargill
Specialty Canola Oils

The World is Changing



Food Industry Environment

- Epidemic of obesity
- Increased incidence of juvenile diabetes
- Lawsuits
- Reduced consumption

Consumers are bombarded daily with information about diets and the need for life style changes...



...awareness is moving consumers away from food containing *trans* fatty acids and high saturates.

U.S. Food and Drug Administration Defines Content Claims

Fat Claim	Common Definition
Fat-free	Less than 0.5 g fat per serving
Low saturated fat	1 gm or less per serving
Low fat	3 gm or less per serving
Reduced fat	At least 25% less than regular version
Light in fat	Half the fat of the regular version

Trans Fatty Acids & Society

- U.S. Food & Drug Administration labeling rule for *trans* fatty acids effective January 1, 2006
- Institute of Medicine/National Academy of Sciences report on the dietary effect of *trans* fatty acids
- Food industry leaders are changing product formulations to move from *trans* fatty acids to healthier oils

Institute of Medicine/National Research Council Letter Report on Dietary Reference Intakes for *Trans* Fatty Acids

- Like saturated fatty acids, a positive linear trend exists between *trans* fatty acid intake and total and LDL cholesterol.
- The dietary effect of TFA is increased risk of coronary heart disease, suggesting a Tolerable Upper Intake Level (UL) of zero.
- It is recommended that *trans* fatty acid consumption be as low as possible.

U.S. Food and Drug Administration Impact on *Trans* Fat Labeling (French Fries)

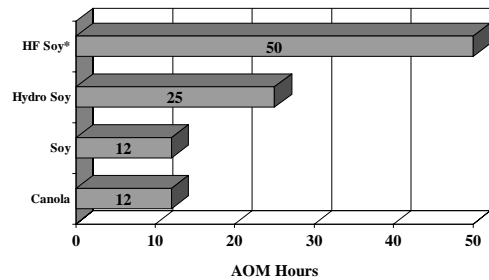
Current Label			Trans Label		
Nutrition Facts			Nutrition Facts		
Serving Size 1 pack (74g)			Serving Size 1 pack (74g)		
Servings Per Container 1			Servings Per Container 1		
Amount Per Serving			Amount Per Serving		
Calories 230			Calories 230		
Calories from Fat 100			Calories from Fat 100		
% Daily Value *			% Daily Value *		
Total Fat	11g	17%	Total Fat	11g	17%
Saturated Fat	2g	10%	Saturated Fat	2g	10%
			** Trans Fat	3g	
Cholesterol	0mg	0%	Cholesterol	0mg	0%
* Percent Daily Values are based on a 2,000 calorie diet.			* Percent Daily Values are based on a 2,000 calorie diet.		
			** Intake of Trans fat should be as low as possible.		

Market Leaders



Industry Best Cost

Why do We Use Hydrogenation?

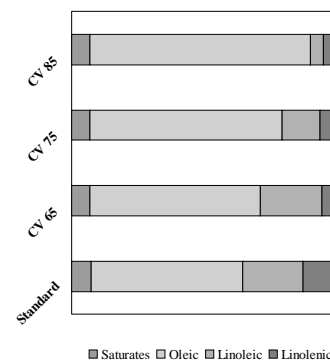


* Hydrogenated and fractionated

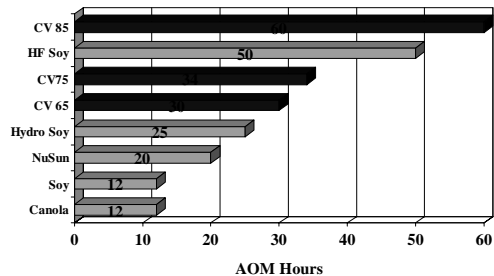
High Stability High Oleic Canola Without *Trans*

- Higher oxidative stability = longer shelf life
- No need to hydrogenate oil
- No *trans* fatty acids from hydrogenation
- Low levels of saturated fat
- Excellent taste in products
- Totally liquid oil at room temperature
- Higher levels of oleic acid

Clear Valley® High Oleic Canola Product Compositions



Performance Characteristics of Specialty Canola Oils?



High Stability Oils Available in the Market to Replace *Trans* Fats

High Oleic – Low Linolenic Canola

Mid and High Oleic Sunflower

New oil entry in 2006... Low Lin Soybean

Production of High Oleic –Low Linolenic Canola

- North American commercial canola production potential is 12 million acres
- High oleic – low linolenic canola accounted for
 - 600,000 acres in 2003
 - 850,000 acres in 2004.
- Upward swing in specialty oil demand will continue production expansion.
- Yield competitive hybrid and varieties will entice more growers to plant specialty canola

Changing the Value Chain for the Specialty Canola Oil Producer



...Contract production with high yielding hybrids

Changes in the Food Market

- Major brands are switching to zero trans options using specialty liquid oils.
- Increasing number of product offerings in the baked snack category to offer reduced fat snacks.
- Reformulation of shortenings to *trans* fat free for the dough and baking industries.