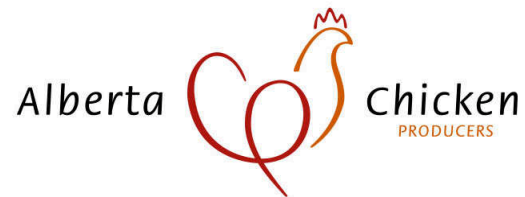


Alberta Chicken Producers Presentation to:

Marketing Council's **BROWN BAGGER**



July 9, 2009

VISION

Alberta Chicken Industry's Shared Vision

***By working together,
Alberta's chicken industry will
continue to grow, be profitable, and
satisfy consumers by providing safe,
high quality chicken products.***

MISSION

To serve our producers by:

- *Providing an environment for profitable chicken production.*
- *Encouraging a competitive, consumer-focused chicken industry.*

Industry Size

■ Canada

- **2,800 Farms**
- **1.35 billion kg chicken annually**
- **\$1.6 billion Farm Gate**

■ Alberta

- **255 Farms**
- **116 million kg chicken annually**
- **\$135 million Farm Gate**
- **4th largest in Canada**

Industry Stakeholders

- Hatching Egg Producers
- Hatcheries
- Processors
- Feed Companies
- Lenders
- Government
- Retailers/Food Service Companies
- Researchers
- Consumers

PRIORITIES 2008/09

- Animal Care
- Allocation
- Quality
- Government Relations

Research Commitment

- Alberta Chicken Producers' Poultry Research Centre - \$900,000
- **\$115,000 Annually to:**
 - Poultry Research Centre
 - Research projects
- Contribution to Canadian Poultry Research Council through CFC

Research: Projects Approved in 2008/2009

- A new model for controlling cellulitis in chicken using host defense peptides
- Restriction of broiler breeder body composition: A new management paradigm to support growth and yield potential of broiler offspring
- In ovo delivery of Hy-D in poultry to improve hatching health
- Understanding mechanism of enhanced immunity and growth in chickens using nanotechnology base immune modulators
- Development of live viral vectored vaccines for poultry

Research:

Projects Approved in 2008/2009

- A new model for controlling cellulitis in chicken using host defense peptides
- A comprehensive virulence assessment of *Listeria monocytogenes* strains found in an Alberta meat processing plant
- Post-package pasteurization of ready to eat (RTE) meat products
- The value of meat attributes – A comprehensive price analysis of frozen value-added meat and seafood products in Canadian grocery retailing

Supply Management

- Federal-Provincial Agreement
- Chicken Farmers of Canada
- Supply Determination
- Price Determination
- Producer Quota
- Alberta Chicken Producers – 1966
- Consumer driven system

Quota

- 1 quota unit = approximately 20 kg chicken / year
- Reallocation
- Lease
- Market Development Quota

Number of Producers by Size (Annual Production)

Total Annual Live KGS Produced	2007	2008	% change
Over 2 million kgs	4	3	-25.00%
1,000,000-1,999,999 kgs	23	28	21.74%
500,000-999,999 kgs	57	49	-14.04%
250,000-499,999 kgs	61	72	18.03%
100,000-249,999 kgs	61	49	-19.67%
50,000-99,999 kgs	24	28	16.67%
49,999 kgs or under	24	25	4.17%
zero production	17	17	0.00%
Total number of producers	271	271	

Where are Producers Located in Alberta?

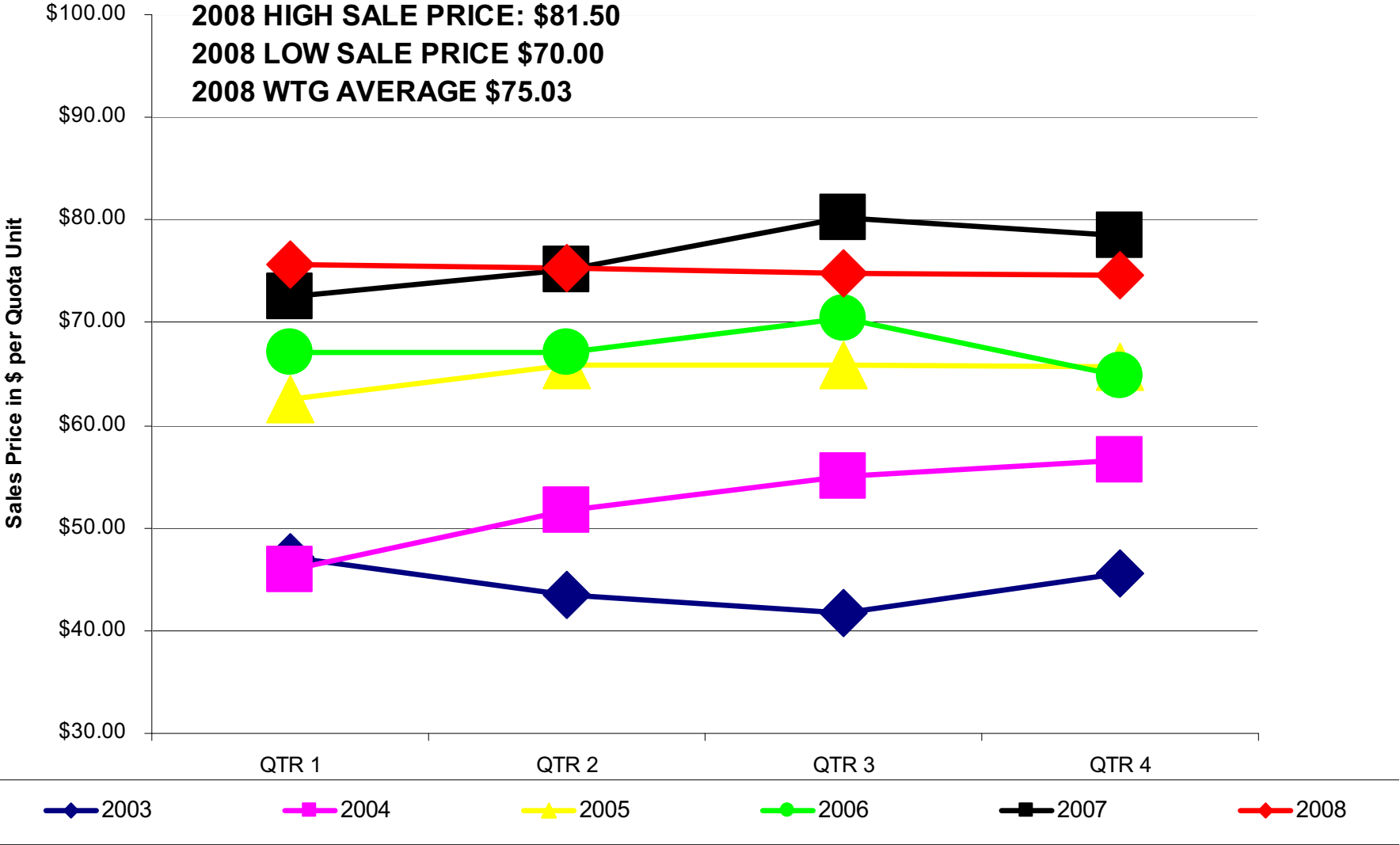
ALBERTA'S FOUR REGIONS:

● Calgary South	23.23%
● North of Calgary to Wetaskiwin	42.42%
● North of Fox Creek	5.72%
● North of Wetaskiwin to Fox Creek	28.62%
	100%

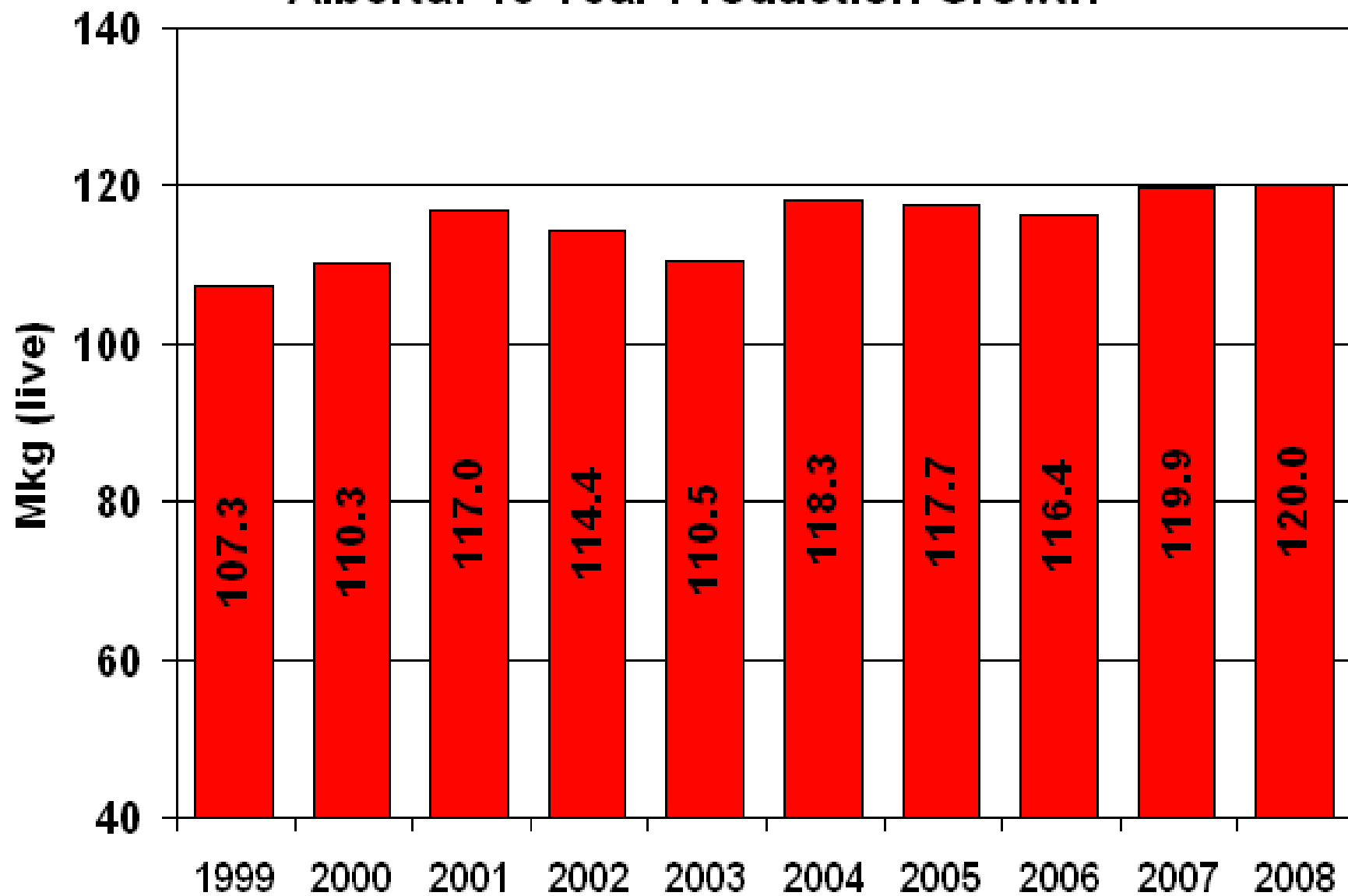
In 2008, Alberta Produced 9.16% of Canada's Domestic Production

Annual Production	ALBERTA	CANADA	AB SHARE
	Live Kgs	Live Kgs	%
Domestic Production	118,617,221	1,294,927,254	9.16%
Market Development Production	1,366,152	79,739,325	1.71%
Total Production	119,983,372	1,374,666,579	8.73%

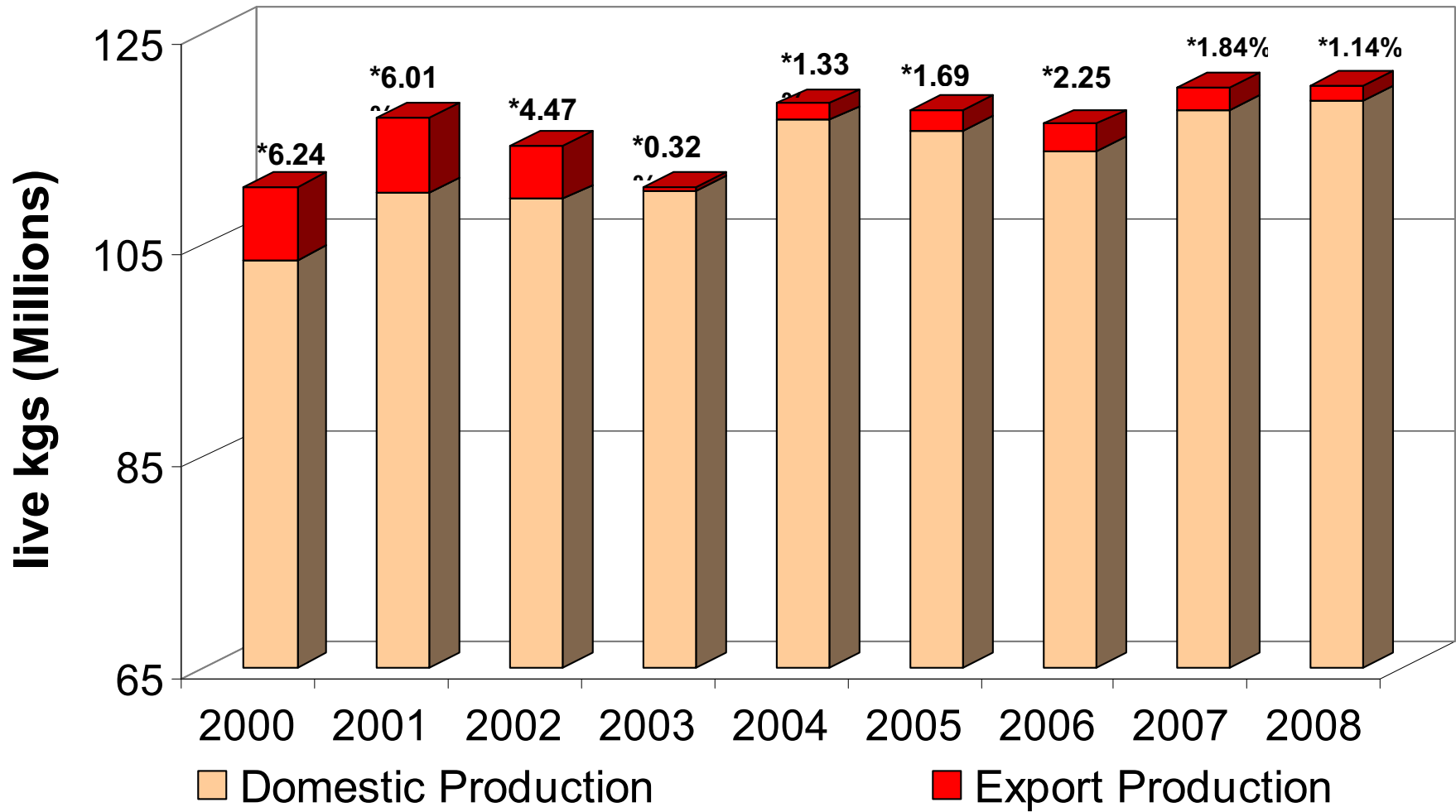
Average Quota Sale Price (weighted average) by Quarter



Alberta: 10 Year Production Growth

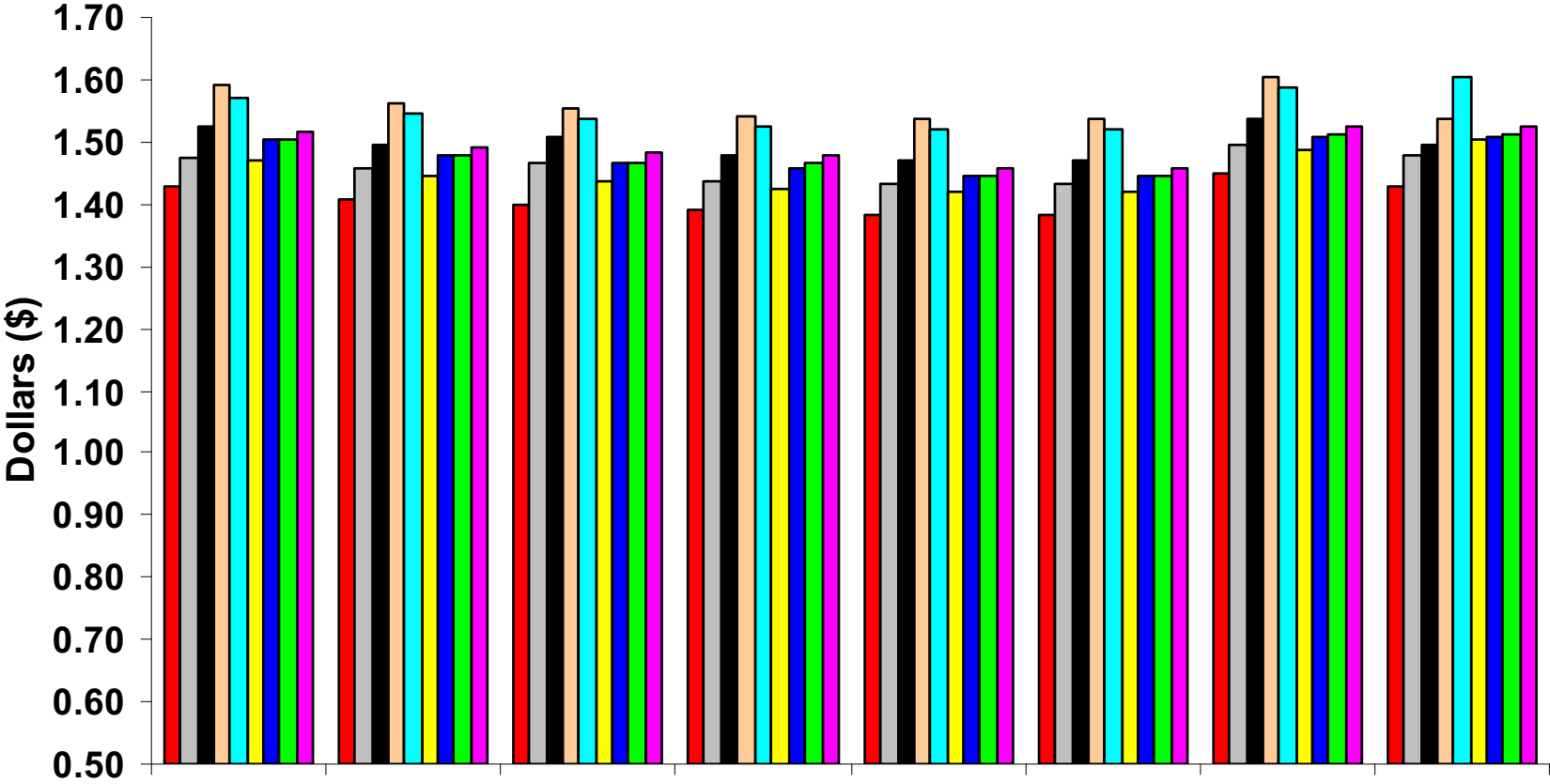


ALBERTA'S ANNUAL PRODUCTION 2000 - 2008



* Export as a % of Total Production

Live Price

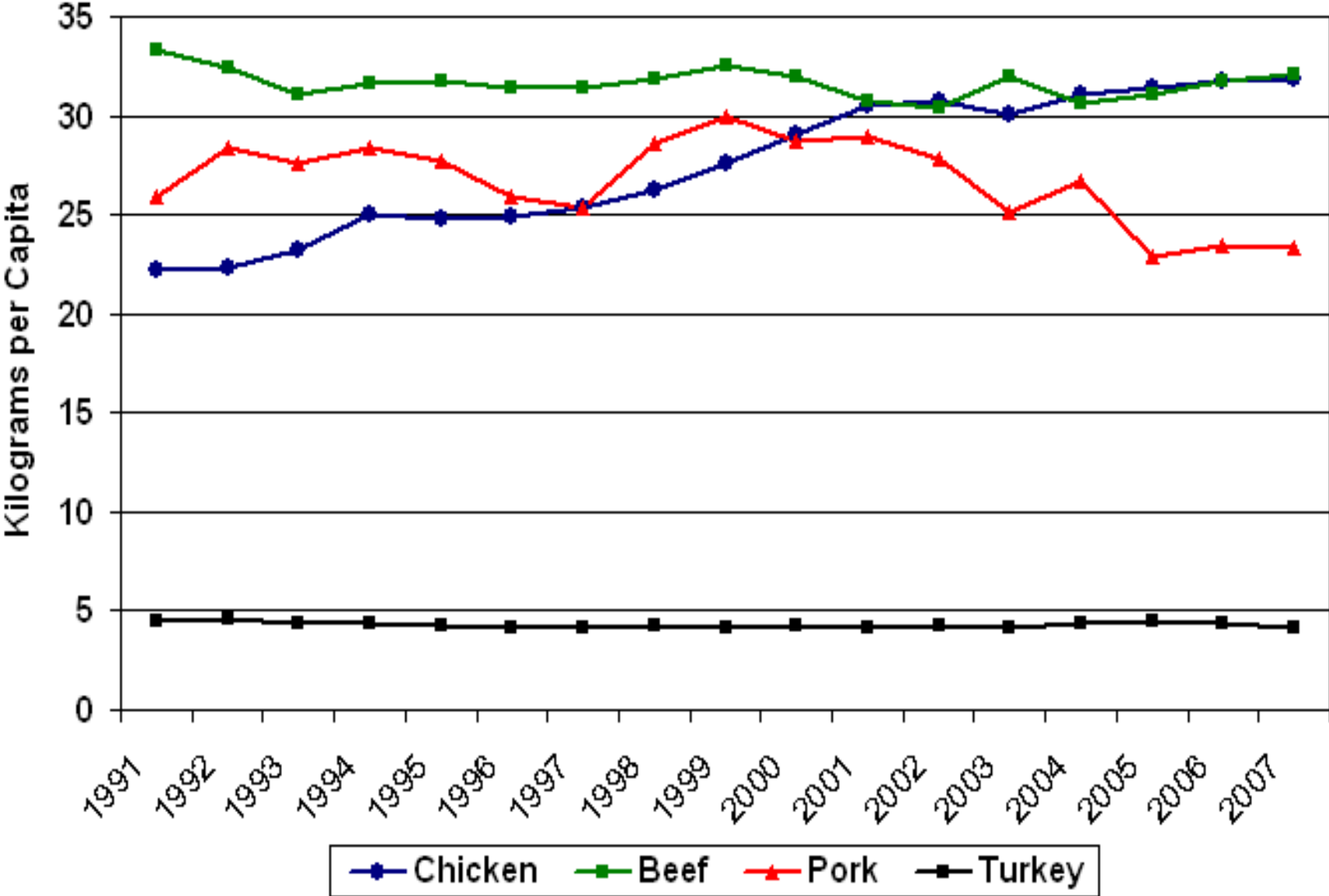


■ Mar 30/08-A-84	■ May 25/08-A-85	■ July 20/08-A-86
■ Sept 14/08 A-87	■ Nov 9/08 A-88	■ Jan 4/09 A-89
■ Mar 1/09 A-90	■ Apr 26/09 A-91	■ Jun 21/09 A-92

Tariff Rate Quota

- WTO
 - 7.5% Domestic Production
 - 0.7% Supplemental Imports

Meat Consumption (per Capita)



Average Weight (kg)

Processor	Light Birds	Broiler	Roaster
Lilydale		2.42	
Maple Leaf		2.19	
Sunrise		2.08	
Lakeland		2.24	
Mountainview	1.83		
Private			2.94
Weighted Average	1.83	2.26	2.94

Note: Broilers account for 96.92%, Light birds for 1.78%, and Roasters 1.30% of chicken produced in Alberta. Market Share Data is based on A-90. Average weights are based on 17 weeks YTD (Dec 28-April 25, 2009)

A Unique Industry

- Business ratios may not apply to the chicken industry
 - Revenue is generated over 6.5 cycles per year
 - Cycles do not necessarily coincide with the 'business year'
- Risk management is embedded in supply management
- Price fluctuations are small
- Supply variations are minimal

Offers Stability and Predictability to Producers, Processors and Consumers

Risks

- Large Inventories, Low Prices
- World Trade Organization (WTO)
- Decline in Consumption
- Animal Care Issues
- Environmental Issues
- Changing Medication Requirements
- Value-Added Processing
- Disease

Success Factors

- Facilities
- Equipment
- Alarms
- Biosecurity
- Disease
- Management
- Good Producer – Lender Relationship
- OFFSAP / Animal Care
- Emergency Preparedness

Production Benchmarks

	Normal Performance	Exceptional Performance
Mortality	3 – 7 %	3 %
Condemnation	1 – 3 %	0.50 %
Weight / Days		
1.75 kg bird	32 – 34 days	32 days
2.3 kg bird	38 – 42 days	38 days
Feed Conversion *	1.80 – 2.00	1.86

* Factors

High Density Feed = Higher Cost = Lower Feed Conversion

Low Density Feed = Lower Cost = Higher Feed Conversion

Blending Wheat = Lower Cost = Feed Conversion is Dependent on Preparation

Production

- 40 g chick to 2.0 kg bird in 38 days
- Feed conversion 1.80–2.00 kg feed/kg meat
- Chick - \$0.65
- Feed - \$5.00/T = approximately 1 cent/kg live bird

Website: www.chicken.ab.ca

Launch New Website: Fall 2009

Alberta Chicken PRODUCERS

- ▶ About Us
- ▶ Contact Us
- ▶ Did You Know
- ▶ Forms
- ▶ Industry News
- ▶ Kids Centre
- ▶ Links

- ▶ Publications
- ▶ Producers Only
- ▶ Promotions
- ▶ Recipes
- ▶ Regulations
- ▶ Research
- ▶ Statistics

What's New

Call (780) 488-2125 to order the *Simply Chicken* cookbook
FREE 'Chicken Chili Spice Rub' to the first 100 consumers!
[Order Form](#)

Thursday August 2 1:16:04

Office Tour

Consumer Trends

- Chicken fastest growing meat
- Safe Food
- Fresh products
- Easily Prepared/Cooked/Deli/Ready Meals
- Organic/Natural
- Vegetable Fed Birds
- Antibiotic Free
- Humanely treated animals
- Hormone free since 1960's