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EDITED TRANSCRIPT

ADM - Archer-Daniels-Midland Co Luncheon meeting

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PRESENTATION

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Good afternoon, everyone. We're very pleased to be with you here today and those of you listening on the call I'm going to give a brief overview of ADM and we'll talk about the trends that drive our cultural growth, our strategy to capitalize on those trends, and some of the specific executions were doing against that.

After my remarks Juan and Ray and Craig and Dwight are up here to join for our Q and A. Our safe harbor statements, which you can see here, is the usual. You can read it on this slide or on our website. ADM is a premier global merchandiser and processor of crops. We buy crops from farmers around the world and sell those crops or the products that we make from them to customers around the world.

Our fiscal 2011 net sales were $81 billion. We operate in more than 665 facilities including 400 sourcing and 265 processing plants. We serve customers in more than 160 countries. Our market cap is at about $19 billion. Our business segments include oil seed processing, corn processing, agricultural services, and other, which includes our cocoa and wheat milling and financial services business.

You can see the relative contribution of each of the segments to the $4 billion of operating profit that we earned in fiscal 2011 here on this slide. So while the world is experiencing the volatility and uncertainty we look at some trends that we consider pretty certain. We align ADM to serve and capitalize on what we think are inevitable trends.

First of all global population; it's growing up by 0.5 billion people every ten years. Rising income will increase on a per capita basis as consumption of grain in the other higher food and protein products, and to supply those global demands the world will need increased crop productivity globally but particularly in South America and in Eastern Europe.

These large growing needs will require very large and efficient processors and we are growing our operations in transportation networks to meet those growing needs. In volatile markets you'll need a very experienced exceptional team and at ADM we have just that. We have an excellent track record and particularly in risk management. We have a very strong balance sheet. With that we can grow our business to serve growing needs.

So as you see this map, this is an illustration of our global sourcing and processing network, and with this network we can source and process crops from the most abundant regions of the world and connect those crops and products to customers also worldwide.

Our global reach and massive scale will give us excellent market access and it gives us unrivaled insight. As we look at supply crop production will increase in South America and Eastern Europe and we're growing our origination footprint in these regions. I'll talk about that in a moment.

As we look at demand the majority of our sales are from markets outside the US. Asia is an engine of growth and we serve Asia's growing demand both as a direct from ADM and also with our equity partner, Wilmar International which is Asia's largest agricultural processor.

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This is our core model, sometimes called our value chain. We buy crops from farmers, move them through our global transportation network, and either sell them as crops or process them into ingredients for the food and feed industry or into renewable fuels or industrial products. It's a very strong core model. It's grown over the last century and it continues to evolve.

Now we're building on this strength and we're expanding the size and capacity of the global core model expanding in presence where markets are growing; where we expect growth. We're growing our input handling larger volumes of crops, and we're growing our product portfolio.

So let's look at our strategic focus both by geography and by business segment. This chart is strategy by region and also by segment; the top is geographic, the left is the segments. We've highlighted in orange what we will call our focus areas. We are growing our origination and the transportation operations to handle that increased crop production that I mentioned in South America and in Eastern Europe.

Increases in regional demand along with good crop availability will drive oil seed processing growth eventually in South America and in Eastern Europe and much of this growth from our part will come from acquisitions as the industry consolidates. We have a significant presence already in corn processing. It's our asset base in North America and here we're focused on optimizing that business.

Our strategy in origination and transportation is to efficiently connect the supplies with the growing demand, much of what you saw in the video. We are expanding our origination and export network in key production regions North and South America and Eastern Europe; for example our recent purchases or projects in Nebraska, North Dakota, Wisconsin, or in Romania.

We're growing our delivered sales business, sometimes called our destination business, to better serve markets with increasing consumption; particularly Southeast Asia, Middle East, and also North Africa. We are locating our sales offices in these locations and import facilities in these regions increasing our profit capability by providing us more flexibility for fulfilling orders.

And then to connect these markets, we're improving the efficiency of our transportation networks; flexibility, reducing costs. Over the last few years we've added some ocean freight capacity. We expect to own about 10% of our ocean freight needs.

In South America and Eastern Europe we're expanding our barge fleet and we're adding port facilities in key locations. Currently we have a project, an export terminal in Uruguay. We use our global asset base to physically move crops around the world as we connect those supplies with growing demand. Let me give you an example of how we leverage the strength and versatility of our network.

Here we show a customer in Egypt in the Damietta Port who needs to buy feed for his poultry operation. The market price for feed ingredients at the port in Egypt actually determines commodity values at export terminals or ports around the world. ADM can supply export terminals from our extensive origination network. The commodity values of each of our elevators are determined by local supply and demand.

So for this particular example we might find the best and highest value opportunity for ADM is to buy corn at Macken in Illinois or central Illinois. We can move that corn by truck or rail to the St. Louis River Terminal and then by barge on to St. Louis or into New Orleans and then from New Orleans of course by sea to Egypt.

On another day, this order may have come from Interior Elevators in Brazil and we would run it through our port in the Santos and then also off to Egypt or it could come from Paraguay through the Nueva Palmira and on to Egypt or lastly it could come through central Europe through Odessa and then again on to Egypt.

So our global network from origination through to customer sales gives us great insight into the supply and demand economics and dynamics of the entire value chain and this global intelligence is critically a competitive edge as our team uses real-time knowledge to create and maximize value. Oilseed business. In oilseeds our strategy does vary by market. In South America where we see good demand and availability longer-term we will acquire and expand our existing operations.

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In North America it's a more mature market, currently it's quite challenged soybean crush margins. Here we are looking to optimize our assets, increasing their efficiency maybe seeking opportunities to even rationalize. Last quarter for example we closed our Galesburg, Illinois processing plant.

Eastern Europe, Eastern Europe has a very good crop availability and demand and here we will grow opportunistically. We recently acquired the Elstar Polish oilseed processor and refiner. And in Western Europe it's more of an opportunistic consolidation. It's a more relatively mature market as opportunities to consolidate or strengthen our core exist we'll improve our plants flexibility whether it's on the inputs on the outputs.

And in Asia, India is a growing but fragmented market. Our primary strategies there are to acquire inland processing assets and add capability to the existing facilities and we'll grow our participation in China in oilseeds processing in China through our equity partner Wilmar.

Here you see the range of oilseed products we make from our portfolio. The range of products can be quite diverse and this flexibility gives us the opportunity to maximize the profit potential of these assets over time.

As many of you know North America's soybean crush margins have been challenged lately and while that has had an impact on the margins of the soybean crush plants the overall operations have fared much better due to the complete plant flexibility and input diversification.

In corn processing our asset base is primarily in North America we see good steady demand for our wet milling portfolio, good export demand for sweetener, and US corn ethanol remains the cheapest ethanol in the world.

We are focused here on maintaining and even improving our competitive advantage in both ethanol and sweeteners, and we're maximizing the value of all of our existing assets here by improving both throughput and efficiencies. Recently we've run record grinds in our corn processing wet milling.

Here you see the range of portfolio and products we make from corn. Our corn wet mills are large integrated complexes. They have cogeneration, excellent access to transportation, productive corn acreage, and these plants produce more than the two dozen products that you see here.

We adjust our product mix based on profitability and we call this the fight for the grind. It's an important part of how we maximize our profits in corn processing. Bulk commodities like sweeteners and ethanol do represent the largest volume but just as in oilseeds higher margin products can enhance the value of the entire portfolio and we selectively add these higher margin products as we can.

Our other businesses, our strategy here is to work to maximize the value of our existing assets. In Cocoa we are optimizing our new acquisitions and facilities in North America and Western Europe and in addition in West Africa, and we'll seek to further consolidate our operations. In wheat milling we will continue to consolidate our existing asset base.

As we implement our strategies, we grow our earnings power. Here we see the growth in ADM earnings over time and while our earnings do vary over the short term you can see here that the power continues to grow, and we continue to generate very strong cash flow. So whether we're investing to grow or optimize, effective capital deployment is a priority. It's essential to driving value and driving returns, and we're learning from our experience here.

We do a very good job with smaller sized investments such as bolt on acquisitions in our areas of expertise, and we've been challenging for several years the organization to identify potential acquisitions and assets at the right price that would be good additions to the ADM franchise, and we've built a substantially better understanding of that acquisition landscape than we had some years ago and more prepared to act when select acquisitions are available.

We are aligning our business investments along the regional and business level strategies that I outlined earlier. Now 2012 capital expenditure priorities we've discussed before, we have an estimate of approximately $2 billion in total. It includes roughly $500 million to $600 million in these types of acquisitions I mentioned.

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That leaves $1.5 billion of other capital expenditures of which about $500 million is our maintenance capital or the nondiscretionary type of maintenance expenditures. We are targeting of about 50% of our expenditures outside the US and we're primarily focused on agricultural services and oilseeds as it's shown in the strategy chart, which have the most international growth opportunity.

We did you spend at a rate of about $455 million in the first quarter and of that 75% was in these growth and efficiency areas. This is our balance sheet as of September 30. We have a very strong cash position. We had no commercial paper outstanding at the end of the quarter and we have about $7 billion of available credit capacity.

This gives us ample room for working capital needs, investments, and share buybacks. We have a single A credit rating and access to very low cost Tier 1 commercial paper. Our strong balance sheet does give us the flexibility to handle the volatilities of the commodity market, fund our working capital needs, and support share buybacks as well as the growth expenditures I mentioned.

And as we look at capital allocation we seek to balance investment opportunities with returning capital to shareholders. In the first quarter we returned $347 million to shareholders in a combination of share buyback and dividends and this quarter to date we have bought back another 5.5 million shares to date.

Last month we announced an increase in the dividend of $0.175 or an annual rate of $0.70 per year. Overtime as our earnings have grown we have also grown our dividend.

So let me just sum up. We're aligning ADM to serve the benefits and the inevitable trends of the future. We have the scale to serve those growing needs. We have an outstanding, excellent team and we have the financial strength to operate, grow, and return value to shareholders in particularly this very vital business.

QUESTIONS AND ANSWERS

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

With that, let me introduce Juan and Ray, Craig and Dwight, who will join me for the q-and-a. Juan of course is our Chief Operating Officer, Ray our Chief Financial Officer, Craig, our Chief Risk Officer, and Dwight, our Head of Investor Relations. We have a microphone. If you could raise your hand, that would be helpful. The first one here, thank you.

Unidentified Participant

I have two questions for you. Can you comment on the corn sweetener contracting for the new calendar year and could you also explain the philosophy of putting so much money into ethanol historically, which is inherently a low margin nonproprietary business?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

OK, thanks for the question. First on corn sweeteners, we are progressing through our sweetener contract season. Traditionally we'll talk about that and give you some specifics about what we have concluded after the first of the calendar year.

I can say that at this time in an early set of discussions. Years ago we wouldn't have even started the discussions until about Thanksgiving and customers have come and we've started discussions much earlier in the summer actually. We've progressed through those. We're part way through, but we'll talk about it more as we conclude them after the beginning of the year.

Your second question on ethanol; we have made ethanol investments over the years and I would say in a very strong position currently. We believe in the future of ethanol as a part of the fuel pool here in this country, in the United States.

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With the expiration of the [V-tech], which is expected at the end of this year, ethanol and the ethanol business will be expected to stand on its economics. We believe that will happen. These are investments that are made and of course expect to perform over the cycles. It doesn't necessarily mean that we'll come into a cycle at its peak or even at its valley, but we feel very confident about the returns over the cycle. I think where we are as a low-cost producer of ethanol and also as part of a wet miller is an important part to consider when you think about an ethanol strategy as a complete aspect of corn wet milling investment.

Unidentified Participant

Thanks, Pat. Can you talk a little bit more about this pipeline of acquisitions that you have identified? How far along are you in actually determining your seriousness in making bids for the deals? And how many of them would go beyond the typical small tack-on type of deal that's just filling a hole? Are there any that you are looking at that are more like midsize and enough to drive (inaudible) or a real difference on returns on capital?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Sure, I understand your question. You can probably imagine I won't talk about how far along we are in anything individually, but the $500 million or $600 million that I mentioned that was part of our plan going into the year was more of these bolt-on types that would be in our space already. Part of the consolidation efforts definitely in the arena of either outside of the US or serving the export markets of the US and particularly in origination and in the oilseeds.

So using the example of Elstar as a good example, we might have a pipeline that had that type of Elstars in it and looking at those types of acquisitions having that as a fuller pipeline going into the year than maybe we've ever had before but some will leak, some will happen, some won't, but that's the nature and type of acquisitions that are in that grouping. It doesn't mean we couldn't do something larger or bigger but those are the types of things we were thinking about.

Unidentified Participant

Can you say on a percentage basis what percent of those our international versus domestic that you're looking at?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

The overwhelming percentage would be international where markets are growing and consolidating. Domestic might be to serve a market.

We talk often about when you put export elevators or you put shuttle loaders in areas of Nebraska that are actually serving the Asia export market in a way that's an international investment. Our sales continue to grow outside the US so it would be more weighted towards the international.

Unidentified Participant

Pat, in terms of the fight for the grind slide in corn processing, I just was wondering if you could speak to ethanol dynamics as we enter 2012 because it seems like you're seeing a lot of blending now potentially ahead of [V-Tech] expiring and maybe to [Garner-Rins], and then as we get into 2013 when we start to come up again with the blend wall and then there's some thought out there that maybe ADM would have to switch some of it's a wet milling capacity into fructose because ethanol dynamics would get worse. So what's the opportunity to import fructose into China?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

OK, a couple questions there. Let me start on that the ethanol, and I'll ask Juan to comment on the fructose into China. The ethanol question you had about where we are currently; there's quite good spot margins currently. That's driven by a couple of things. There is probably 400 million to

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600 million gallons of installed capacity that is not running. We said that probably back at the end of the third quarter and whether or not much of that has come back on is pretty doubtful.

Current rates are a little above 14 billion gallons so as you turn to the new year and [V-Tech] expires, while the RFS is at 13.2 in the beginning of the year, there has been about 1 billion gallons of exports so if you expect that to continue into 2012 and we do expect exports to continue, they are economic to do so, even if it's 800, a billion, you're back to the RFS so that's a positive thing for the ethanol industry to continue to have a strong demand for exports.

On top of that you might think of E-15 being a potential benefit when it comes in to play sometime during the calendar year of 2012. It is still to be registered as a fuel on the national level and then there's some state implementation work to be done, but we feel good that that will occur during 2013 maybe even as soon as some coming on in the spring as the driving season starts.

Cities like Decatur, Illinois would love to be the first to have E-15 pumps. There are cities and municipalities and states working on what could be an implementation driven by economics after the federal level registration occurs. Your other question about sweeteners, Juan?

Juan Luciano - *Archer-Daniels-Midland Co. - Chief Operator Officer*

We certainly are looking at all the scenarios and playing out what could happen and how we could switch the grind here or there depending on, as I said, on several scenarios. At this point in time we don't have a plan to be exporting high fructose corn syrup to China. Certainly if you look at the China per capita sugar consumption, it's about one third of what we consume over here so certainly there is a huge potential there for growing not only sugar into the diet but also high fructose corn syrup.

And we have our team there looking also at opportunities whether it's going to be through imports or through local supply, but at this point in time, as I said, we considered that we will continue to source as we have today and to produce the product mix that we have today. Thanks.

Unidentified Participant

Juan, just a follow-up. Are there barriers to importing it? Is there any sort of sanitary restrictions on importing fructose into China?

Juan Luciano - *Archer-Daniels-Midland Co. - Chief Operator Officer*

Not that I'm aware.

Unidentified Participant

I was hoping you could just give some perspective on why we are seeing the magnitude of pressure that we are seeing in North American soybean crush margins and what you think needs to happen in order for us to get out of this, and also if you could just shed some light on what you're seeing in South America.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Certainly North America crushed margins are -- there's been a slight pickup since the end of the quarter as we last spoke. The industry seems to be running at about 75% capacity. Global demand for meal is expected to be about 4% but it's flat to down in the US, flat in Europe, China is the big wild card about how much demand will occur there, so exports are down.

As we get through this cycle of course, that's a bit cyclical. It was only eight months ago or so when we were in much different times. It was at about five-year lows, crush margins just at the end of last quarter and we've come somewhat out of that.

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So not that it's an immediate spike, but it will really depend on gauging the customer demands whether it's poultry or pork or beef. You asked also about South America. South America's seasonality; we're in the back half of the harvest there. Farmers are a bit reluctant sellers so that means margins are squeezed.

We have good news I think is that the crop is bigger, it's probably 2% larger than implanted acres in prior years; good weather, El Nina aside, planting pace is good, so again more to come after this cycle.

Unidentified Participant

(inaudible question - microphone inaccessible)

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well the interesting part about North America and the US is that the industry is fairly consolidated and it matches supply and demand pretty regularly and has the capacity to do that, so when demand picks up it can pick up and it also has the ability to pull down when demand isn't there; it balances fairly well and is an industry that can do that.

It can make margins even when there's not a significant demand; not as strong margins as maybe before but some. The ability to contract and expand as demand changes is an important aspect to remember about North America, which doesn't exist necessarily everywhere else.

Unidentified Participant

I wanted to know what you changed internally with regards to the assessment when you make assessments regarding capital spend to improve returns on this cycle of spends that you've illustrated here today. Have your hurdle rates changed? I know you've had a change obviously in the management team but is there something different in terms of your strategy? Obviously international versus domestic, but how you think about that?

And then also I wanted to ask on increased volatility in the grain markets here in the last three years, you are assuming more risk whether that's in terms of higher working capital bills or just distortions in the market globally from your customer base you have to carry higher inventory et cetera because they don't want to hold inventory in an inflationary environment. Can you talk about what you've done in your base business to get paid for assuming more risk?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

OK. First on the question on acquisitions and actually our investments in totals you ask maybe what's different. I would say we are continually evolving and getting better about what we're learning, both at past investments we've made, assessments of looking at future investment, and the capability and size of the team that is looking at investments.

So let me give you a couple of examples. We have a broader team looking at opportunities outside the US than we have before and the training and/or standardization and continuity associated with that is at a higher level.

We have built two teams to take through our investment cycle and that is what we call a GOC, which Juan heads up, a Global Operating Committee, and then we have an SPC, which I head, which is a Strategic Planning Committee.

And at each of these screens we go through and spend time both on the economics, adding additional metrics, adding additional look back information from prior investments, looking at assumptions, ranges of assumptions and I think improving those all along. So our process has

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evolved and continues to improve, and I think today we have as good as we've ever had both pipeline assessment process, range of assumptions, tests of those assumptions.

Having said that, our business as you know doesn't lend itself to forecast ability of exact accretion or exact returns, but over time whether those investment come in at the cycle at the high-end to low-end over time we have a lot more confidence in our investments over time coming in at our assumption levels.

Your other question related to volatility and risk. I'm going to ask our chief risk officer to kind of comment on that because we have not changed our risk process. I think it is a robust process. While volatility has grown, there are things we're doing with respect to gaining customer trust and business related to our opportunities that we offer them.

Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

Volatility historically is good for commodities. I'll change the definition to say dislocation. Crop size weather is good for this. When you're trading Greek debt it's kind of like trading the stock market and all of you will know that when you bring unknown sources in every day that are changing the markets it's difficult.

At ADM we're a little old-fashioned that we hedge things the old-fashioned way on the exchanges. We clear everything daily, and I have a one-page consolidated report of all of our trades and positions around the world and I feel very comfortable with that.

But I think, Diane, that when you talk about crop size, weather, something that we could use our network, our transportation, our trading expertise, our assets for, volatility is a very good thing. When you talk about this idea of Greek debt and US debt and Italian debt it's something that I think we've done a very good job with and we continue trade, but it tells you as a trader to stay closer to home a lot of the time and to watch what you're doing and you really have to have a belief in your position before you go out there because we can hit limits any day based on something other than the markets.

Unidentified Participant

A couple questions. One is the trade flows are changing pretty dramatically out of the US into South America as well as into Eastern Europe. Can you talk about how your position today versus where you were a couple of years ago and are you able to -- the net trade flows, positive for you, neutral for you, or negative for you? The second question I have is to what extent are you prepared to capitalize on the deregulation of the CWB, and what do you need to do to potentially get into the wheat flow market?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

OK. Juan, why don't you take the trade flow question.

Juan Luciano - *Archer-Daniels-Midland Co. - Chief Operator Officer*

Sure. You heard about saying, Ken, that are capital allocation is mostly directed towards outside the US because basically we have obviously an excellent footprint in the US so we really welcome when the US has big crops and everybody else struggles. That's obviously when we make the most money.

Over the last couple of years we have shifted some of our investment to beef up. Obviously the places where we see growth when we look at the opportunity to fulfill all of these hungry mouths in the world, you have to keep places where land will be provided. One is South America and the other one is in Eastern Europe, and that is where we are building both our origination assets and consequently after that our processing assets.

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So I would say at this point we are taking advantage of that, but if you tell me what is our preference obviously today still our US footprint is much more developed than the rest of the world, but we are shifting towards making sure that we can capitalize on all of these locations.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

I think we are watching the wheat board situation. It's something that will take time to develop and see what exactly the outcome will be so it's more of a stay tuned.

Unidentified Participant

(inaudible question - microphone inaccessible).

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Timing is the part that's uncertain, yes.

Unidentified Participant

(inaudible question - microphone inaccessible).

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Canada is interesting to us because it's an export market obviously and exporting to parts of the world that we have talked about are continuing to grow, so I think we are watching not only the wheat board situation as it evolves but looking at how we potentially can grow there.

Unidentified Participant

Thank you. If ethanol margins are so strong right now and you expect that to continue to term, why won't that 400 million to 600 million gallons come back online and also when do the refiners actually gets the tax credit? Is it when they sell or when they actually blend in case they are building stocks ahead of next year?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well I can't speak for all of the shut-in facilities, but some of the reasons why you could consider they may not be able to come online as easily if you just see the margins.

First of all, it's a process to bring a shutter plant back online, but even if you'd argue that only takes 30 days or so if you have the supply, access to corn supply can be an issue for them. Access to the quality of corn supply particularly the earlier you run the corn from the harvest may be the weaker the yields as I understand, and also there's still a backward aided in inverse market which is hard to get financing when you have the inverse market at $0.50 or $0.60. So it could be a reason why those plants are not coming back online. I'm sorry your question was?

Unidentified Participant

When the refineries actually get the tax credit when they funded or when they sell it?

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Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

It's a blender's credit and they get it when they sell it, right, yes? I think it's when they sell not when they blend.

Unidentified Participant

(inaudible question - microphone inaccessible).

John Roberts - *Buckingham Research Group, Inc. - Analyst*

Thank you, John Roberts. Do you have a strategy for bigger participation in sugarcane in Brazil, which would involve sugar as well as ethanol and then related to that, I attended a Cosan presentation about a week ago, they seem to have global aspirations and ethanol or international, I guess they acquired a bunch of gasoline assets from Shell and were implying at least they might supply ethanol to Shell in the US.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Your question about sugar, sugar is interesting to us in Brazil and as a big carbohydrate producer with large [core] plants in the US certainly we look at the opportunities that sugar my provided for similar kinds of footprint.

We have a small operation in sugar in Brazil making just the alcohol now. Looking at -- we know a lot of the plants and pricing there. It's an extensive effort at the moment. It's quite high. There's been a lack of sugar cane to supply a lot of those plants and of course you know with that is meant for the Brazilian market itself.

The government has changed from 25 to 20 that blending rate so longer-term sugar is still something we are assessing and interest you might note on that chart we had assess when it came to corn or continued carbohydrates processing in Brazil.

I can't speak to all that Cosan's intentions are, but you're right as far as what is read about their joint venture with Shell in South America and I can't comment in what they might be doing north of the border.

Unidentified Participant

Can you tell me how the expansion of the Panama Canal is going to impact your business? That's the first question. And the second question is on capital given the volatility that we have in working capital and grain prices and weather and such, can you tell me how that impacts share buybacks, capital available for share buybacks and dividends, especially given you've been increasing your share buybacks of late.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Let me comment on the capital and the share buybacks and I'll ask Craig to comment on the Panama Canal. Our look at our investments is always a balance between return to shareholders, what those investments might be able to give us, where our current stock price is, et cetera.

We do have a commitment to mitigate to the dilution of our convert over the next couple of years so we will have an intention to buy back shares. We're actually buying back though at an accelerated rate at the moment. That's why I shared both where we are not only the first quarter but the second quarter as well. So it's a balance but it also was part of our commitment to mitigate the dilution effect of our convert.

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Unidentified Participant

Do you target credit rating?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

We do want to maintain our access. It's an excellent question. We think access to Tier 1 commercial paper is a very important part of our business of our managing working capital and particularly as we continue to grow.

So we do want to maintain our credit rating, and we talk with the rating agencies regularly on what it takes to be able to do that including our intentions about share buybacks. So I will ask Ray to comment as well because it is a bit of a limitation to us, but we'll still make our commitment to mitigate the dilution.

Ray Young - *Archer-Daniels-Midland Co. - SVP, CFO*

I think it's fair to say that having a strong balance sheets we believe is important to have a competitive advantage in our business because due to the fact that working capital fluctuations can be quite significant.

As a result, when we established a two-year time frame to mitigate impact with debt dilution, we did a lot of analysis in terms of understanding different scenarios of working capital as well as capital investments and we felt that that was an appropriate time frame.

It's not going to be straight line as we have seen. We have accelerated the pace based upon our assessment of working capital needs over the course of this fiscal year. But again, defending our Tier 1 commercial paper rating is an important priority because we believe that's a competitive advantage for our company.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Craig, do Panama.

Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

Panama Canal, basically when you add capacity it will help New Orleans and the east coast. Overall, that spread is a function of bucker fuel prices, what they'd charge to go through which the government will retain the right to do, and what the daily charter rates are going for, we think it will be a help.

Calculating that ahead of time is very difficult. I think as far as the late 2014 of we're still online, but we think it will help export. But to calculate the spread today is something we can't do. Fuel is such a high percentage with lower freight, but that again will change. It's a commodity that will trade itself.

Unidentified Participant

(inaudible question - microphone inaccessible).

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

We have not.

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Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

No, we are positioned -- for US exports we are positioned on the West Coast through Calama, and we're positioned in New Orleans and Texas. We are more heavily weighted towards New Orleans port and that tends to be positive to the Panama Canal would be the answer to that.

Unidentified Participant

Hi there. I've got two questions. First, in your green merchandising business, I'm curious, have you seen any of your customers are experiencing issues of liquidity and getting access to credit? Do you expect this to have an impact on your business?

And the second, you talk a lot about bolt-on acquisitions and you're clear that this is included in your guidance and excludes anything transformational, I just want to know, can you define what a transformational acquisition for ADM would be rather by size of the acquisition, type of acquisition? Thank you.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well our merchandising business, we have a great credit department and group and relate with our customers regularly. We haven't seen significant problems associated with access to credit, in fact, money is cheap in most cases for those that are able.

We don't give guidance as I have suggested before, but your point about capital expenditures, we noted about $500 million to $600 million of what I'd call these bolt-on or acquisitions that would add substantially to our regional strategies but not necessarily be transformational nature.

I guess by definition a transformational acquisition is one that is of the size and scope to transform the company more immediately as opposed to over time, which is what the basic plans are to do. I was saying it excludes type that would be of such a size and nature that it would be immediately transformational. Thank you.

Unidentified Participant

Can you share with us how you feel about your investment in Wilmar International and how that shapes your expansion in Asia particularly in China?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Since the microphone wasn't there, I will repeat. You're asking about our strategy in Wilmar and how that shapes our Asia strategy in general.

Wilmar International, as you know, we are an equity investee; a little over 16%. They are the largest agricultural processor in Asia. As a joint venture with the predecessor group to Wilmar we built with them over 20 years ago the plants along the China coast.

When that IPO was done and it was created a public company along with some other assets we joined separately as part of a joint venture with that. It's a very important part of our strategy in Asia.

It gives us an extremely good trading partner. We sit on the board. They have growth in the country of China to a greater degree than almost any other food processor in country; very good relationship longer-term.

We also were looking at continued investment in India. That's more of an ADM investment. We import into China from our US operations that are separate from -- we sell to others other than Wilmar so there's a little bit of ADM business as well as our investment in Wilmar in Asia.

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Unidentified Participant

I believe you said earlier that 10% of your transportation needs are handled internally. Why 10%? What are the factors that drive that?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Sure. What I said was 10% of all of our global fleet we think is about the right amount to own, but we do all of our freight operations all internally. So whether it's a long-term charter, spot basis, or owned fleet, we manage our freight and our destination business through that, but only about 10% of it actually owned vessels.

Unidentified Participant

But why that number?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well we think at some point in this scale of where freight is and the cost of freight, there's a time where you can buy in and it's extremely economically valuable to own at the bottom of the cycle. So we've done that with a few of our assets. What are we up to in terms of numbers of ships?

Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

We own eight, and we're building three.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

So we're close to having 100-plus ships on the water at any point in time and we'll be up to 11.

Unidentified Participant

So it's a function of being able to make the purchase at a particularly attractive price.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Yes.

Unidentified Participant

Otherwise, you'd go outside.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Also some of the ways that we can refurbish the ships to make these grocery boats so to speak so they are segmented. We can load at New Orleans, take to our destination markets, and have the segregation that's definitely a competitive advantage as an owned vessel that we have that configuration. Thank you.

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Unidentified Participant

I was wondering how you calculate your weighted average cost to capital. In 2001, if I use this chart you're saying it's close to 8% and now it's close to 6%. I would argue that with your PE in the single digits that the risk premium is higher now than it was shall we say ten years ago and that would change the way you allocate capital in specific may be working capital. How do you think about that?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Ray, you want to walk through that?

Ray Young - *Archer-Daniels-Midland Co. - SVP, CFO*

Yes, our weighted average cost to capital, basically to traditional model by you look at the cost of debt and cost of equity. Cost of equity is developed by the capital assets pricing model and so we use the beta in a risk premium to market risk premium.

Part of the reason why our weighted average cost of capital has come down over the years is the fact that interest rates have come down. In our single A rating, going back to my comments about the importance of Tier 1 commercial paper, short-term debt is very inexpensive for us. We can borrow on short term debt at less than 0.2% a year right now.

From our perspective another reason why, when you take a look at our capital structure, you take a look in the mix of our equity, long-term debt, short term debt, and over time it's absolutely true. Our weighted average cost of capital has come down. Our leverage position has actually increased a little bit too, but again, it's a solid, single A rating which allows us to have this type of a cost to capital.

Unidentified Participant

This really gets back to my previous question about risk and if you look at Cap-M and use a historical beta, which for ADM is somewhere significantly below one, it's going to drive you WAC lower and my point is really from my prior question is that the volatility in the market today is so much higher than it was before, shouldn't you be using a higher WAC when you assess how you spend your capital than just something that's being generated by CAP-M?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well, two things. One is when we are assessing investments while ROIC is one of the measures, we're really looking at internal rates of return so, IRRs and payouts, to reach certain thresholds. The impact on ROIC of a particular investment is projected out so obviously it needs to be higher than WAC, but higher than WAC even in outer years so you can look at scenarios that your WAC is much higher in outer years.

So it's the accumulative affect of those investments that need to be higher than your weighted average cost to capital. We talked about 200 basis points, but it's not the decision alone in a particular investment time that WAC comes into play as much as internal rates of return for those projects.

Ray Young - *Archer-Daniels-Midland Co. - SVP, CFO*

If I can just add on. Our hurdle rates are significantly higher than our WAC. So that recognizes the fact that we should be earning above our WAC targets here. Again, we haven't disclosed our hurdle rates but we have increased our hurdle rates this year. We've also decided to go with differential hurdle rates in terms of projects that are more risky either from a geographic perspective or from the nature of these particular projects as well.

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Unidentified Participant

Pat, this is a question I've had and I asked often. I don't feel like I fully understand the answer, but when I think about the US soybean processing and the current conditions, I look at the demand side and with chicken production down and it doesn't look like the hog sector is really going to expand and DDGs aren't going away from a competitive standpoint and ADM's expansion of facilities was one of the reasons that the market is in over supply.

So my question is how does ADM make it better because you took funds and you invested in capacity and the market is now in over supply and the balancing of it looks pretty far off. So how did ADM make it better to improve the shareholder return because it seems like the answer I keep getting is waiting it out and I don't see when things are going to get better.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

I'll take exception to your premise that our investment in oilseeds causes an overcapacity. Our investment in the oilseeds in the US has been for efficiency improvements, some add-ons.

We are very quick to adjust our supply and demand when needed. That capacity is there for when the demand is there, not for causing a structural issue. So I would take exception to that. As far as what one does, you don't always have control of the market conditions so certainly if you are at a five-year low you would argue that the wait it out might not be years, it may be quarters.

So I think we think about it in terms of when things have rebounded in past cycles, it has been a matter of quarters, not years. We haven't experienced double-dip recessions et cetera, but I would think this isn't a wait it out that it feels like a forever to us.

So I may not be getting to your point about what exactly to do, but I think as a balanced industry that takes the effort and we take the effort to manage our regions and manage our facilities to meet the demand locally.

Unidentified Participant

Juan, you've now been there for some time now, and when you came and I think there were some changes that you're going to make. Can you just outline what you have done to change either the operations or anything that you have done to really make ADM a more efficient operator or what your plans are from SAP to anything that you've done? It would be very helpful. I think you've been there long enough that there should be some impact to what you've done. So just curious on that.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Sure, well if you go back -- you're asking me?

Unidentified Participant

No, Juan.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

OK. What you said you've been here long enough, Juan hasn't been here yet a year.

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Unidentified Participant

He has plans.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Absolutely he does. Thank you. I just didn't hear who you were addressing the question two. Yes, Juan please.

Juan Luciano - *Archer-Daniels-Midland Co. - Chief Operator Officer*

Thank you, Ken. This is a job performance review. I take it. Fair enough. I would say we decided on, and I think you heard me saying, on three key priorities at the beginning. One was the operational excellent aspect of the whole thing, and I think we put together a very comprehensive, a little bit to the point on some of the margins, we're not doing great, so a very comprehensive look at all the energy efficiency of our plants.

We have put a set of people and new experts there; a little bit of a new procedures and disciplines on how to spread some of the learnings that we got in some of the key plants into other plants. We track that very closely, and I think we've seen the results are ready so far.

We're doing the same effort and maintenance. Just to get more benefit from -- not necessarily sometimes just because you're scaled , so there are certain expertise in getting scaled out of what you're doing, and we're driving very hard that in maintenance to the point that somebody made about working capital.

Sometimes the company grows through acquisition and you end up having many plants and the thing that sometimes is excellent for you, which is the centralization and the individual P&L, sometimes can become counter balance if you don't have a good thinking about scale .

We are leveraging certainly also in our operational excellence, our procurement efforts in that effort of scale too. That's paying off. We are satisfied with that part. The second part is probably more to the issue I think you asked before about the footprints and how to shift the footprint and there is basically we are intervening our capital plan.

Coming and I've been working in the industry for 25 years so I have my own discipline in terms of capital so it's not that ADM didn't have it, I just feel comfortable with a certain level of the things that I wanted to do.

So the way I came to think about it is we look at the look backs. I need to understand when I run a corporation what is the leakage, if you will, from the different divisions from the different projects when you say 20% is it going to be 18% is it going to be 12%. You need to develop that sense so you can allocate capital better.

So the way I tend to look at that is that into buckets; your assumptions and your execution. So when we go on the look backs and we look at the assumptions piece and what other pieces that we missed, obviously we shifted some of that if you will in the past. Maybe you have fewer, larger projects multiyear projects to more smaller projects that have quicker payback. So we adopted that.

Part of what we did also is in the execution side, we analyzed with -- we took a look backs of may be 19 projects from the different divisions. So another thing you look at is your ability to deliver on time and on budget on a certain project.

And certainly there are learnings there if we are building an elevator somewhere in the US our ability to hit it on the nose is maybe 100% if we are building a plastic plant somewhere else it's less than that so we adjusted hurdle rates for the future for that. We adjusted our process to make sure that we count for those deviations.

So I think we have a very robust process now to do capital, at least the way I like to do it. It's not that the previous one was not robust, but it was in a different way. So I think we have efforts in operational excellence to get our cost better.

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Those efforts in operational excellence also goes to the fact that it allows us to have a less penalty for flexibility so when we need to turn plants down that we don't pay penalties in energy efficiency. We need to shift from one project is another that we have that ability at the lowest cost. So we have that.

Then the footprint again, we have many more people as Pat described looking outside the US in looking at these opportunities. I think we have a better process at understanding from a perspective of what we want to improve our footprint in the places where land is going to be brought to market or to production like in South America and Eastern Europe.

But we also have determined some discipline in terms of some of those businesses that received the biggest chunk of capital allocation in the past years they need to focus on how to return the capital before they think on how to invest more capital so that's why we put corn and cocoa if you will in the optimize box because we invested in them and we expect them to continue to work on getting the return we promised in those authorizations.

Oilseeds and AG services are the ones responsible more for shifting the footprint and there we were very clear in the case of going to Christina's question in the case of oilseeds is that the priority will be for MNA. For being very patient and looking at those assets that will have more value in our system then isolated as they are today. So we are being very deliberate about doing that. That's a little bit of a summary. I did many more things.

Unidentified Participant

Can you guys just help us with the scenario analysis in case Europe does go into a recession. How quickly does that impact your business? How quickly does that impact your plants running over there? And can you help us think about -- you talked about stable global crush margins. How quickly would a recession in Europe take those negative potentially?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well it's a little bit of a scenario you're asking that is affecting global GDP so it may be a scenario about doomsday or whatever that every company should go through and find their black Swan and say what would happen and what could happen et cetera.

Unidentified Participant

Not doomsday, I'm just talking about a mild recession here.

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well, if you're only talking about a mild recession, while I won't say we are recession proof, I would say a company like ours is much more recession-resistant associated with some of the streams of our business.

We have found even in 2008 in the crisis occurring there with the larger slow down, larger GDP, there are effects that happen but they are not the same kind of immediate and more acute effects that could be with other companies.

So we've looked at our relationships with banks, we've looked at all of our credit situations in Europe, I think we are well-prepared for where we sit currently and we look at scenarios like this that are actually even more extreme than you are even asking about on a regular basis to manage our portfolios. So it's not an issue where an industry like ours is acutely affected.

Unidentified Participant

(inaudible question - microphone inaccessible).

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Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Probably anybody that would see GDP impacts anywhere around the world would see some effect.

Unidentified Participant

In light of the very good returns you're seeing in the corn wet milling do you see opportunities to increase your investment there in the US and also on the flipside are you seeing moves from competitors to increase their presence in that market?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Well, I had said we had good command across the corn wet milling stream. It is a part of our business where the barrier to entry is somewhat high because of the significant investment that it takes as well as there are some technical aspects to it if you were to have such a portfolio of two dozen products as we do.

As Juan said, our strategy isn't for future large investment in corn wet milling, what it is is to optimize the investments we've made and in that optimization an example of running our new dry mills at the [above-named plate] capacity takes months to do and we've accomplished quite a bit there in getting the bugs out and getting the system to run but not only up to our investment status but beyond that.

So we feel like optimization is the right word if you would call it that and of course there's maintenance capital and so forth to keep those big plants running but we like the size and shape it at the moment.

Unidentified Participant

You've talked about supply and demand in soybeans out of whack in the US. Just talk more globally. It's a global business, right? And what's going on in the other regions where you are, and why can't we export from the US other places more or something?

Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

We've had two relatively poor corn crops in the United States; [our 12 through this year]. We came in with the highest price corn we've ever seen and it's created rationing and poultry folks have been feeding DGDs and gluten and wheat and every other thing and if they're not doing this they are having trouble surviving.

But we do have the capacity here to not only take care of the US but obviously to export to the world, and if you'll give us a reasonable raw material source; I think it's been weather. If you just look at this year the weather was very poor for us. We were dry. We were wet. And we're dry now, but there's not much correlation between that, but we need to have [13 plus billion] corn crop to make that work.

If you look at the USDA, we're prepared to plant, they say 94 million acres, we will certainly get that with trend line yields, but when you are in agriculture you are tied to those crops to some extent. We've had two poor crops.

Unidentified Participant

But that's on corn. What about soy?

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Craig Huss - *Archer-Daniels-Midland Co. - Chief Risk Officer*

OK. The same thing on soy. You have a 40 (inaudible) bushel yield and it should be four, five, or six bushel break or higher than that and if you get that it brings the price down where we're competitive in world markets.

You've actually been so big this year that you've made the US, the Chicago Board of Trade Corn Crop almost a domestic corn contract. I've never really seen it that way because there's not much correlation to Eastern Europe.

And as you feed these other things, DGDs and wheat have more protein than corn. The ideal is a corn/soy ratio, but when you get high prices you dislocate and you create issues. Our job is to trade around that. I think we've done a reasonable job, but we do need a cheap raw material to make the machine run at it's optimum.

Juan Luciano - *Archer-Daniels-Midland Co. - Chief Operator Officer*

What has happened lately is that the flow of products has been basically -- South America has had a great crop and they have been very competitive. So the flow of products, to my mom's pride, she is a farmer there in Argentina she is very happy with this. Although she gives one to the government every time she ships one truck so she's not happy about that part.

But basically the flow of products has been soybean grains to China and soybean meal to Europe. And that has been what South America has been supplying. That makes it tough for when you are in Europe and you have a bad rapeseed crop so rapeseed prices are high in Europe so all of a sudden (inaudible) you for a meal or oil in Europe and then you have all of the Argentinean exports.

So India continues to be a very much importing and net importer of oil and we have our participation there in India that we have been building but I would say the market has been growing for meal globally maybe 4% or 5%. The problem is 4% or 5% because it's basically flat in the US and Europe and it rose 6% to 8% somewhere else.

So as long as South America was in the best position to supply this with a great crop and we didn't have a great one, I think that to me is the dynamics that we see at the moment. Thankfully it resets every six or eight months or something like that.

Unidentified Participant

Thank you; a question for Ray. Ray, can you give us a sense for your current balance sheet target metrics? On debt to EBITDA specifically are you comfortable so long as it's below three times? How have these targets moved in recent months over the last year if at all? Thanks.

Ray Young - *Archer-Daniels-Midland Co. - SVP, CFO*

one thing about debt to EBITDA ratios is the calculation varies between different rating agencies and I don't think it's appropriate for me to talk about how each of the rating agencies look at the debt to EBITDA ratios, I can comments that the ratios have improved over the past year and a lot of it is due to the fact that A, commodity prices relative to the peak have come down dramatically, and B, our physical inventories right now are lower than what they were a year ago.

And so therefore from our perspective we feel good about our leverage. That's part of the reason why you did see a slightly more accelerated pace of stock buybacks because we felt comfortable about our particular balance sheet at this point in time.

Unidentified Participant

(inaudible question - microphone inaccessible)

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Ray Young - *Archer-Daniels-Midland Co. - SVP, CFO*

I really can't give you targets other than the fact that we do believe that maintaining access to Tier 1 commercial paper is important and that for the three primary rating agencies we have a pretty good sense in terms of how they calculate their ratios and where they would like our or ratios to be on a sustainable basis.

Unidentified Participant

You have an investor day coming up in Germany early next year. Can you give us what the key agenda will be or what the major theme is that you're hoping to highlight there?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

We do, thank you. We have a day coming up in Hamburg, Germany, which is one of our larger integrated facilities. We are kind of making it a global oilseed processing focus so our agenda would be mostly on that piece of the portfolio both towards spending some time with the management team and doing a little bit of a deep dive for each part around the world for global oilseed and a look forward there as well.

I believe Juan plans to be there as well as Ray and the head of global oilseed Matt Jansen. You're all welcome to attend. Although I can't promise that it will be warm just yet. I think we are going to even do a little outdoor activity. We'll see how warm we can get it.

Unidentified Participant

Hi, Pat. Once E-15 gets implemented, how quickly do you think that will start to scale up and regarding the ethanol export market what are the dynamics of export demand and is there a ratio of sugar to corn prices that determine how competitive US ethanol is?

Patricia Woertz - *Archer-Daniels-Midland Co. - Chairman, President, CEO*

Let me start with E-15. I think it will all depend on the economics so as the opportunity to put E-15 into the market occurs at the national and then at the state level I expect the Midwest states in particular to be first and early adopters also maybe some small blenders as opposed to the blender refiners.

export demand you spoke of is -- first of all, the countries that the US is exporting to our Canada, Brazil, Europe, even the Middle East and Japan a little bit and so yes, it does depend on both the price of sugar and frankly the exports to Brazil also depend on where Brazil is with their sugar crop and where the blending ratios have changed.

So some of that could come back into more equilibrium if there was a significant drop in sugar prices, but at the moment again, ethanol being the cheapest in the world, it is by a wide margin.

OK. I would thank you very much for your time, attention, and questions. I think I'll wrap that includes where we're headed for the future. I really appreciate your attention and happy holidays to all.

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