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EDITED TRANSCRIPT

ADM - Archer Daniels Midland Company at Deutsche Bank Global Consumer Conference

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CORPORATE PARTICIPANTS

Patricia Woertz *Archer-Daniels Midland Company - Chairman, President & CEO*

Ray Young *Archer-Daniels Midland Company - SVP & CFO*

CONFERENCE CALL PARTICIPANTS

Christina McGlone *Deutsche Bank - Analyst*

PRESENTATION

Editor

The note (audio in progress) indicates an audio problem. The missing text will be supplied if a replay becomes available.

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

(Audio in progress) -- Christine, and hello everyone. Thank you for joining us here for our presentation. Let me turn to our Safe Harbor statement, which is -- the discussion today is covered by that statement; it's shown both on this slide and also on our website which is at ADM.com.

I'm very happy to be here with you this morning so we can talk a bit about an overview of our business and the factors that influence our results over both the short-term and the long-term. I'm going to highlight today some of our significant trends driving global growth, review each of our business segments, review the strategies designed to maximize our results from those trends and share with you how we've executed against the strategies in the recent past.

Then Ray Young, our CFO, will discuss our progress in implementing operational improvements in capital allocation, in cost reduction and in cash conversion management. And finally, we'll provide some commentary on the current market conditions and the road ahead.

First let me introduce our Company to you who are less familiar. ADM is a premier player in the global agribusiness. We source and distribute crops worldwide and process them into hundreds of food, feed, ingredients for our customers, primarily large branded food and energy companies.

Our fiscal 2011 net sales were $81 billion and our EBITDA was about $4.4 billion. We operate more than 665 facilities including 400 sourcing and storage facilities and 265 processing plants. We serve customers in more than 160 countries and our market cap is about $20 billion and our enterprise value about $30 billion.

This is our proven core model, what we call our value chain. On the left are the crops that we buy from farmers, we move these crops through our global transportation network and either sell them to others or process them in the facilities into ingredients for the food and feed industry or into industrial products or renewable fuels. It's a strong core model, it has evolved over the last century and I'll discuss how this model is very well suited to capitalize on the trends that are shaping global growth for our industry.

This chart shows our extensive global asset base. Through this network we are able to efficiently source, process and transport crops and products all around the world. ADM is truly a global company; about 60% of our sales are for destinations outside of the United States.

In addition to having a global footprint, ADM also has a very diversified portfolio of businesses and products. This has helped us maintain overall strong operating profit despite weaknesses that have occurred in various segments.

You can see from this chart that in 2008 and 2009 we performed despite the global market crisis. In 2011 we benefited from favorable conditions in all three of our segments. This year we have faced very tight crops in the United States and Europe as well as negative margins in some of our businesses since late last calendar year.

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So while the environment this fiscal year has been difficult, we've embarked on a number of operational and portfolio improvements to increase our earnings power for the future. You'll hear more about these efforts in a minute.

Now let me describe the key trends that are driving our future opportunities. The world's population -- it's increasing by 0.5 billion people every 10 years. Some of this growth will be in North America, which is projected to grow in the low single digits, while in South America it's estimated to grow at almost twice the rate as North America. But growth in Asia will be much greater, up 54% by the year 2030.

Many of our customers are working to meet the demands of this growing population and we are also working to support that growth. The world will need more crops and transportation networks to connect those crops with consumers.

For example, while China accounts for about 20% of the world's consumption of grain and oilseeds; it has just 6% to 7% of the world's arable land and fresh water. And Asia's increasingly urban population and growing middle class is expected to rely heavily on agricultural production from fertile crop regions in North and South America and Europe where ADM has a strong origination presence.

Large efficient processors with global transportation networks will be required and we are using a thoughtful, tailored approach as we grow our asset base to keep meeting those needs.

Our strategies are designed to capitalize on the opportunities I just spoke about; they differ by business and by region. So on the top of this chart you see the regions where we are active and the left side highlights our business activity. The orange boxes represent our strategic priority.

So in places like South America and Eastern Europe we want to expand our origination and processing to handle increased oilseeds and crop production. In China we're focused on developing our capabilities to receive and process crops.

In addition, we are looking to leverage our partnership with Wilmar not just in Asia but around the world. And in other regions we're optimizing our already existing operations. In short, we are making sure that our global, growing network fits the growing global demand.

So let's take a look at each of these strategies and our business segments and our execution of them. We'll start with the beginning of the value chain or Ag Services; this is where we source, store and transport crops.

We manage a network of 185 elevators, mostly in the United States, along with deploying and integrating global transportation assets that include thousands of railcars, barges, oceangoing vessels. With these assets we can source and process crops from the world's most productive regions and deliver those crops to customers around the world.

I'd like to talk about the fundamental factors affecting each one of our segments. So first in Agricultural Services factors here that impact our results are -- the size of the global harvest; the relative sizes of harvest compared to regional demand; and demand for US crops, therefore US crops for export.

So as an example, generally a large US harvest combined with strong demand for US agricultural export would translate into strong Agricultural Services segment results. This map shows you that our origination and transportation assets are managed both within our Agricultural Services segment and also our oilseeds segment.

In our segment reporting origination results in South America are recorded in oilseeds segment due to the integrated nature of origination and processing in that region. Our comprehensive strategy aligns the assets with the most efficiently sourced -- to most efficiently source and move the crops around the world.

So let's look at a summary of our origination and transportation strategy. We're focused on expansion, an expansion of that origination and export network in the key production regions, North and South America also Eastern Europe. We'll also grow our inputs business -- this is fertilizers, specialty agricultural chemicals; that business leverages our strong relationship with farmers. And certainly we will continue to grow deliveries to Asia.

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Now how are we executing to advance these strategies? This year we acquired -- are acquiring and constructing elevators along the Danube River to expand our origination network in the Black Sea. This region should mirror in essence our very comprehensive Mississippi River network that today links crops from the US Midwest to the Gulf of Mexico and export to the rest of the world.

Recently we purchased nine elevators in Wisconsin marking our entry into that very increasingly productive state. And we established partnerships with Wilmar in ocean freight, fertilizer -- both of those are still subject to regulatory approval.

Now let's look at oilseeds. In recent years our Oilseed Processing segment has been the largest contributor of operating profit. Our operations are primarily located in North and South America and in Europe. Our basic operations crush oilseeds, like soybean or rapeseed, into meal and oil and then we further process these feedstocks into refined products like cooking oil or biodiesel.

The fundamental factors that impact this segment are the availability of crops in the regions where we operate and the regional demand for animal feed, refined oils and for biodiesel. This chart illustrates the diversity of our oilseeds portfolio.

We crush and process not only soybeans and rapeseed, but also sunflower, cottonseed, flax and peanuts and produce over 60 unique products. And our oil streams allow us to produce several higher margin products such as shortening and vitamin E. Our basic meal protein is used in a variety of animal feed rations as a source of high-quality nutrition. And we're able to refine or texturize the meal to make a range of higher value, higher-margin food grade ingredients.

Now this diversity maximizes the return of our assets over time. If margins from one process are under pressure there are other revenue streams to help mitigate the impact. This is an important aspect to understand about our business. While there is more visibility into the economics, for example, of soybean processing, as you can see, we do manage a broad portfolio of feedstocks and products and the diversity helps us maximize returns.

Now let's look at our oilseeds strategy. Our strategy here is again to expand our processing footprint in regions where there is good crop availability and demand, such as South America and Eastern Europe, the same regions where we are expanding origination and transportation networks. And we will do this by expanding our operations and acquiring existing processing capacity.

In the more mature markets, for example, of North America and Western Europe, we're focused on improving our already existing strong sets of assets. And in Asia, India is a fragmented market; it represents good growth opportunities for the future. And in China, as I mentioned, we will continue to leverage our partnership with Wilmar International to participate in that oilseeds market.

And we are delivering on those strategies. This past year we acquired Elstar Oils in Poland, it's shown on this slide. It includes crushing, refining and biodiesel assets. We formed a manufacturing and marketing partnership with Wilmar in Europe to produce and sell edible refined vegetable oils and fats; we're in the final stages of regulatory approval.

In India we bought two crush facilities and the remaining ownership of a joint venture and we're building a soybean crush plant in Paraguay and it should be operational in time for the South America harvest. And in response to market conditions in the US, we closed a soybean processing plant in Galesburg, Illinois.

So let's turn now to Corn Processing. We are the largest corn processor in the world with processing assets located primarily in the US. Our five wet mill processing plants are large integrated complexes that produce more than 20 products. Our three dry mills produce ethanol, corn oil and distillers dried grains, a high value animal feed.

Over the past few years swings in ethanol margins, which are reflected in our bioproducts segment, that sub segment within Corn Processing, have generated most of the variation in our results. Sweeteners and starches have remained somewhat stable. The fundamental factors impacting this segment are the availability of corn in the US, demand for sweeteners and starches and the supply/demand balance for ethanol.

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Here you can see the product categories into which we sell more than 20 products from corn. We have some ability to adjust production based on profitability; our diversified value stream is integral to maximizing margins from our operations. And while bulk products like ethanol and sweetener make up the largest volumes, higher margin products such as lysine and sorbitol compete for the grind and enhance the value of our overall portfolio.

Here are our strategy, since we have already made significant investments in corn assets previously; our strategy here currently is to optimize our processing assets. At our wet mills we're doing this by optimizing our portfolio; adjusting the production mix in pursuit of the highest returns; we're growing our value added business in Europe through our East Starch joint venture; we're reducing costs in our processing plants and in our distribution networks; and we recently closed a small ethanol plant that could not deliver satisfactory returns.

Now let's take a quick look at some of our smaller processing businesses, cocoa and milling. While operating income from cocoa and milling is typically lower than our other segments, they are steady contributors. In our flour milling business we command strong marketshare positions in North America, the Caribbean and the UK. In cocoa we process approximately 6% of the world's cocoa beans and we operate facilities in North and South America, Europe, Africa and Asia.

This quarter milling results will be moved and reported into the Agricultural Services segment and cocoa will move to oilseeds. Our financial operating results will continue to include captive insurance operations and our ADM investor services business.

So before I ask Ray to come up, let me summarize some things briefly. We have developed tailored strategies for each business and each region so that capital is effectively deployed against the most valuable opportunities. We're confident we have the global asset network and the strategies that tie to global demand and a strong focus on efficient execution of those strategies, generating earnings power and creating value.

Now Ray will describe some of our current operational improvements focused on delivering shareholder value and I'll come back and offer some thoughts before we start Q&A. Thank you.

Ray Young - *Archer-Daniels Midland Company - SVP & CFO*

Okay, thanks, Pat, and good morning, everyone. It's good to be here in Paris again participating in the Deutsche Bank annual conference. This morning I will review some of the actions we're taking in the area of operational improvements to drive both earnings growth and returns. We're making good progress in our efforts around what we call the three C's -- capital, cost and cash -- all while maintaining a strong balance sheet and returning capital to our shareholders.

This chart here shows our earnings, specifically adjusted earnings per share, both on an annual basis and on a two-year moving average basis. I like to look at this chart since it provides me with a sense of the earnings power of this Company. While our recorded quarterly earnings may be volatile, our annual adjusted earnings have not shown as much volatility after LIFO and nonrecurring items are removed.

There has been a solid earnings growth trend over the past decade, but we've seen the growth rate slow in the past few years. If you look at the green line, which represents the two-year moving average, the line has hovered around $3 per share since 2008. This is naturally a concern of the management team. That is why we are focusing on activities that will improve the earnings power of the Company to drive future earnings growth.

Now turning to returns, our primary return metric is return on invested capital, or ROIC. Our objective is to earn 200 basis points over weighted average cost of capital, or WACC, over the business cycle. On average in the past five years our adjusted ROIC, excluding nonrecurring items, has exceeded our WACC as seen by the green shaded area in the graph.

In the future we're fully aware that the declining WACC trend will reverse itself when interest rates start to increase. This is another reason why we're focused on improving the earnings power of the Company to protect that positive spread in the future.

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Now let's turn our attention to the three C's. As we focus on the first C, capital, we now have a more disciplined approach and have made some changes to our process. Among other actions we have standardized our project evaluation approach, introducing common metrics for evaluating projects globally, using differential hurdle rates for projects based upon risks, and implementing more rigorous look back processes.

From an investment allocation and portfolio management basis to support our global growth objectives, we established a target of deploying more than 50% of our growth capital outside of the United States and with about 75% targeted toward the oilseeds and Ag Services segment. Growth capacity includes M&A but not maintenance or required spending.

You can see on a fiscal year to date basis through our third-quarter our approved projects, which is indicated in the green portion on the left bar, are on track towards the 50% non-US target and over 75% are targeted for the oilseeds and the Ag Services segment. I would say that we're about 75% complete in revamping our capital allocation processes within the Company.

Now turning to our second C in the area of cost -- we've also taken advantage of the challenging fiscal year 2012 to take actions to reduce our cost structure so that we can benefit when the business cycle recovers. We're substantially completed in our global workforce restructuring efforts. About $150 million in run rate annual savings by the completion of the program at the end of March 2013 resulting in a flattened organization to increase productivity.

We're also improving process efficiencies such as reducing costs in ethanol production; lowering energy and maintenance costs; streamlining and standardization particularly in the area of our systems environment; as well as closing low returning assets. I would have to say that we're about halfway down the road of driving process efficiency improvements within our organization.

And finally, we're working on our cash conversion cycle. In this graph we have benchmarked ourselves against several large companies in the agricultural processing industry. We have to be careful looking at aggregates data because each of our businesses is somewhat different. However it's still useful to look at overall trends and the magnitude of the differences.

You will note the industry saw a significant increase in the cash conversion cycle in 2011 relative to 2010 as it was favorable for the industry to own inventory due to caries in the market. Generally you can see that we lag our peers, as evidenced by the Green line being above the other lines. So we're enhancing our focus on cash conversion management.

As a sensitivity, if we improve our cash conversion cycle by five days this would free up about $1 billion worth of liquidity for operations. This illustrates the magnitude of the opportunities in front of us. We have just begun these activities in recent months and we still have a long way to go to drive improvements in our cash conversion cycle. This is a key area of focus for us in 2013.

In addition to our process improvements, we have worked to enhance the level of data we provide investors so that you may gain better insight into our businesses. We're working to better explain the run rate of our business results.

For example, we're mitigating our US GAAP timing effects in operation results. We already mitigated this impact in the oilseeds segment starting in the 2012 fiscal year and we hope to mitigate this impact in our cocoa results starting in July 2012.

We're increasing the use of hedge accounting in the corn segment to mitigate mark-to-market effects in the sweetener and starches line. We introduced adjusted earnings in our quarterly earnings material recently to describe results so that you have a better sense of how we view our earnings run rate.

We're providing additional disclosures in our segments of factors impacting our segment results. And recently we've announced our move towards a calendar year fiscal year starting with the 2013 calendar year which should help you in comparative analysis.

While we have taken many actions to provide better clarity and understanding of our results, we will not be able to fully mitigate mark-to-market impacts to certain hedge positions on our quarterly results. However, we believe it is important for us to provide as much clarity as possible to our financial results so that you can better understand and assess our earnings power.

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Now turning to our balance sheet, we have a very strong balance sheet that enables growth as well as returning capital to shareholders. At the end of March we had debt outstanding of $10 billion and an equity capital base of over $18 billion.

We had available credit capacity of $4.7 billion globally; we are single A rated and have access to Tier 1 commercial paper. And we have ample access to liquidity providing us with significant financial flexibility to handle commodity price spikes, credit market dislocations and capitalize upon strategic opportunities.

Now we're always balancing investment opportunities against alternative uses of cash, including returning capital to shareholders. For the past several years we have increased dividends, as seen on this graph. Currently our dividend yield is around 2.2%.

Also we have repurchased shares. Through the third quarter we have purchased 29 million out of the 44 million shares related to the equity units that got converted in June 2011. Now I will turn the podium back to Pat to wrap up the presentation. Pat?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Thank you, Ray. Before I summarize, let me give you a couple of thoughts regarding current market conditions and our longer-term outlook. We feel very good about the mid-term and certainly the long-term fundamentals of our business, but we do need to work through this challenging period leading up to the North America harvest, it is seasonally a slower and lower period.

And of course there is market instability. The euro debt situation is exacerbating this instability, it's generating significant volatility in commodity markets and creates quite a challenging risk management environment.

In the US there has been some positive news related to the US EPA approving the last federal step in introducing E15, or ethanol with a 15% blend, into the market. But there still is overcapacity in ethanol and, as you know, margins are still under significant pressure.

As we look forward I'll refer you back to the slide, the global footprint, which shows how our businesses come together to efficiently source, process and transport crops around the world. As you've heard, our network and our strategies are aligned for global growth and demand, and with this, combined with the efforts Ray spoke about to drive our operational improvements, we are confident we will generate earnings power and create value. So thank you for your attention and we're happy now to take your questions.

QUESTIONS AND ANSWERS

Christina McGlone - *Deutsche Bank - Analyst*

I'll start it off. Just based on the assessment of current conditions it seems like ethanol is maybe a bit worse than expected. North America oilseeds is strong, but Europe is weaker and I'm just curious how to put it all in context in terms of the outlook for the quarter versus when you last reported?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Thank you, Christina. At our third-quarter earnings call I think we talked about ethanol margins being under pressure; they were probably around $0.13 to $0.15 at that point, negative. They have moved to the high $0.20s negative. So continued pressure in ethanol, as I mentioned, is a significant aspect of the current conditions that perhaps are different than we talked about at the end of the third quarter.

The oilseeds, you're correct, we've seen some improvements in soy crush, particularly in North America. As I mentioned, we have a broader portfolio than just soy crush, there's been some softness in soft seeds in canola. Europe is still under pressure and of course South America now has gone through the end of the harvest and is very low there.

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On Ag Services I think, as we have talked about a range of $150 million to $200 million in earnings for a quarter, I can say that two months through this fourth quarter we're actually running at a rate below the range. Of course there's a month yet to go, but that is the difficulty associated with the challenging risk management environment that we're in.

It's also of course a period leading up to the harvest and, with very low supplies until harvest comes, I think that is what we'll be expecting to see through the summer.

Christina McGlone - *Deutsche Bank - Analyst*

And then one follow-up. So on Friday we had the EPA approve the misfueling mitigation plans. It's the last federal step that has to be taken for E15. How do you see the adoption going and how quickly do you think margins will improve in ethanol?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Well, I think the adoption will go slowly, although there are some states in the Midwest that are ready to go. So to back up to the misfueling mitigation plan as a quick summary, the federal government, the US EPA said if you have a dedicated hose and a dedicated dispenser that you're good to go. So retailers can start implementing E15 with suppliers and we as a company and others will be working with customers to start that implementation as quickly as possible.

I think it will still be, again, a slow implementation as we get through the summer, but we are in the driving season. There is certainly an economic incentive for retailers to use E15 as it is significantly priced under gasoline and that should mitigate prices at the pump as well. So we're hopeful we see an uptake once customers have those choices. Yes. If you don't mind waiting for the mic, thank you.

Unidentified Audience Member

Why do you still concentrate on Eastern Europe as a growth region? Because many other companies stopped investments there because of the (inaudible) crisis and said that the EU region might be a loser to [the whole] situation.

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Sure. The question was about Eastern Europe, certainly in an agriculture or processor space or for a company that sources grain we go where the production is continuing to increase. And Eastern Europe areas around the Danube, the Ukraine, Czech Republic, etc., has the opportunity to continue to be a very productive growing region. So while there is still of course concern around Europe in general, we see Eastern Europe as having continued opportunities for the future in agriculture.

Christina McGlone - *Deutsche Bank - Analyst*

Maybe, Ray, if you could talk about -- you outlined the strength of the balance sheet, but just in terms of access to capital given the volatility that we're seeing, exposure to Europe, just how you feel in general about your ability to raise capital if you need it.

Ray Young - *Archer-Daniels Midland Company - SVP & CFO*

Sure, a couple comments regarding our European exposure first. Fortunately most of our assets are located in the northern part of Europe as well as Central Eastern Europe. Our exposure to Southern Europe is relatively minimal and where we do have exposures we've been monitoring our receivables exposure very carefully, making sure all the over dues have been collected. Plus we do use [coalfas] in order to ensure some of our receivables around the European area. So we actually feel very, very comfortable regarding our Southern European exposure right now.

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Now with respect to our balance sheet, as I showed on the graph, we believe we have a very solid balance sheet. And most of the available credit capacity that we have are based on committed credit lines. And these committed credit lines backing, especially our commercial paper program, is backed by an international set of banks.

And so, we believe that these credit lines are solid and they're going to be with us. Even if we go through a global credit crisis as we saw back in 2008, we were able to access the commercial paper market. Generally what happens is under a credit crisis there's a migration towards investment grade issuers of debt and that's what we saw in 2008 when we were able to issue a CP.

At the same time, we recognize that yields for investment grade issuers have come down dramatically. So we're looking at our maturity profile right now over the next year or so and if there's opportunities for us to do a refinancing we'll consider that in order to take advantage of really low yields and actually pretty good spreads for our credit right now.

Christina McGlone - *Deutsche Bank - Analyst*

If I could, just one more. From a larger standpoint it seems like you're looking at the portfolio more critically, closing assets, growing in areas where it should be returned accretive more quickly and embarking on cost savings initiatives. So you noted that you were stuck in the $3 EPS range. When does that start to -- all these efforts start to move the needle and when do we start to see that range moving up?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Well, I think each project will have its own start time so to speak. Those that are in the stage of completion, let me talk around the world a bit. So Paraguay, as you know, is a crush plant that we're building, it should be up and ready for the harvest. It will help balance our South America -- or increase our South America presence similar to the size of the presence we have in North America to help continue to balance against those two regions.

Some of the investments in Europe, Eastern Europe we've made such as Poland, Czech Republic, Southern Germany, even the areas where we've improved some of our plants in Western Europe, until the European margins continue to improve I think those will come during that time. So as harvest again resets I think some of these investments we've already made should come to pass.

We've looked at some export facilities in the US or continued opportunities for storage, transportation and exports from the US. As the harvest in the US occurs this coming year I think you'll see some of those assets working hard to drive improvements.

As you know, the $150 million in improvements that Ray mentioned, we expect to see those early in the calendar year next year by March of 2013 and at the end of -- when we announce earnings this quarter we'll give you an update on how much of that has already been incorporated. Yes.

Unidentified Audience Member

Could you talk about the cooperation with Wilmar and what that will bring to you?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Sure. Wilmar International of course is the largest agribusiness in Asia. We have a 16% ownership in Wilmar, a seat on their Board; we are a large customer of theirs and they are a large customer of ours. We've announced three joint ventures with them in other parts of the world, a global one on global freight where we're each contributing freight ships, international ships to optimize our freight opportunity, a global fertilizer business and an oilseed business in Europe, which again all are subject to the approval process.

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We hope that they will allow us to take both the -- it's not capital contributions or additional capital, but taking people and resources and being able to contribute to the bottom line. Have we said how much per year on that?

Ray Young - *Archer-Daniels Midland Company - SVP & CFO*

I think total -- total run rate of the project is about $40 million.

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

$40 million, yes.

Unidentified Audience Member

What are the next [catalysts] do you see in your business -- catalysts?

Patricia Woertz - *Archer-Daniels Midland Company - Chairman, President & CEO*

Catalysts. So there are some opportunities obviously for the harvest, so we talked about anytime North America or South America has an upcoming harvest, crop conditions in North America look like good to excellent, in corn I think about 63%, in soy about 56% -- slightly lower than last year at this time, but looking for higher plantings than last year at this time or than last year.

So a good North American harvest can continue to be a catalyst for not only Agricultural Services but obviously the crops that we process in North America.

Turn around in the ethanol margins, which we've talked about what could drive that. In the US we have seen exports out of the US of ethanol. If those exports can grow that can also help balance the supply/demand as well as E15 coming into the market.

In Europe of course a stronger rapeseed crop would be a positive. And when South America's harvest of course next winter comes, that would also be very positive. Thank you so much for your attention and your questions and have a good day.

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