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EDITED TRANSCRIPT

ADM - Archer Daniels Midland Company at BMO Farm to Market Conference

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PRESENTATION

Ken Zaslow - ***BMO Capital Markets - Analyst***

Under the leadership of President Juan Luciano and CFO Ray Young, Archer Daniels is in the process of effectively changing its identity in terms of capital allocation, efficiency programs and culture but at the same time maintaining its core competencies across the supply chain and risk management. The Company has vastly improved its cash management, has begun to allocate capital to expand its global presence and reduce its cost structure. I am pleased introduce President Juan Luciano and CFO Ray Young to discuss the structural changes at ADM as well as the future outlook.

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

Good morning, everybody, thanks for being here today. I am pleased to have the opportunity to update you on ADM's ongoing work to drive returns. We have a lot of material to cover in a very short period of time so for purpose of this presentation I will assume everybody has a base familiarity with our Company and our business.

I would guess that everybody understands that several major global trends support our business. Those trends include population and income growth, the need to efficiently connect agricultural supply and demand worldwide and both in value to major growth regions such as China and Brazil.

If you like additional background information on our Company or the market I invite you to follow up with Case McGee, our Vice President for Investor Relations who joins me today. As always some of my statements today will be forward-looking based on assumptions in fact are subject to risks and uncertainties outlined in our reports filed with the SEC.

There are three key points I think you will take away from my presentation today. The first is that ADM has adopted a comprehensive multiyear strategy to drive returns. We are already beginning to see positive results and we are just getting started.

The second point to bear in mind is that we have taken several important steps to optimize our portfolio as part of this return strategy. And as a result portfolio management has become part of ADM's ongoing discipline.

Finally, we are investing in growing in promising growth opportunities that support our returns objectives and enhance shareholder value. As you can see from the chart, this comprehensive strategy is beginning to deliver for us.

Our trailing fourth-quarter average adjusted ROIC of 6.9% in Q1 2014 increased from 6.6% at the end of Q4 2013. This was an improvement of 140 basis points from where we were in Q1 2013 and 50 basis points above our annual 2014 WACC of 6.4%.

Our objective remains to earn on average an ROIC of 200 basis points over WACC over an agricultural cycle. And based upon our long-term WACC of 8%, ADM is aiming to achieve on average an ROIC of 10% once the US interest rate environment returns to more normal historic levels.

ADM's holistic approach to returns involves a more disciplined capital allocation, an emphasis on cost and cash, stronger customer relationships and reward for results. We implemented this strategy sequentially to ensure that we not only achieve our goals but did so in a way that would invest new skills and practices in the organization so we can expand and sustain the gains. So we identify the gaps in each area, we train our team, we develop projects to close those gaps, we implemented those projects and in the process we built a culture of returns for the long run.

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With regards to capital allocation, we have adopted the balanced approach for 2014 and are on track to return $1.4 billion to shareholders. At the same time we anticipate CapEx spending of $1.2 billion, or $1.1 billion excluding the $100 million we have dedicated to the initial phase of Enterprise Resource Planning, our global IT data management project.

The remainder of our budget includes $400 million in maintenance projects and $700 million in cost savings and growth projects. As a rule cost reduction projects offer more certain returns than growth investments. And because we have placed so much emphasis on cost in recent years we now have a large number of cost projects competing with gross investment for available capital.

This competition has created a pipeline of projects whose IRR has increased by 10% over the past three years. Every growth project is subjected to extensive scrutiny and analysis. What is more, if we don't identify enough compelling opportunities this year that meet our returns objectives we are comfortable spending less.

Project lookbacks are also an important factor in our discipline. With our greenfield soybean crush plant in Paraguay, for instance, we are pleased with the crushing operations first-year ROIC of 11.3% as well as the considerable synergies we have realized from higher origination volumes, increased load outs and lower transportation costs.

Also there is the expansion of our Danube River export network, which we announced in 2011. As a reminder, this project involves building out our grain origination, storage, transportation and export capabilities along the Danube River, similar to our origination through export networks on the Mississippi and Paraguay rivers.

In their full year of operation, four of the six Danube-related projects completed in 2012 generated double-digit returns. Furthermore, of the 10 projects that will be fully operational this year the average return is projected to be greater than 200 basis points above our long-term WACC of 8%.

Now I will add that not every major project or initiative we have completed in recent years have performed as well as these two examples. In the case of Elstar Oils, the Polish rapeseed, processing and biodiesel company we acquired in 2012, although integration went very well and we realized synergies ahead of schedule weaker-than-expected industry conditions have so far prevented us from achieving returns that meet our objectives. However, we have a variety of improvement efforts underway and we are optimistic about the business potential to come up to par.

Turning now to our cost reduction efforts, we achieved our 2014 yearend goal of $200 million in run rate cost savings more than half a year ahead of schedule thanks to improvements in maintenance, procurement, energy efficiency and process technology. We are proud of this achievement and excited that we have identified the potential for additional savings.

So I am pleased to announce today that we are now doubling our target to a total of $400 million in run rate savings by the end of 2014. We believe that an even more concerted focus on standardization and technology advancements in operations will allow us to achieve this ambitious goal.

In terms of our approach to cash, last year through asset sales and a companywide campaign to better manage inventories and other forms of working capital we unlocked more than $2 billion worth of cash in the time we had originally allotted to reach $1 billion. And as with cost, these improvement efforts are continuing.

We have identified an additional $500 million in opportunities and are pursuing them aggressively. Both our cash and cost reduction efforts have contributed to our bottom-line results and both have helped create a culture where commitments are made and kept.

To reinforce our team's focus on returns we have retooled our incentive compensation program to reflect our emphasis on shareholder value. Bonuses are based on earnings and ROIC. But under these programs annual bonuses are paid only if pretax earnings exceed dividends on an equivalent pretax basis in addition to interest expense.

In other words, management is rewarded only after either stockholders and debt holders are paid. We've also instituted a special one-time reward for returns incentive program which pays only if our team achieves our ROIC objectives across multiple years.

Another component of our return strategy is our effort to deepen and broaden our customer relationships. We put a lot of work into this area recently so today I would like to tell you what are we doing to enhance value for both our customers and for ADM.

We've invested in value-added sales training to help our teams demonstrate consistent excellence across divisions and regions. We are adding sales and marketing talent in a variety of business segments such as beverages and bakeries. We are deploying our R&D capabilities to help our customers innovate and we are enhancing our business intelligence capabilities.

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We are determined to make ADM a better partner for our customers. But it's not only about talented training, we're also aligning our organizational design to better capitalize on market opportunities.

Last year we formed three market-facing teams to drive growth in three business lines -- renewable chemicals, animal nutrition and foods and wellness. These groups generally aligned better with our customers' organizations and we see this new go-to-market approach as a key to developing new customer relationships and expanding existing ones.

As I mentioned earlier, our work in each of the areas we have just covered, capital, cost, cash, rewards and customers, has instilled a culture of excellence and continuous improvement throughout our organization. And recently we have taken our focus on returns to the next level by introducing the economic value-added metric internally and externally.

EVA helps commercial and operations leaders assess how well they are doing at generating a positive spread between returns and the cost of capital and understand the different paths they can take to help us achieve our objectives. We see this is an important step in the ongoing development of our high-performance organization.

Now moving on to another key element of our return strategy, I want to talk about our ongoing portfolio management. In the case of our South American fertilizer business, our Brazilian ethanol plant and our global chocolate operations, we have sold or are working to sell businesses that we don't expect will meet our returns criteria long term.

With businesses that can be improved we have taken decisive steps to enhance performance either by reducing invested capital, managing costs or production levels. Or repurposing the asset entirely as in the case of the Clinton fermentation plant where we shattered the PHA business and signed manufacturing agreements with third parties that have increased its utilization.

Finally, there are situations where an acquisition or increased ownership is in the best interest of the Company and our shareholders. That's the case with Toepfer, where we believe full integration into ADM will help drive improved international merchandising results. Moving forward we are focused on discipline as we continue to strengthen our portfolio.

Finally this morning I want to spend some time describing how our growth investments align with our ongoing effort to further improve shareholder value. I'm sure you all recognize our ADM value chain model that shows the flow of commodities and finished products through our operations, from origination through to sales and marketing of value-added products.

Each of the major investments we have announced in recent years has helped us advance our strategic goals at several points along the chain. For example, our acquisition of a port in northern Brazil, our 20% ownership stake in GrainCorp in Australia and our expanded Danube River origination network are intended to strengthen our grain origination sourcing and transportation capabilities.

In the middle of the value chain our soy crushed plant in Paraguay and our newly announced sweetener production complex in China have expanded our processing footprint in two key regions. Further down the line you can see we are extending our value chain and diversifying our portfolio through investments in various value-added more specialty-type ingredients including non-GMO lecithin, protein specialties and soluble fiber. Our non-GMO lecithin production capabilities in Germany and India will help meet customer demand for this versatile ingredient used in everything from margarines to salad dressings to dairy products and baked goods.

The next item on this list is a newly announced protein specialty plant in Campo Grande, Brazil which produced innovative value-added protein concentrates and isolates that add nutritional value to foods and beverages. These products affordably extend the protein content of processed meats as well as beverages, nutrition bars and other applications. Today, packaged foods manufactures are working to develop products that satisfy customer desire for function, nutrition, texture and taste and our foods and wellness team has a strong portfolio to address these needs.

Finally, in China where a change in diet has driven greater demand for dietary fiber, we are constructing a soluble fiber manufacturing facility that is colocated with our sweetener plant at the port of Tianjin on the Yellow Sea. The plant's favorable location near large urban demand centers along with its proximity to multiple modes of transportation and access to feedstocks will allow it to be seamlessly integrated into our global network.

We are confident that once it is complete in the second half of 2015 this facility will help us gain a leading position in the northern China foods and beverage market. We also see this model as one that can be replicated elsewhere in the country.

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So this concludes my presentation today but I do want to once again remind you of my three key points. One, ADM has adopted a comprehensive strategy to drive returns and we are just getting started. In fact, for the 2014 calendar year our objective will be to achieve an adjusted ROIC equal to our long-term WACC rate of 8%, absent any negative US harvest issues.

Two, we have taken several actions to optimize our business portfolio and this work has become part of our ongoing discipline. And three, we are investing in growth that supports our returns objectives, expands our geographic and product footprints and adds shareholder value. I thank you for your attention and now we are happy to take your questions.

QUESTION AND ANSWER

Ken Zaslow - ***BMO Capital Markets - Analyst***

I'm going to open it up for questions. I'll kick it off. When you return next year at this conference what will you be telling us of what Pat, Ray and you have changed and how should we hold you accountable in terms of milestones?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

I think, as I said before, Ken, this is a multiyear approach. So hopefully what you are going to see is an acceleration of all of these.

I think that every year that we have come here we have unveiled another layer of improvements in the same categories. I think you are going to see us getting deeper into our cost improvements, not only in efficiencies but also in application of technology to improve our yields but also to reduce the amount of capital that it takes us to run certain operations.

You are going to see our cash share price moving much more from just eliminating idle cash usage but much more into supply chain efficiencies and logistics and integration. You're going to see us getting deeper into customers and you're going to see us rejuvenating our product mix.

The team is very very committed to take ownership of our business model and put it much more in our control. Not that much been talking about the weather or this crop or that, we try to take volatility and some of the movement out of our earnings, so getting much more into our control, so that you will see also. We are going to be diversifying geographically and also extending our product footprint and we're going to put to good use our strong balance sheet between now and next year. So hopefully, that is what you are going to hear.

Ken Zaslow - ***BMO Capital Markets - Analyst***

Great. I'm going to take one from the iPad.

How is the operational environment for each of its business lines, how is the Company viewing its operational financial performance in the next 12 months? How is its biofuels business?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

With a lot of optimism there is a lot of excitement in the team in ADM. First of all because we have this agenda of improvements and I think we are seeing it through and we are coming ahead of schedule in most of our commitments so the team is very encouraged by that. The team is learned a lot.

And on top of that you can overlay a very positive industry environment going forward. Our oilseeds business continues to be very strong. Demand for protein, for feed, continues to be very strong.

Exports have been very good from both South America and North America. Europe cash margins have recovered, so we see that with a lot of optimism.

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There is also all the specialty side of oilseeds is running very very well, growing double-digit growth rates year-over-year, so that part very exciting. I think in terms of biofuels at this point in time the US ethanol is the cheapest energy molecule out there for transportation so that is gaining share around the world.

You see our exports soft seed industry are probably running at around 1 billion gallons per year. That's tight in the industry. In this environment we are not even rebuilding inventories even with this existing margins so we are very optimistic for the future. We have developed export markets that I think as long as we can continue in this level of pricing they will be there for us and we will make this industry attractive and allow us to return our margins.

In terms of ag services, that's the business that has as an industry kind of had tough times recently with some lack of opportunities for merchandising. We see that with a lot of optimism for the second half of the year.

All our KPIs are in order, our asset footprint is impeccable and they have improved their cost position. We have a better integration now in our international operations with the acquisition of Toepfer and I think we have the best footprint all the way from origination to marketing and destination. So we are very excited about the future.

Ken Zaslow - ***BMO Capital Markets - Analyst***

You just doubled the cost savings. How are investors going to see the additional savings? Is it going to show up in earnings, share repurchases or CapEx?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

I talked before about CapEx. I think that we keep it very disciplined. We brought the CapEx from historically about $2 billion to $1 billion and I think that we have done a much better job of having projects compete and being very tough in approving capital only at the last resort.

So I think you are going to see CapEx still in this kind of range. I think you are going to see cost coming to the bottom line in earnings. I think in terms of returning funds to the shareholders we continue to see opportunities in front of us to deploy our strong balance sheet and we are working heavily on that.

And as I said, the geographic footprint and then the diversification of our product. But certainly if we don't see the opportunity to redeploy that we will revisit our capital allocation and we will revisit the buyback program.

Ken Zaslow - ***BMO Capital Markets - Analyst***

How does the traditional North American feed business with its relatively low return on invested capital fit into the long-term strategy?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

As I told you, we put together animal nutrition market-facing unit. And I think that with that we have put two of our businesses that were acting separately going together. And we see a lot of cost synergies from that but more importantly we have done a better job at looking at our portfolio and what are the pieces of that portfolio that we want long-term.

So the team is just analyzing it right now but is due to present a comprehensive strategy soon. And that strategy will mean there are going to be some parts that we will deemphasize and some parts that we will go into deeper relationship with the customer so we can improve the profitability of some of our product lines. So we see that with big optimism for probably the next three or four months making decisions in that space.

Ken Zaslow - ***BMO Capital Markets - Analyst***

With the additional capacity you have added on ag services, can you let us know what the earnings power or growth outlook for this division is? This is a hard division for us to get our hands around. But you have spent a lot of money developing capacity by the time we are at 2015 it would probably be close to 20% more than it was two or three years ago, so what is the real earnings power of that division?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

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So let's get a little bit deeper here maybe into that. Some of the investment that we have made like for example that are related to ag services but are in origination for example in Brazil, for us that's reported within oilseeds, so you're going to see some of that in the power of oilseeds.

But going back to ag services itself, we still maintain our range that we described before about $200 million $250 million per quarter to full operating profit. But part of that probably $150 million per year worth of operating profit was related to wheat carries that were very strong in 2010, 2011 in the US and now we don't have that.

So while wheat carries and with this weather probably it is going to take a while to recover on that, while wheat carries are not present we will probably operate on the lower end of that range, so around $180 million to $200 million. The rest of the business is significantly sensitive to big crops in the US and that's where we are optimistic about the second half of this year when hopefully with this good weather, warm weather, good humidity and sun, great conditions for growing a crop, we think that all that capacity will be put to good use.

Ken Zaslow - ***BMO Capital Markets - Analyst***

You've mentioned process efficiency a few times. Do you have an internal process improvement function?

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

Every time that we have put one of these initiatives we have left somebody in charge or a team in our organization behind so we can sustain the gains and we can continue to do that. I personally chair the improvement team. The improvement team has 10 tracks.

And each of those tracks is represented by a leader but by a group behind. And basically we meet twice per month to look at the projects, to look at the progress that we are making and that discipline is what is delivering this result.

And I think it is ingrained in the organization. I am very pleased as I go deeper in the organization because everybody is talking the same language, everybody is focused on the same thing. So I think the organization is very well trained and very well aligned to deliver returns.

Ken Zaslow - ***BMO Capital Markets - Analyst***

Great. With that we will end it. Thank you so much.

Juan Luciano - ***Archer Daniels Midland Company - President & COO***

Thank you.

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