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EDITED TRANSCRIPT

ADM - Archer Daniels Midland Company at Bank of America Merrill Lynch Global Agriculture Conference

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PRESENTATION

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

I am the US food and ag analyst at BofA. This morning we are pleased to have ADM start our company presentation slate. With us today we have the CEO, Patricia Woertz, the CFO, Ray Young and in the audience we've got Case McGee, the VP of Investor Relations.

ADM is one of the largest agribusiness companies globally with a diversified portfolio. The Company has made a significant amount of changes over the last two years with an increased focus on their three Cs -- cash, costs and capital in order to drive shareholder value.

Instead of a standard presentation today we are actually going to do more of a fireside chat format with me asking some questions and at some point we will open it up to the audience for Q&A as well. To start I'm going to open up to Pat to get some opening comments about ADM and then we will take it from there.

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

Great, thanks Ryan and good morning everyone. So for those of you that may not be extremely familiar with ADM maybe I will just give a couple of key statistics and perspective of where we operate in the agricultural value chain.

We do have some materials in the back of the room if you do wish to use them. In fact, I think I see they are actually being handed out. It's a half page size of booklet that talks about driving returns at ADM and I think it is a good title because it is what we have been focusing on for the last several years.

So the Company is $90 billion in sales. We have operations globally. Our three big segments are corn processing, oilseed processing and agricultural services.

And I am sure, Ryan, when we talk a little more we can talk about each but there are different products that we make from our crop stream. And also our global footprint is very strong in North America. We also have a footprint in Europe, South America and Asia and growing in South America and Asia in particular.

So maybe that's just a little introduction. And we can get into the things you are interested in talking about.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Sure. Starting out big picture before we get into the segments, I think the last few years we've had a few poor US corn crops. You finally have a record crop. You got great demand for grain.

And so I think the fundamentals are starting to turn in ADM's favor and the ability to take advantage of this environment. I guess from your perspective can you just talk a little bit about what you're seeing in the first quarter and how you feel about the full year?

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

Sure. If you think about the chain, the value chain that we operate in, first let's talk about agricultural services. So that's where we source or originate crops from producers wherever farmers are growing crops around the world.

We have a transportation network, trucks, rail, barges, ships. And then we send that product either to our own processing plants, we process about one-third of what we touch and about another two-thirds goes to the market.

So in agricultural services if I talk about the quarter what we are seeing in current market conditions are in the US, we have had weather issues, of course, that affects our transportation whether it's rivers that are frozen, or trucks that have difficulty getting either from the farmers or to the market. So weather has affected the first quarter somewhat.

We've also had slow farmer selling relative to what you would normally expect this time of the year. And we've also seen some great global exports, so exports are strong in ag services.

Oilseeds continues to be a good environment. We have seen some sweetener pricing somewhat as a headwind. And, what else for the first quarter, I guess crush margins have been good, ethanol margins have been good, and when margins are good you kind of put on some hedges. And, Ray, maybe want to talk a little bit about first quarter from your perspective?

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

Sure. As Pat indicated, the margin environment for both ethanol crush and oilseeds crush has been extremely favorable for the industry, for us. And as a result, not surprisingly, we took advantage of the favorable margin environment and we actually locked in some of this margin on the forward basis.

For those that are not that familiar with hedge accounting, and these hedges are going to be subject to mark-to-market accounting impact. And so to the extent that we get to the end of the first quarter, depending on where the margins actually finish up, we may be subject to some mark-to-market timing effects in our first-quarter earnings. And to the extent that anything is significant there I will make sure in the first-quarter earnings call that I will highlight it for you folks to understand what that impact may be.

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

And that is indicative of a good margin environment anyway, so that's generally good news. You asked about the full year. We are very optimistic about 2014.

After you have the effect of the two-year drought it is nice to recharge the system. As you get to even the latter half of the year you'll have a second crop after this crop has been harvested that will be planted very early in the year.

But most folks are looking forward to strong oilseeds as well as our soy, as well as corn crops for the second half of the year. We have good global product demand. Our efforts on the three Cs, Ryan referred to them, as cost, cash and capital are setting us up for a very strong earnings power as a result of the work we did there.

And we think there may be opportunities in some higher-margin businesses that we'll want to take advantage of. We have a good balance capital plan. We can talk about that a little bit, too, so 2014 is a significant turning point year for us.

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Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. Thank you. So guess we can start with ethanol.

It's been a very poor rising segment for investors just given the potential change in mandate, the outlook for export demand and what E15 could be, so there's been a lot of moving parts. I guess first can you talk about the regulatory outlook what you think will happen with the RFS and kind of where we are in the process.

And then secondly, what you think demand will look like domestically, what the export market could look like and ultimately the margins. This time we got a good first quarter but for the full-year maybe?

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

Sure. Ethanol is actually a rather good story right now. Certainly as I mentioned the first quarter is good.

You asked about the RFS and where it might lead. The EPA is estimating, or most people are estimating, they will make their comments by this summer. So we're already into 2014 with good demand, with good margins.

So in a way the RFS is kind of creates a floor on demand. So you might think about its capacity is close to 14.6 billion or upward even to 15 billion gallons, what does demand look like to match that capacity? So forecasts are for about 134.7 or 134.8 billion gallons of fuel this year, so the 10% poll should be about 13.4 or 13.5 billion gallons.

If you have E15 and E85 it is estimated that that would be up to 300 million gallons. And then exports are running at about 1 billion gallons a year now.

So if it is up to 1 billion gallons that almost takes in all the capacity. So that is why the margin environment we think while it could still be volatile would be pretty good for 2014.

When you think about ADM's footprint we are feeling quite strong because we have a good footprint. It's the year of the corn growing regions.

We have good logistics, good access to corn. And we've been working on costs. Even though we feel we're a low-cost producer our teams have been forcing those costs down during our cost, cash and capital exercise and we feel very good about our footprint.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. And just sticking with corn processing, you mentioned that fructose pricing could be a bit of a headwind, there have been some concerns about that, but I feel like there is more drivers of that business in terms of profitability than just pricing. I think a big driver is actually capacity utilization rates.

Can you talk about maybe some of the drivers? Where are capacity utilization rates for the wet milling perspective. And I guess how does ADM try to diversify its portfolio and get away from fructose?

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

So, you are right in corn processing, the two big segments are bioproducts. We've talked about ethanol, in the other is sweeteners and starches.

You talk about capacity utilization, this industry in North America for the past several years has had fairly tight capacity therefore high utilization. The headwinds are that actually if we think about demand, demand in the US has been for the past several years flat to slightly down.

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So 1%, 2%, 3%-ish, I would imagine this year again in the US flat to slightly down. Where the headwinds are in Mexico and there are sort of two reasons for that. One is the competition with sugar, sugar prices are low in Mexico, and also they have instituted a beverage tax and it is not certain yet how that beverage tax will impact sweetener demand in Mexico.

So our view is that we need to work, it is still early in the year, but work to offset those headwinds in our business, in our sweetener and starches business. So with net corn costs being down year on year, that is certainly a positive.

We will have some spot fills, so that will be an opportunity. And we will still focus on diversifying the portfolio or using the mix of the portfolio to be able to draw our starch stream to the highest margin businesses within that portfolio.

So we have expanded it. We probably have 30 products today now that we make from a kernel of corn and we have some switching capacity to be able to again pull that grind toward our higher value margin products. So that has been our longer-term strategy knowing we have sweeteners that are flat to down slightly. So I think that strategy will be even more important in this coming year.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. And so then just turning to ag services, I think that that may have been a bit of a disappointment to some investors in the fourth quarter. It sounds like you have got some headwinds in the first quarter because of your weather and still some slow farmers selling.

When do you think that segment can get back to a more normalized profit level? And then thinking about it longer term, how important is it to grow your asset base internationally and what benefits do you get from that?

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

Sure, so in the short term, you are right our fourth quarter had sort of two things that impacted it. One was some international merchandising execution issues, which we have both addressed and we hope will see some real impact of improvement here over the year.

The other is farmers' reluctance to sell. And of course when prices are lower than they have experienced in the last several years and they have storage capacity and they might have the financing to hold onto their corn longer, it is just been a slower period. Now it has picked up in the first quarter compared to the fourth but it is still slow relative to where you would expect it to be this time of year from a seasonal basis.

When you also think about normal merchandising opportunities, if you have slow selling and you don't have a lot of dislocation that has been sort of another aspect that hasn't occurred yet. But again, early in the year ag services has the full year to look forward.

I think you are right in terms of the longer term that this is a year where ag services has its first chance after the new investments and after a two-year drought to sort of prove the scale and the ability. We are built for scale, we are built for size, so to have a large crop come through that system we can utilize the system and make good margins on the system.

Having two years of it would even be better. So sort of the beginning of the year maybe being slow but having the new crop in place for the second half of the year we really feel good about that.

You asked about our international, how important it is to grow ag services. Think about the US and the Mississippi River. We would like to duplicate what we have in terms of origination, storage, and transportation along the river, export facilities say in New Orleans.

If we could duplicate that, and we are duplicating that in other parts of the world even if on a smaller scale, but in Paraguay we have a barge system, we have trucks, we have rail, we have export. In the Danube we think about a network strategy where we have transportation along the river and then as a flaxseed for export.

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This is the kind of thing we do well. And we think the more diversified we can be in terms of growing regions that have an even more sizable footprint in the regions that are growing production, that's good for ADM.

Because we are so strong in North America, or the Northern Hemisphere, our investment profile is to invest more outside of the US. And in some of these destination markets today we might shift FOB to a port, but the more we can participate say with that port facility, with that customer to even get more of that margin into that destination market, those are the kind of growing regions that we think have a strong opportunity for us.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. And then regarding oilseed, so crush margins were great in the fourth quarter from a USA and even a global standpoint. It sounds like you got some pretty good margins coming in the first quarter.

We have had some pent-up demand from protein producers. You've seen some benefit from lower corn prices helping them.

But looking out over the next few years can you give us your view on the outlook for meal and oil demand and where is it coming from? And do you feel like you have the asset base to take advantage of that growth or are there some investments or acquisitions maybe that you need to make to fill those gaps?

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

Sure. We are very optimistic about the global outlook for oilseeds and this is probably the most global business of our three big segments that we have today. And I think its steady earnings growth is an indication that when you are globally diversified and you have strong global demand that you can make up in regions where one might be down, the other is up, and that is an important aspect as the harvest shifts, for example, from North America to South America.

So our examples, yes, we were investing, and, yes, we see the investment in South America being particularly important. We have invested in a northern port in Brazil and the port of Belem. We are waiting for final permitting there for us to be able to ship from the port of Belem, maybe further investment even for growth once we get that started.

We've invested in Paraguay with both a fertilizer blending plant as well as a soybean crush plant. That one has been under budget, on time, even producing at greater volumes than we had anticipated.

Definitely meets our rates of return. We use it internally a sort of our benchmark poster child for a great grassroots, or greenfield investment.

We think there is continual opportunity to invest in Eastern Europe. That's more of a consolidation play where we can perhaps acquire plants that can fit into our system and plug into our system nicely, probably not new construction there but more consolidation. And I think all of this leads to again a stronger more diversified oilseed-base that the diversity and the farther strength in South America is key to I think having that balance and more predictability, so to speak, in that earnings growth.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Okay and so then thinking about returns, ADM has been targeting a return of invested capital 200 basis points above its WACC. It's been below that target for some time now.

What has to happen to get back to that level of return on invested capital? And why do you think that that is still the right target? And can you get there even as interest rates rise, and therefore your WACC goes up as well?

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

Sure. I think it's a really important measure to have our returns at least 200 basis points over WACC over the cycle and we have been there before. We can be there again.

Even in the fourth quarter we had on a static basis, not on a fourth quarter rolling average basis, but we were well above our 200 basis points over WACC. So the fourth quarter is kind of that inflection point to get us back on that trend. Maybe I will ask Ray to talk a little bit about returns.

And also we are training our organization on an economic value add basis, on EVA, because it is not just earnings growth it is earnings growth at good returns. And this EVA concept helps combine the two and also is a rallying point for those leaders to take to the organization.

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

Sure, Pat. Thank you. Clearly, our returns is the primary focus of this Company over the past years driving ROIC in excess WACC.

I agree, Ryan, I think past couple of quarters we were slightly below WACC. And a lot of it was due to the fact that the 2012 drought impact on 2013 earnings has been severe.

But as we saw in the fourth quarter, as we kind of worked out of the remnants of the 2012 drought we can demonstrate that we can generate returns in excess of 200 basis points. As Pat indicated on a static basis we did that.

Going forward in 2014 every quarter as we kind of work off the fourth quarter trailing average I expect our returns to continue to improve. You mentioned about interest rates moving up. We agree.

Interest rates have been volatile recently but generally the trend in interest rates will be to move up. One of the things to further reinforce the returns concept within our organization is we are rolling out the concept of economic value added, or economic process, or EVA, to the organization right now.

It's going to become a primary measure internally in order to drive our business, drive the business segments, drive the sub-business segments. And it is actually a nice way to kind of link profitability with returns, the EVA concept.

And so in the first-quarter earnings we'll talk about EVA also to our investor base about how much EVA we have delivered in the first quarter to provide some stability in planning with respect to the WACC. So in order to avoid the quarterly volatility of the WACC, we're going to use an annual WACC concept which basically calculates the WACC based upon a target capital structure.

And as you know our target capital structure is roughly a single A type of rating with interest rates at the beginning of the year. Just for a reference the annual WACC for 2014 will be about 6.4% based upon the numbers we're seeing right now.

Longer-term interest rates are going to go up. So when we're running the Company we also have what we call a long-term WACC. And our long-term WACC is 8% based upon capital structure, based upon historical interest rates.

And frankly that is what we are trying to drive the business towards is actually make sure we deliver returns in excess of the long-term WACC and I think that is going to be really good for our businesses. In fact as we evaluate all of the businesses and sub-businesses we are kind of using an 8% long-term WACC in order to help us evaluate how do we drive improvement in each of those businesses.

So in general, I agree Ryan, perhaps in 2013 we've been slightly below WACC. Q4 we demonstrated we can we can actually exceed the 200 basis points of WACC. Going forward it's still going to be an important measure to drive that spread.

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But also to add to our toolkit we're going to use the EVA concept to further reinforce the importance of returns, and also the importance of driving an aggregate growth in value creation through EVA. I truly believe that is going actually be another key tool for us to change the culture within the organization.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. Thanks for that.

And just thinking the balance sheet is in great shape here, especially if you include the RMIs. And ADM can generate a significant amount of free cash flow in 2014.

And I know M&A, the focus, we'll get to that in a minute. But if no acquisitions develop, Ray, can two parties can be involved there, can we expect ADM to put cash to work and maybe repurchase additional shares, or is it just this year you've kind of committed a rate to 18 million share repurchase and you are raising the dividend a bit but, what is the outlook here assuming no acquisitions?

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

Clearly we do have a strong balance sheet. And as we announced in December for the 2014 capital plan we said that we would generate say $3 billion in cash and we are going to say half of it we are going to deploy in terms of capital spending to grow the Company, so roughly $1.4 billion there.

And then the other $1.4 billion we are going to return to shareholders in the form of we've increased our dividend rate by 26% this year and then we are going to do the share buybacks in order to, about 18 million shares, to offset the remaining impact of a convert that was converted several years ago. So we actually think we've got a pretty good balanced capital plan for this Company in terms of distribution for internal growth and distribution to our shareholders.

But even with his capital plan we have effectively still preserved the year-end 2013 balance sheet. We had an outstanding balance sheet at the end of the calendar year. A lot of capacity to grow.

And you are right, there are opportunities for us to utilize that balance sheet for strategic acquisition opportunities. And clearly we are looking at different opportunities right now but we truly do believe that we want to grow EVA in the Company.

And as I indicate, EVA is the primary metric internally for us to drive value creation. We want to grow EVA and in order to grow EVA there's going to be a certain component of really investing to grow above our cost of capital and that's an important priority for us.

To the extent that we don't have opportunities to grow the Company, which frankly Ryan I think there are tremendous opportunities for us to grow in the future, but to the extent there's no opportunities for us to create additional EVA through acquisition opportunities then we will reevaluate and determine whether we need to do more capital returns to the shareholders. But maybe, Pat, maybe you want to talk a little bit about our opportunities?

Our $1.4 billion. It is a significant amount. It's larger than the $1 billion that we spent last year, but we think it's actually a fair amount in terms of how we spend to grow the Company every year.

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

If you think about $1.4 billion in capital there is probably less on maintenance capital, $400 million or so. And we do have about $100 million set aside for we call our One ADM project or an ERP systems integration project.

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But that leaves a good amount for these higher return projects like a Paraguay, like a Belem. We are looking at a South America project or we're looking at further projects outside the US, I should say, that we are kind of waiting on final permitting and so forth that we can talk about.

Again the opportunity to invest in high return projects I think are there. And it is a matter of the discipline that we have created in the fee related to capital that allows us to feel the confidence that we are not just going to spend money to have the hope of the strategic fit.

Yes, it will have a strategic fit. But it's competing with other projects for the highest return ones there and our pipeline is being evaluated and we have some good projects in the mix.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. And so just thinking about M&A, I know it came up a little bit, you talked about maybe recreating kind of what you have in the US in ag services maybe overseas but can you give us a little bit more focus or at least more granularity in terms of what you are targeting terms of size, maybe more specific regions and types of businesses that M&A that you are interested in?

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

Well certainly the balance sheet that Ray described allows us to think about those in an even better way but it won't cause us, again, to relax our discipline, so the discipline is good. We have talked about the regions that we need to grow include South America.

Brazil obviously has one of the strongest opportunities to continue to grow its production. There are infrastructure issues there, that's why ports, investing in both our current port facilities in Santos and Belem are important. But if you think about the M&A opportunity, big or medium size, it depends on what's both available and what meets some of our criteria.

So in the geographic footprint the criteria would include both origination assets and potentially processing assets, again if they fit that consolidation area and growth in the market. Emerging markets, more than 60%, 50% to 60% will be outside the US, of our planned capital and M&A also looking more specifically to be outside the US.

We have 20% of GrainCorp, you know that was an acquisition opportunity that we weren't able to complete at this point due to the turndown of the treasurer at the end of last year. But we do have 20% of the company. And as we think about they are in transition so they need a new CEO and so forth, we will wait for that to happen, but hopefully we can work with them as well to create value for both the companies.

Thinking about value add aspects to our business, they are more downstream. There's also opportunities as we diversify our portfolio of products we make from different streams to think about the higher margin products whether it's ones we create today that we want to add to or even some differentiating products. So we're looking at that whole gamut.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Got it. And so just thinking bigger picture, there's been a lot of changes at ADM since you've taken over as CEO.

I think we have seen changes in strategy, changes in management, a bigger focus on the three Cs. I feel like ADM's at the tipping point of starting to bear the fruits from all that labor, but what do you think investors are missing about understanding ADM?

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

Well, I think you are right. We had to have a lot of change.

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I think management's job is to create positive change, so some of the changes that I might reflect on or to answer your question that maybe people are missing in one way or another, one is the cultural change and truly embedding a focus on shareholder return.

Ray talked about return. The idea that how you create shareholder value is a combination of a compelling strategy, earnings growth and strong returns, and I think if any part of that triangle has been emphasized to a great degree deep within the organization it's the aspect of return.

So that means we have lined up education systems around returns, we've lined up compensation systems, we are creating much more standardization around returns. And I think the management team both the great significant deeply ingrained ADM folks that had great experience in this Company combined with folks with more mid-level careers coming in, it has a great focus to be able to challenge one another to be able to have an environment of open debate and taking us sort of aligned all in the same direction.

So that whole subject would be called cultural change in particular focus on returns. Maybe the second topic is one that we are striving for more predictability and reliability in our earnings and in our transparency and in our communication.

Ray and his team have done a fabulous job of trying to pull out specific items and being much more clear about them. Maybe even changing the way we account for things so that we have more stability and predictability in the right way for investors to look at.

So I think it's a area that maybe is more slow and is more behind the scenes but it is also something I think that investors might miss if they were only starting to watch us now versus over time. And then lastly, is just this globality of ADM. Again, if you looked over history or decades, we were starting and focused only on the United States, only in North America and it's actually nearly 20 or so years ago where we expanded to Europe and South America, built plants in China with our partners and have a further Asia focus.

So actually in our 112 year history it is really only the recent decades that we have been so globally focused. And today we are generally well over half outside of the US and certainly our investments are focused much more outside the US. So much greater growth aspects for us and much more international focus.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. And then this is my last question. We'll open it up to the audience.

I know there's been a lot of work done on strategy for you guys. But could you talk longer term, how does ADM look out into 2020? What trends do you see that you feel like you need to put capital towards today?

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

Certainly the trends of -- we haven't talked about the big macro trends of population growth, but it's kind of obvious the more the population is growing the more there is a stronger middle class, more demand for protein, healthy diets and so forth. So the emerging and growth markets are all driven by population growth.

So certainly we're putting our assets and our focus there on international markets for where they have stronger growth whether it is production growth or actual growth for demand. And then in the developed markets, it is much more about food and wellness and healthier products.

And I think there is some focus in some of our R&D efforts in working with our customers for these healthier products for these ingredients that allow them to reformulate, find more protein, find more fiber in products that are important because the market is demanding it. So I think it is both in the growth area internationally as well is in the developed markets for food and wellness.

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How I'd see our Company looking in five years? It has a very global footprint, it has much more global talent, it has a very global management team, it has more diversified streams particularly downstream and value add, it has more global alliances, global partners, just a global force in the food and supply chain of food and agriculture.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Great. Thanks for that. And with that we'll open up to Q&A from the audience.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Excellent presentation, a great Q&A, appreciate it. I wondered if you could touch on in terms of the metamorphosis of the Company any ability or desirability to become more asset light?

And perhaps in that context you might talk a bit about if not too specific, conceptually if you find areas that are not going to be able to meet your long-term return objectives, what activities you might be taking? And the second question which perhaps tails to that is, we haven't heard much lately about the cocoa business. What is the status of that?

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

So a couple of questions there, maybe I will start and Ray would like to add some things. First of all, I think we are looking at this builds on the point of an organization and a leadership team focused on returns.

Every leader in our Company is taking a granular look, and we are taking a granular look at the organization all the way from the fine segments and subsegments of our business to individual P&Ls, even in an individual elevator P&L and saying what are the high return businesses all the way to the low return businesses. And of course the typical graph of the size of the bar is the size of the investments you have in that business.

So the opportunity -- and we look at it not on a static basis but on a multiyear basis. And then even the trend over the years, and then try to project forward as well what is the size of these markets, how strong could they be?

So that we understand whether we are, and there is no sacred cow, whether we are on a focus of we've got to fix this, because it's fixable, or we've got to grow this because there's a market, and not grow it too fast to destroy the market, whatever. Or we may need to sell it, or we may need to put a strategic plan in place, or a one-year plan in place.

So each of the organizations are doing this and you asked about cocoa as an example. We've talked about our cocoa business in the past has not met our return objectives and hadn't for a while, and we are taking a look at it.

And I don't have anything to announce on it at this point or I would. But that's an example of a business that while we've also had accounting issues and mark-to-market issues, which doesn't make it all that predictable or reliable on an earnings growth stream, it also hasn't met our return objectives. So definitely we are taking a portfolio you approach.

You asked about asset light, and I think that is another example if we see a heavy asset business that maybe is not reaching our returns yet we need it for the integration either up or downstream, and maybe that's that transportation asset as an example in some part of the world. Maybe we can take a different approach to it than 100% ownership.

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Maybe it's an investment in an asset that allows us to achieve our objectives but doesn't need to tie up the capital. So another very important point of portfolio management.

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

What's interesting is, as we focus on the ROIC over WACC spread and EVA, by nature it forces the organization to review the asset profile of the Company. And we've seen that, actually, over the past couple of years.

And one thing interesting about our business is we are actually working capital intensive. So when you think about our capital base, our net fixed assets, is about $10 billion.

Our working capital base, networking capital base, several years ago was about $15 billion. So in fact when you think about reducing assets the focus on working capital is probably as important if not more important than driving down the fixed asset base.

What has happened over the past several years is our networking capital has actually come down from $15 billion to $10 billion. Part of it clearly is lower commodity prices but part of it is also just an absolute reduction in quantity of inventories that we are carrying.

Because the businesses themselves as they think about how we are going to drive returns, they are thinking carefully about how much inventory we actually need to carry in the business. And that's positive and we actually do believe that as we grow out EVA there's going to be even more opportunities to bring down the total working capital of this Company here.

The other aspect is we have a philosophy. We don't need to own everything. Because when you own everything it results in more capital intensity in the businesses.

So the concept of using equity alliances, joint ventures, in the case of transportation assets leasing as opposed to owning, so all of these things are occurring right now within our organization that will help, frankly, to continue to drive these improvements in the returns and hence driving the EVA growth. So I think we are moving towards a more active light strategy and really the focus on returns is helping the organization move in that direction.

Unidentified Audience Member

You spoke before about your 20% holdings in GrainCorp and your plan to work with GrainCorp in the future to add value to both companies. Assuming that everything stays the same in the operating environment in Australia, can you speak a little bit more to your growth opportunities or how you plan to grow in Australia, whether through alliance or just by ADM themselves, or if the growth is still as attractive as a market relative to some of the other investments you are making around the world.

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

Sure, I think it's a good question. I guess maybe the premise I would take exception to is assuming things always stay the same.

So I don't think they always do stay the same, so even as an example our investment in GrainCorp, they are looking for a new CEO. There could be some changes associated with that.

They've had a bit of a drought in the north portion, the northeast portion and things could change as you go to the next cycle. They're working with growers, there's different investments in ports.

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So I think we still have a strategic interest in Australia, a commitment that it is an important growing area of the world that with the right participation we can add value to our ADM structure by participating in Australia. So I would say stay tuned as we look forward. They do plan to have a new CEO in place they have said by midyear, so we will take it from there.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

All right, thanks a lot, guys. I think we are out of time. So I just like to think ADM and Pat and Ray for coming and giving you a great presentation.

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