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ADM - Q4 2013 Archer Daniels Midland Company Earnings Conference Call

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OVERVIEW:

Co. reported 4Q13 net earnings of $374m or $0.56 per diluted share.

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PRESENTATION

Operator

Good morning and welcome to the Archer Daniels Midland Company fourth quarter 2013 conference call. All lines have been placed on a listen-only mode to prevent background noise. As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's call, Mr. Case McGee, Vice President Investor Relations for Archer Daniels Midland Company. Mr. McGee, you may begin.

Case McGee - *Archer Daniels Midland Company - VP of IR*

Thank you, Jennifer. Good morning. And welcome to ADM's fourth-quarter earnings conference call. Before we begin, I would like to remind you that we are webcasting this presentation on our website, ADM.com. The replay will also be available at that address.

For those following the presentation today, please turn to slide 2, the Company's Safe Harbor statement, which says that some of our comments constitute forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, Company performance, and financial results. These statements are based on many assumptions and factors that are subject to risk and uncertainties.

ADM has provided additional information in its reports on file with the SEC concerning assumptions and factors that could cause actual results to differ materially from those in this presentation. And you should carefully review the assumptions and factors in our SEC reports. To the extent permitted under applicable by law, ADM assumes no obligation to update any forward-looking statements as a result of new information or future events.

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On today's call our Chairman and Chief Executive Officer, Pat Woertz, will provide an overview of the quarter. Our Chief Financial Officer, Ray Young, will review financial highlights and corporate results. And our Chief Operating officer, Juan Luciano, will review the drivers of our operations performance, provide an update on key accomplishments in 2013, and discuss some of the factors that will influence results in the first quarter and throughout 2014. Then, they will take your questions.

Please now turn to slide 3. I will turn the call over to Pat.

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Thank you, Case. And welcome everyone to our fourth quarter conference call. This morning, we reported fourth-quarter net earnings of $374 million or $0.56 per share on a diluted basis. Our fourth-quarter adjusted EPS was $0.95.

Segment operating profit was just over $1 billion when excluding specified items. I am very proud of the team as they delivered a strong finish to the year.

Lower corn cost and improved ethanol margins helped to support a significant improvement in our corn business. Our great oilseeds performance was driven by our ability to meet robust global demand for meal and by improved biodiesel results in both North America and Europe. However, our ag services business was impacted by the slow US farmer selling of corn and challenges in our international merchandising.

Looking back on the year, the team made meaningful progress on our efforts to improve cost, cash, and capital management. We are ahead of schedule in our cost savings efforts. We have completed our two-year program to unlock cash from our balance sheet. We carefully managed capital spending in 2013 and announced a balanced capital plan for 2014.

Looking ahead, we continue to see strong global demand for our products and large global crop supplies. We expect continued good utilization of our North American network until South America's large harvest reaches global markets. Now I will turn the call over to Ray.

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

Thanks, Pat, and good morning, everyone. Slide 4 provides some financial highlights for the quarter and the calendar year. Adjusted EPS for the quarter was $0.95 per share compared to $0.60 last year.

Excluding specified items, segment operating profit was over $1 billion, up 33% compared to last year.

The effective tax rate for the calendar year was 33% compared to 30% in the prior year. This year's calendar year rate was negatively impacted by valuation allowances on various deferred tax assets and a shift in the geographic mix of earnings, partially offset by some favorable income tax adjustments related to US biodiesel tax credits.

Excluding these factors, the effective tax rate for the calendar year was 30%. And, for 2014, the Company's planning its effective tax rate at around 30%.

Our trailing four-quarter average adjusted ROIC of 6.6% was slightly below our WACC of [6.7%]. During the fourth quarter, this 6.6% adjusted ROIC reflected an improvement of 90 basis points from the third quarter adjusted ROIC. But the fourth quarter WACC of 6.7% was also up by 50 basis points from the third quarter and 140 basis points from last year at the same time, due to our combination of higher interest rates and a stronger ADM stock price.

As we expected, the ROIC versus WACC spread turned solidly positive in the fourth quarter with a static quarterly spread well in excess of 200 basis points, driven primarily by improvement in earnings.

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On chart 18 in the appendix, you can see the reconciliation of a reported quarterly earnings of $0.56 per share to the adjusted earnings of $0.95 per share, as well as a reconciliation for the calendar year. For this quarter, LIFO was immaterial.

After-tax charges related to GrainCorp of $167 million or $0.25 per share, included $155 million of impairment as we marked our remaining 19.8% investment to the December 31 value, and $12 million in after-tax expenses related to unwinding FX hedges on the planned share acquisition and GrainCorp transaction-related fees.

Asset impairment charges of $0.11 per share were recognized related to a variety of asset write-downs, including an impairment of $0.08 per share related to our investment in a Brazilian sugar mill. We had a series of tax adjustments that included a charge of $0.12 per share related to valuation allowances on deferred tax assets and a favorable income tax adjustment of $0.13 per share resulting from a ruling regarding the income tax treatment of US biodiesel blenders' credits earned in prior quarters back to 2011.

And we had an unfavorable quarterly tax rate adjustment of $0.03 per share related to truing up the previous quarter's lower tax rates to our final fiscal year rate, which was higher.

For the calendar year 2013, we finished with reported EPS of $2.02 and adjusted EPS of $2.33. Our adjusted EPS was slightly higher than the 2012 calendar year number of $2.30.

Slide 5 provides an operating profit summary and the components of our corporate line. I would like to highlight some unique or specified items in the operating results before Juan talks about the segment results. Juan's discussions will exclude the specified items so that you can understand the underlying trends in the business.

In the oilseed segment, mark-to-market timing effects in cocoa will result in charges of approximately $20 million for the quarter versus about $5 million in the same quarter last year. In the corn segment, we are separating out corn hedge ineffectiveness gains and losses. For this fourth quarter, hedging [ineffective] of losses we had in prior quarters reversed themselves and we brought into results $25 million of hedge ineffectiveness gains.

By the way, for adjusted EPS, we have never treated corn hedge ineffectiveness as an adjustment item in the past, nor did we treat it as an adjustment item in this fourth quarter.

In addition, we recorded an impairment charge of both pretax and after-tax of about $50 million related to our Brazilian sugar mill based upon an updated assessment of the future cash flows of this investment. And there were also some minor impairments recorded on US assets as well.

In the ag services segment, adjusted results excluded $155 million of GrainCorp impairment charges in this fourth quarter compared to a $62 million gain related to our share acquisitions through a total return swap structure in last year's fourth quarter.

Now let me touch on a few items of significance in the corporate line. In the fourth quarter, interest expense was lower due to lower borrowings. Unallocated corporate costs were up due to some higher year-end accruals differences and higher share-based compensation expenses.

Other charges of $57 million in the fourth quarter include the loss on the FX hedges on GrainCorp and some miscellaneous charges in Europe and North America. By the way, of the $57 million, about $40 million was treated as an adjustment item for adjusted EPS. Prior to cost allocations, our total corporate SG&A expenses for calendar year 2013 were comparable to calendar year 2012 after we had taken into account the unique items.

Turning to the cash flow statement on slide 6, we present here the cash flow statement for the 12 months ending December 31, 2013, compared to the same period the prior year. We generated $2.3 billion from operations before working capital changes in the 12 months ending December 2013 compared to $2.4 billion last year.

Working capital changes were a source of $2.9 billion of cash in the period compared to last year, when they were near zero. Total capital spending for the 12 months was $913 million, and acquisitions amounted to $44 million, for a total spend of $957 million, slightly below our planned target of $1 billion and lower than our 2012 spend of $1.3 billion.

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After changes in working capital and investments, our free cash flow for fiscal year 2013 was over $4 billion compared to $1 billion in 2012. Our cash flows in 2013 benefited from lower commodity prices and our focus on cash flow generation.

Lower commodity prices represent about $1.6 billion of cash flow generation in calendar year 2013. With strong cash flows, we are able to reduce drawings on our working capital line, such as commercial paper borrowings. We did not repurchase shares during the fourth quarter, as we were blacked out due to the GrainCorp transaction and then subsequently the development of our 2014 capital plan.

With respect to our capital plan, in December we announced a dividend increase of 26% from $0.19 a share to $0.24 a share that would be payable starting on March 13, 2014, and the intent to repurchase 18 million shares by the end of 2014 that would totally offset the remaining equity unit dilution plus dilution from benefit plan issuances in 2013 and 2014. This is part of our balanced capital allocation strategy where, in 2014, we plan to return to shareholders about $1.4 billion in the form of dividends and share buybacks and reinvest $1.4 billion into the business in the form of capital spending and small M&As.

We finished out the quarter with an average of 663 million shares outstanding on a fully diluted basis.

Slide 7 shows the highlights of our balance sheet as of December 31 for both 2013 and 2012. Cash on hand was approximately $3.6 billion, up about $1.3 billion from the prior year. Our operating working capital was slightly below $11 billion, down from the $14 billion level last year or a reduction of $3 billion. Of this reduction, about $400 million was related to lower quantity of inventory.

Total debt was about $6.9 billion, resulting in a net debt balance that is debt less cash of $3.3 billion, down significantly from the 2012 level of $7.3 billion. Our shareholders' equity of $20.2 billion is slightly over $1 billion higher than the level last year.

Our ratio of net debt to total capital, that is excluding cash from gross debt is 14%, much improved from the December 31, 2012 level of 27%. Our focus on capital efficiency and generating cash from the assets is translating into a strong balance sheet as well.

We had $6.6 billion in available global credit capacity at the end of December as we reduced our revolving credit facilities by $2 billion, due to the strength of our balance sheet and the lack of need due to the GrainCorp acquisition not moving forward. If we had the available cash, we would have access to slightly over $10 billion of liquidity at the end of the calendar year.

We clearly have a balance sheet that is strong enough to support the 2014 capital plan that was announced in December, plus support any strategic M&A opportunities that may present itself in the future. Next, Juan will take us through an operational review of the quarter.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Thank you, Ray. Thank you all for joining us this morning. I will start with segment operating profit on slide 8 and then move on to discuss the three major segments.

In the fourth quarter, the team delivered improved profit overall. We had some record performances and also identified some areas for aggressive improvement. Our underlying segment operating profit was up by more than a third year-over-year, and up more than 60% sequentially.

For the full year, segment operating profit was up over the prior year. This was a challenging year, but a productive one. And we are starting to see the result of the team's effort over the past few years to improve our earnings power.

Slide 9, please. Starting with the oilseeds team, who continued their strong performance with very good results in both South and North America. In North America, strong export and domestic demand drove excellent soybean crushing capacity utilization and good margins. In Brazil, our soybean processing operations saw good volumes and margins and we exported a lot of corn. Our Paraguay crushing plant ran hard and very well.

North American biodiesel delivered a solid performance with [good] volumes. And in Europe, the mild winter led to higher than normal biodiesel demand.

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Our food ingredient business saw strong results across multiple product lines, with our lecithin and protein specialties businesses delivering record years. Cocoa results were essentially flat as the underlying business has improved.

In the 2013 calendar year, a number of businesses within the oilseeds unit set profit and volume records. The team drove growth of higher-margin businesses, expanded geographically, and realigned several groups to improve returns and better serve customers.

Slide 10. The corn processing team delivered a strong improvement, sequentially and over the year-ago quarter. In our ethanol business, lower corn costs, higher US gasoline demand and strong exports supported lower industry inventories and higher margins. We continued to actively manage our production levels to maximize margins and kept advancing our cost management efforts.

In sweeteners and starches, volumes were seasonally solid and net corn costs improved significantly. In the 2013 calendar year, the corn team drove a lot of improvements in the ethanol business, implementing cost management projects, reducing inventories, and enhancing risk management. The renewal and chemicals businesses turned record profits as well and grew their customer base by 50%. This remains a small business, but one that has seen steady growth.

Moving on to slide 11, in the fourth quarter, with the North American harvest, ag services improved sequentially, but results were lower than our expectations. We saw strong US exports with November setting an all-time record at our New Orleans terminals. But, three years of low starts and recent lower corn prices meant US farmers held onto more of their corn crop than usual, causing basis to remain at historic highs for the fourth quarter.

Our lower wheat carries also reduced merchandising income. In international merchandising, we saw higher volumes, but merchandising and execution issues really hurt profitability. Transportation results were essentially flat, but good volumes in October were offset by the normal winter weather challenges later in the quarter. Milling performed well, rounding out four strong quarters.

2013 was a tough year for the merchandising and handling team. The US team carefully managed the inverse as the US harvest arrived and they handled large volumes at a number of locations this fall.

The performance of our international merchandising business this year was disappointing. So we are implementing aggressive actions to improve results. We are focusing on execution, cost, and people. We may not see the impact next quarter, but we're going to stay in top of this and we are committed to turning it around.

As we close out 2013, I wanted to update you on some of our key accomplishments during the year. This is slide 12. We remain ahead of schedule in our cost management efforts. By focusing on technology and standardization, we are more than halfway to our goal of an additional $200 million in cost reductions by the end of 2014.

Part of our cost effort is linked with our sustainability initiatives, which included commitment to a 15% improvement in energy efficiency by 2020. We are well ahead of plan in that effort. And it is in energy markets like these that our investments in energy efficiency are particularly important.

In cash, we unlocked more than $2 billion from our balance sheet between 2012 and the first half of 2013. And, in doing so, we elevated the organization's focus on cash generation. We see our cost and cash exports reflected in our very strong balance sheet.

And, in capital, we carefully managed our CapEx, investing $957 million in 2013. We also enhanced our commitment to return capital to shareholders and later this year, we will share with you look-back analysis of some of our past capital investments.

Some of the projects we advanced or completed in 2013 included a biodiesel refinery in Canada, our soybean processing facility in Paraguay, and a port facility in northern Brazil. For 2014, we expect to invest about $1.4 billion in CapEx. To give you some context of how this CapEx will be allocated, around $400 million will go towards maintenance, around $100 million will be associated with our ERP projects, and the remaining $900 million will be allocated to cost and growth capital projects.

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More than 60% of growth capital will be targeted outside of the US.

And, finally, we want to discuss some of the factors we think will influence our business in both the first quarter and throughout 2014. World crop supplies, as we discussed last year, the world will have record supplies of corn, oilseeds, and wheat. These large supplies will present an opportunity for us to utilize our global storage and transportation assets.

They will mean lower cost inputs for our processing operations and they will make all of our products more competitive versus substitutes. The timing of the US farmer corn sales, how the US farmer decides to market the corn crop will impact merchandising results for our ag services business.

We are seeing some increasing farmer corn movement in Q1. We're also going to be watching the South American harvest. The last couple of years, logistical challenges have limited the industry's ability to move crops from farms to the world markets.

Last year, delays made South American soybeans and meal less competitive globally, reducing exports. This year, we are better prepared for what looks to be a big soybean crop in Brazil.

US biofuel dynamics. The biodiesel blenders credit expired at the end of 2013 and the EPA has proposed holding the biodiesel mandates steady in 2014. Lower biodiesel demand could result in some softening of vegetable oil demand.

The EPA has also proposed lower ethanol obligation for 2014. We are currently considering comments on their proposed rule. We will be disappointed if the government steps back from their support of this program.

Overall, ethanol blending economics remain strong. That should drive some continued expansion of both E15 and E85.

Ethanol export competitiveness will depend somewhat on corn prices. But by and large, US ethanol remains a very low-cost transportation fuel source.

With continued growth of some of our smaller businesses, we continued to see opportunities to expand some of our higher-margin businesses including renewal, chemicals, and the specialty food ingredients.

As Pat mentioned, we see global growth demand for our products. The team will use our global network to deliver for our customers and our shareholders. Pat?

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Thank you, Juan. So, just to summarize the quarter, adjusted earnings at $0.95 per share, lower corn cost helped to drive improvement in corn. Oilseeds had a lot of success around the world. And ag services, both with slow farmer selling and international merchandising, had some challenges.

For the year, real progress on cost, cash, and capital management. And, looking ahead, we have a balanced capital plan for 2014, a stellar balance sheet, large crops, good demand, lots of needs to serve.

So with that, operator, if you could please open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Tim Tiberio, Miller Tabak.

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Tim Tiberio - *Miller Tabak - Analyst*

My first question is around the ag services segment. Juan, you mentioned that it was somewhat disappointing compared to the large crop that came in this quarter. And you are placing some initiatives in place to kind of rectify that going forward.

Can you be more specific on what you think needs to be done in the merchandising and handling business to kind of get back to those normalized margins that we have seen in the past? And how much of this is a timing issue versus a structural change in on-farm storage and really preventing the commercial guys to capture some of that historical carry trade?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Thank you, Tim, for the question. Let me split this in two parts, if you will, the grain business and the international merchandising.

Overall, ag services performed in the lower end of the range. When we see the range from maybe $200 million to $250 million, we sit in the $200 million when you look at adjusted earnings. So, lower end of the range, let me give you the two reasons.

The grain business, the impact on the grain business, mostly on a slow farmer selling, that I will consider mostly to be a delay. We saw last year the same thing in South America the first quarter and I called that as a delay and we saw the recovery during the rest of the year. So we think that probably will come to market.

We don't believe that in-farm storage will present a significant shift. We're still going to see the crop flowing through our assets. And, again, that part is considered partly a delay.

International merchandising was different. It was an issue of performance during the quarter. We had some geographic arbitrage that didn't go our way. And we have some execution issues, whether it was in Brazil or Argentina or Ukraine or China, we have several issues going against us.

So, we have launched a significant review of our operations. We have taken some of our experts from here at the headquarters and would review some of the procedures that we have in the rest of the world. And we even have replaced some personnel, so we have a very aggressive plan in place for this quarter not to be repeated itself.

So again, summarizing, one, mostly a delay. Second is we fumbled and we will correct that.

Tim Tiberio - *Miller Tabak - Analyst*

Okay. So it is fair to say that, once you rectify the situation in the international component and farmers start selling again, there is no reason why you couldn't get back into -- sell at $200 million, $250 million range, based on the size of the crop.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

I agree with your thinking.

Tim Tiberio - *Miller Tabak - Analyst*

Okay. And then, just one last question on the corn sweetener segment. We have obviously seen some of the industry data around some of the pricing resets. How would you quantify how your negotiations proceeded? Were they kind of in line with some of the industry data that we have seen, or have they been a little bit better than expectations?

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Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. Although we haven't closed every single negotiation, so this is a preliminary view, at this point in time we see stable volumes for North America and declining volumes from Mexico. That is putting some pressure on pricing in this negotiating season.

Tim Tiberio - *Miller Tabak - Analyst*

Okay. So is it a little bit worse than what you were expecting a few months ago, even though corn input costs (multiple speakers)?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

I think, Tim, that on a pricing perspective, pricing are obviously a little bit weaker responding to the supply/demand dynamics. Obviously, that will be partially offset by lower corn cost and our management of our footprint and our product mix. But, going in initially, pricing it a little bit weaker than we thought.

Operator

David Driscoll, Citi.

David Driscoll - *Citi - Analyst*

First off, congratulations on a nice quarter, a nice rebound and I am sure it is nice to see a good crop coming to the US following all those quarters of difficulty there with that crop.

Ray, just one quick comment for you. It is kind of a request, a plea. We need a schedule in the press release that has both pretax and post-tax dollars for all of your charges and where they go. That was a nightmare this morning trying to figure out how to allocate this in dealing with these full models. I appreciate what you did give us, but updating a full model was very hard.

To my question, just related to ethanol, I wanted to ask how many gallons you sold of ethanol in the quarter. And then really kind of the heart of the question here is, what is the sustainability in your opinion of these current spot margins? It's kind of exciting. I mean, we haven't seen margins like this since something like 2006.

And I am not exactly sure what is going to knock us off these pretty good margins. There will be some volatility, but these dynamics seem strong. But I would like to hear your opinion on the topic.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

As you said, supply/demand fundamentals drove a reduction in inventory during the quarter, and as such margins responded to that. A combination of factors: with the drop in corn prices, ethanol is a very competitive fuel. So the export demand has been very strong to traditional places and sometimes not so traditional places.

Domestic demand was okay during the Q4. We have seen a little bit of a drop in domestic demand as the weather gets nastier in January. Obviously, nobody likes to drive in the dark and with icy roads.

But we see export demand continued to be strong. So we enjoyed very good margins in Q4 and we are expecting strong margins going into 2014.

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David Driscoll - *Citi - Analyst*

Juan, would you agree that you did not fully capture the spot margins in the fourth quarter? And, consequently, could we expect margins for realized results at ADM to actually improve with ethanol going forward?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

There are so many moving pieces in this sense. I think we saw strong margins at times, as I said, during Q4. We saw inventory being reduced.

But then production came back stronger. And, with a little bit of the decline in demand in gasoline -- overall demand in January, inventory stopped dropping, if you will. So it is kind of flattish. So I think you're going to see volatility -- it is high volatility still, but with positive margins. So we are optimistic, but remain cautious on the volatility of it.

Operator

Ann Duignan, JPMorgan.

Ann Duignan - *JPMorgan - Analyst*

Can we step back to ag services again, just for a moment? I just wanted to clarify something. With the capacity for farmers to store on farm, wouldn't we -- or shouldn't we, always anticipate that the fall, as corn prices are low, farmers will continue to do this every year? And, structurally, through the course of a year your margins will be lower?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

I think what we have seen this year is that traditionally the farmers get into this with the beans with some material. But, with three years of very low crops, what happened is that all in-farm storage was very depleted. And I think we have seen is a replenishment of the pipeline that we haven't seen in quite a while. So this is not a usual occurrence, if you will.

Ann Duignan - *JPMorgan - Analyst*

But we have seen a significant increase in the amount of on-farm storage. So wouldn't we anticipate it to be a bigger issue going forward, in a normal crop year?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

If you look at the statistics over the last 10 years, production has been growing at 2.2%, while in-farm storage has been growing at 1.1%. So, in reality, we are not seeing a significant shift towards in-farm storage versus off-farm storage.

Ann Duignan - *JPMorgan - Analyst*

Okay. I'll leave it there and maybe come back off-line. A separate question, just more of a philosophical question; for the calculation of return on invested capital, are you including impairment charges or not? And, if not, why not?

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

For the adjusted ROIC -- for the reported ROIC includes everything, Ann. For the adjusted ROIC, we did back out the impairment charges there. And the purpose there is just to try and reflect a run rate. Our adjusted ROIC [calc] is supposed to represent the run rate in terms of returns of our operation.

Ann Duignan - *JPMorgan - Analyst*

And your adjusted ROIC that fourth quarter, is that -- were you pleased with that? Would you like it to have been higher? How should we think about that going forward?

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

A couple of comments, Ann. This is a four-quarter trailing average. And so, therefore, while it reflects our fourth quarter, it actually reflects the first three quarters of the year as well, which, as you know, was negatively impacted by the residual impacts of the 2012 drought.

I think we are encouraged about is the fact that it is turning. So it is actually -- even the four-quarter trailing average is now turning in the right direction there. And, secondly, when you look at the static ROIC or WACC, we are actually encouraged by just looking purely in the fourth quarter. On a non-seasonally adjusted basis, it was actually a very good number.

Ann Duignan - *JPMorgan - Analyst*

Okay. So all things being equal, we should look forward to a stronger ROIC going into 2014.

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

With the four-quarter trailing average, as we kind of work through the first three quarters of 2013, you should start -- continue to see improvement in that number.

Operator

Ryan Oksenhendler, Bank of America.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

I just wanted to touch on ag services again, because the numbers that you gave, I guess the normalized range being $200 million to $250 million, I thought the previous range was $150 million to $200 million on a normalized basis. But that just included the merchandising and transportation business.

So, can you bridge the gap? Because now you include milling in there, bridge the gap from the $150 million to $200 million, $200 million to $250 million now?

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

Yes. That was simply adjustment for the milling, including the milling division as part of ag services, so it is really the same range. So the old $150 million to $200 million equals the $200 million to $250 million, and we haven't really updated that range yet.

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What we are going to do is we are going to see how the segment performs over the next little while. And then maybe by the end of the year we could probably have an update in terms of what that range would be.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Okay. But is it fair to say that you guys have added some capacity over the last few years and that you have ripped out a decent amount of cost from that business as well? So the range could be higher?

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

That is the reason why I am saying we will have an update on that range later this year, reflective of the assets that we put into the segment and our improvements in performance in that segment.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

And remember, Ryan, what I mentioned in the last call is that we like to see how the new assets perform under the full crop, and that before we declare a range. And we haven't seen that as sort of the reluctant corn selling in the US. So we haven't seen that yet.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Got it. And so given the size of the corn crop, do you think that -- are you starting to see farmers selling? Do you expect that to come in the next few months before planting season? Or are they waiting to see what happens with the number of acres that get planted in corn? Or could it be a lot bigger than that number, given that the previous corn crop was 13 billion bushels versus the record crop we had this year?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

We have seen a little bit better farmer selling during -- in 2014. And we expect that services results to improve from what we saw in the Q4 as we go forward and we commercialize the full crop.

Ryan Oksenhendler - *BofA Merrill Lynch - Analyst*

Got it. And then just one more, if you could just give a little bit more detail around what happened in the international merchandising operations, like some the execution issues that you had? Could you give a little bit more specific detail?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. There were different parts of the world. Argentina has some issues with smaller wheat crop and cancellation of export. So that reduced the volume there. There were some issues in loading in Eastern Europe. There have been some issues with some rejections of boats in China, so issues here and there.

Nothing by itself spectacular or very material, but when you start adding up several issues in a quarter, you get that result. Also, there were not that many merchandising opportunities out there. So when you have a reduced margin, per se, and then you have execution issues, you end up with the results we ended up with.

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Operator

Robert Moscow, Credit Suisse.

Robert Moscow - *Credit Suisse - Analyst*

There has been a lot of currency volatility in the last few weeks, especially with Latin American currencies, and I think your stock has been adversely affected by it and maybe wrongly so. And I wanted to know, my perception is that the weaker currencies will improve the affordability of your Brazilian and Argentine crop as you merchandise it globally, but I suspect that there is other challenges as well. So can you just talk a little bit about how you are executing differently in an environment where these emerging market currencies are falling?

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

Well, we have seen -- through the history of ADM, we have seen volatility in currencies whereby the US dollar is stronger and the US dollar is weaker. We adapt to that. We adjust to that.

Frankly, for our fourth quarter, results, currency was really not a factor in our results overall. And so that is the reason why we didn't call it out here at all.

In looking the first quarter, clearly we have seen some weakness in the emerging market currencies. Probably the thing that we are watching more closely is not necessarily the currency moves, but really what is happening in these specific countries from a political perspective and whether they put restrictions on imports and exports of grains. And so that is probably a bigger factor that we are watching more carefully than simply the volatility on the currency.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

I think also, Rob, what probably the biggest impact is in the psychology of the farmer and what it does to their intentions of selling. Like you can see in Argentina now that they see their crop as a protection of value against a potential devaluation. So we are monitoring much more that impact.

Robert Moscow - *Credit Suisse - Analyst*

I didn't notice any anything with Paraguay's currency situation. Does it affect Paraguay at all, or the farmer intentions there?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

No. We have been receiving beans in Paraguay; plants have been running very, very well. So, no, we have seen no issues there at all.

Operator

(Operator Instructions) Ken Zaslow, BMO Capital Markets.

Ken Zaslow - *BMO Capital Markets - Analyst*

I will reiterate, actually, what David Driscoll said. It would definitely be helpful definitely for an expanded P&L on the [XO] item, for sure. But I have a couple questions. One is, do you expect operating profit in sweeteners to hold steady in 2014, given the fructose pricing?

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Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

This is Juan. I think it is a long road ahead. I mean, obviously, we are very early in the year and there are many, many variables. We, as I said before, pricing are weaker going in than we expected. We have to see how much of that will be offset still by lower corn costs.

We have some ability to manage our product mix that are some of our products that are doing very well. There is going to be some opportunities because of our competitiveness in cost to pick up some spot export businesses. So all that goes into the pot. But, overall, I would say the first indication is on headwind on price.

Ken Zaslow - *BMO Capital Markets - Analyst*

Okay. Great. Thank you. The second question I have is, the Argentine devaluation, I get that it makes your product cheaper, but can you talk about the impact of the Argentine devaluation on the merchandising opportunities?

Maybe I'm going too far, but if there is a devaluation, wouldn't you see a lot of the crop out of Argentina move to the market? Would that create a near-term dislocation or just an overflow of exports that might limit the merchandising opportunities? Or can you work around that? Can you just talk about how you would handle something like this?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. No. Certainly, when the opportunities come to the market, I mean, we will benefit from that. At this point in time, the farmer continues to sell their soybean crops and expectations are that maybe they are going to sell about 20% of that crop by March. So that may be 10 million to 11 million tons of material. And, certainly, we can easily handle that.

Ken Zaslow - *BMO Capital Markets - Analyst*

Okay. And then, final question is, the biodiesel number was extraordinary. Can you talk about the sustainability of this and how we kind of think about the biodiesel number for the going forward look?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Sure. As you said, it was extraordinary and, as such, it will probably not repeat itself in the further quarters. You know that certainly, with the elimination of the subsidy, there was some incentive for people to take advantage on that and that we saw higher volumes in Q4.

So I think we are waiting for EPA numbers and that will determine a little bit the future of that. But, certainly, we could see headwinds if we cannot reproduce these kind of volumes.

Operator

Farha Aslam, Stephens Incorporated.

Farha Aslam - *Stephens Incorporated - Analyst*

Question on sweeteners and starches in the quarter; that number year-over-year growth is very strong and that is extraordinarily strong number. Could you just share with us what were the factors that allowed that division to be so strong in this quarter?

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Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes, Farha, this is Juan. Certainly, volumes were good for us, but the most important factor was the reduction in corn costs.

Farha Aslam - *Stephens Incorporated - Analyst*

And so, going forward, that reduction in corn costs are still going to be there. Clearly, pricing will come down into the next year. Perhaps just going back to Ken's question a little bit, any additional color in terms of, for the year-over-year number, how should we think about this division, given that this fourth quarter was so extraordinarily strong for you? Or maybe a longer-term normalized look at what you expect this quarter -- this sweetener and starches business to deliver?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

The sweeteners and the starches business, as I said before, has more complexity than just the liquid sweeteners. So it is a portfolio of products. And it is very integral to the way we manage our asset flexibility and our product mix.

So going into this year versus last year, the industry capacity has not increased. The demand of the volume is going to be a little bit lower. There is this new soda tax in Mexico that some of the experts are predicting that maybe is going to impact about 5% of volume.

It also -- there was a great sugar crop in Mexico that makes sugar prices very, very low there. So those are the headwinds that we are seeing. And, as I said, that has driven prices in these early negotiations down versus what we expected. Part of that will be offset by lower corn costs.

But, again, remember, we make more than 30 products from corn. So our ability to manage that and our ability to procure corn, that gives us an overall sense of profitability at the end of the year. And there are 11 months ahead of us to turn that around. So again, early indications are some headwinds there, but we still have a lot of levers to pull.

Farha Aslam - *Stephens Incorporated - Analyst*

Okay. That's helpful. Then just on bioproducts, you'd mentioned that you are operating that business better, in particular ethanol, and that you are implementing increased hedging. Historically, ADM used to be much more on the spot market in terms of ethanol.

Could you share with us how you plan to manage the hedge program for that bioproducts division? And any color in terms of forward read you could give on that business, that would be really helpful.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. If you recall, nothing specifically to point my finger on. Last year, in December, we had a very bad year. And we had a call to arms in which we put everybody to review every step of the operation, because last year inventories were very high, margins were very low. So we really needed a big intervention from management on how to turn around that business. So we look at everything.

And it is not that we had a particular weakness. It is just we look at the risk management, the procurement, the transportation, the manufacturing, the distribution, every step of the chain. And we implemented a battery of actions in all those, and all those with a different intensity and at different times of the year have been reflected in the improvements that we have seen in 2013; that, plus the industry that obviously improved.

So I wouldn't put my finger in any particular thing other than an overall improvement through the chain and the way we manage the program. And great kudos to the team. They have done a fantastic job. And it is the same team that we will handle 2014, so we are very optimistic.

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Operator

Michael Piken, Cleveland Research.

Michael Piken - *Cleveland Research - Analyst*

I just wanted to follow-up a little bit more on the ethanol side. You guys talked a little bit about the potential for some growth opportunities for E15 and E85. And I am just wondering, with some of the new capacity or I guess previously idle capacity coming back online, how much do you see the E15 and E85 maybe growing in 2014 and really over the next couple of years?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes, Michael, listen, we are very encouraged by the recent improvement in the number of stations that are dispensing E15. It is obviously a slow process. We predicted it was going to be a slow process as maybe was E10. But we have seen the number of stations doubled recently to about 60 or 70 on a national basis that are dispensing E15.

We see the number of stations dispensing E85 being 3000. So we have seen some news about some of the gasoline distributors about embracing E15. So we think that gasoline, ethanol being the lowest cost transportation fuel right now.

And as people realize that, if they price it correctly, they can get market share and they can entice the consumer to use it, we think more and more will continue to happen. And the propagation of that is inevitable because there is economic reason for that.

So we are optimistic. It is very difficult to call the rate on something that we don't have control, so we just can only work with our partners to support that introduction. But we are very hopeful about -- and very optimistic and very confident, given the recent news.

Michael Piken - *Cleveland Research - Analyst*

Okay. Terrific. And then, just shifting gears here a little bit. Over the last quarter, there was some news about China rejecting shipments of some US corn. And I guess is you think about your ag services business, how much does that impact that segment of your business?

And I guess now they've sort of specified which varieties of corn that they are not looking to take at the moment, but did that have any impact on your 4Q results? Is that something you can manage through or how do you handle that?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes, Michael, the impact was rather small in Q4, but where we have an impact, certainly, is not business as usual anymore. Our team has worked very diligently in these.

We are working very close with the farmers to encourage them to understand exactly what they are planting, working closely with them on understanding what they are going to be delivering in every location, having all the [stewardship] problems in place, reviewing also some of the contracts to make sure that we have the proper tolerances to what we can deliver.

So we are probably increasing intensity, which we are looking at the whole process on how vigilant we are. But I will say we didn't have a significant impact in Q4.

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Michael Piken - *Cleveland Research - Analyst*

Okay. Great. Then my last question is just with respect to Argentina, with a lot of the farmers sort of holding back the sales of soybeans over the last three months, how do you think about how that will impact your North American crushing margins once some of those soybeans start heading to market?

Taking a broader look, do you think that could create some headwinds in 2014? Or do you think that the US demand is strong enough for your products that, even if there is more competition from Argentina later in the year, that your margins can hold?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes to both. Yes, when Argentina brings all that capacity to market and produce the meal, certainly they will try to export it. So that would put some pressure on either Europe or even the export demand that we are seeing from the US. But we continue to see very strong demand continue to grow and we need every bean out there to try to satisfy that demand. So it's a little bit of both.

Operator

Eric Larson, CL King.

Eric Larson - *CL King - Analyst*

The first question, I don't know if Pat is still in the room, but probably the combination of Pat and Juan, but, you know, Pat, you have done a really good job in getting those returns up in the Company and a focus on returns. And you have indicated and shown, displayed, that you are willing to divest low return, either strategic or even nonstrategic assets, in your process going forward.

Could you just talk a little bit about where you are with that, what you see as more opportunity for ADM to improve their returns via maybe the divestiture thereof of some low return assets?

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Yes, Eric. The -- I think you are right that we think what drives shareholder value is a combination of earnings growth, strong capital returns, and a compelling strategy for growth going forward that is a value-creating growth. So I think the changes that we have implemented, that Juan and the team have implemented, that Ray and the team have implemented, related to focusing on returns and looking at an economic value creation, is really both -- on both sides of sort of a portfolio look.

Those areas with strong returns, what does the future of those areas look like, is there ways to expand, as well as those on the lower end. Is this just a secular issue? Is it something that forward look can't be changed? And everything is under review.

So I think it is more a detailed, granular, global look at individual businesses that everything is on the table for the opportunities ahead. And that can include some portfolio changes.

Maybe I will ask Juan to comment on how that gets implemented with each business as they are looking at this going forward. But I think there is a very strong emphasis on overall portfolio management for the ability to get returns that are -- you know our objective is 200 basis points above WACC, to do that over the cycle, and to be able to create that value with the larger portion being at higher returned areas.

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Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

So Eric, Pat just spoke about the granularity of our approach. And I think, very simplistically, if you think about the strategic characterization of our portfolio, making sure each individual business understands what is the most value-creating strategy for them going forward. For some of them, this improved profitability with a sense of urgency, for some of them is to grow. It depends how are they with respective to their delivery against WACC.

So I think it is very important to have that, so you don't have everybody trying to chase growth or everybody curtailing growth because of looking at profitability. We are a large company. We are a complex company. And we need to manage the portfolio with that level of granularity to be maximizing value creation.

Eric Larson - *CL King - Analyst*

Okay. Good. Thank you. A more specific question. The futures curve, you talked about historic basis in corn, particularly corn in the fourth quarter. That curve has flattened out quite a bit in January and we are starting to see estimates of 93 million-plus acres to be planted this year.

And, obviously, the incentive is coming down pretty quickly for farmers to hold onto their corn. And they are going to need to get some cash in their pocket to pay for some input costs here pretty quick, because planting is 60 to 90 days around the corner here.

It seems to me that you really can't go much beyond toward the end of the first quarter, maybe the start of the second quarter before you start seeing this corn free up, unless there aren't the merchandising opportunities on the export side, et cetera, that create the impetus for them to release those crops.

So I guess the question is, timing seems like it should be more in favor given the futures curve to release some of those. And what is the outlook for corn exports, given the Ukraine and Argentina and Brazil and the competition for that, and then obviously the disruption in the Ukraine? It is a big question.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

That's all right.

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

(multiple speakers).

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. Eric, as I look at corn, certainly, at the moment, good export demand. We continue to see good export demand from the US. So that is offering support to corn.

Certainly, you see the resistance coming from the side of the farmer selling. And, as you said, at one point in time, they need to sell to get some cash. I think there is some expectations that you mentioned, on the acreage, that maybe the farmer thinks that for corn to buy some of those acreage of the soybeans, it needs to rally a little bit. And maybe that is the last hope that they are trying to hold their grains to.

Farmer is very well-capitalized. They don't need to go out. So at this point, they have seen higher prices. Obviously, corn dropped much more than soybean recently, so they don't like the current prices and they are waiting.

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Eric Larson - *CL King - Analyst*

Yes. Well, there is obviously no incentive to hold beans. And, again, you do have a positive basis. There is a basis in corn, but it is obviously -- it has come down a bit in recent weeks, so it just seems at some point here that that has got to open up for them.

But, kind of the final question that I have -- well, I could ask a lot of questions, but when you look out for the domestic soy crush, given the disparity in the protein markets today, very high beef pricing, relatively high pork pricing, and chicken being a very favorably priced meat protein, is that really an overriding key factor that you keep your domestic meal demand pretty strong?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Yes. We are seeing it the same way, Eric. To be honest, if the bean is strong, and it continues to be strong, so we are very optimistic about our crushing going forward.

Operator

Vincent Andrews, Morgan Stanley.

Vincent Andrews - *Morgan Stanley - Analyst*

Just a couple of questions left. Could you just tell me what -- in your $0.95 calculation, what was the tax rate you had in the quarter?

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

For the -- as you know, on a reported basis, it was a higher tax rate because of all the valuation allowances, et cetera, et cetera. When you actually back out all the special items and the valuation allowances, we were actually running around a 30% rate for the quarter.

Vincent Andrews - *Morgan Stanley - Analyst*

Okay. I will follow-up off-line because I was getting closer to 25%. And then maybe, Pat, on this EPA issue with ethanol, I know the comment period just ended, it is about to end. And from what I am reading it sounds like it is likely to be some litigation and so forth.

But, you guys are here making a lot of money in the quarter. I think as Driscoll said, it's the most since 2006. Export market is good, corn is cheap. The incentive there to use E15, if this EPA ruling in the end doesn't go your way, how upset are you?

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Well, you know, any time the government makes a plan and you make investments related to that plan, you are disappointed if they change the rules in the game. But I think, to your point, economics are kind of the rule of the day. And economics generally override what is even some of the demand assumptions.

I think with E10 and at least you figure that is going to grow to 13 billion, 13.4 billion gallons. Juan mentioned the E85 has some growth, so does E15. Exports could be 500 million to maybe 1 billion gallons we have seen in some given years.

So I think you see a market that potentially economics could just use up all the production, which is what you would like to think would be the case that we saw marching toward 2015. So maybe you even get a little bit of that movement occurring here in 2014.

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So no, you don't like to see the rules of the game change, but, again, economics at the end of the day are kind of what seems to be the ruling factor.

Vincent Andrews - *Morgan Stanley - Analyst*

And do you have a sense of what the -- let's assume EPA makes the ruling final. What are the stages of litigation? How long do you think it would take to move that issue through the courts and what court would it go to?

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

I probably am not an expert to comment on that at all. I think the EPA has indicated something about the summer now being their -- the timing of this. So maybe you will find that life just goes on without any comments from them. And where litigation goes from that, I would not comment.

Operator

Andrew Russell, Macquarie.

Andrew Russell - *Macquarie Capital - Analyst*

Just continuing on oilseeds prices, and we hit on demand a bit earlier, but there are reports that a competitor is closing soybean crushing plants in North America, based on weak US soy meal demand and obviously a big soybean crop in South America. Could you maybe just hit a bit further on how demand is playing out locally, maybe specifically in the (inaudible) sector?

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

I think -- this is Juan -- I remember a couple of years ago, we suffered really with low capacity utilization in North America as South America had a very big crop. And we went through a thorough review of our facilities and we actually shut down some of our facilities. So we are very happy and content with where our facilities are placed and the integration that our facilities have in terms of having crushing and refineries and all that.

So at this point in time, from demand perspective, and also from an availability of beans perspective, we are very happy with our footprint. That is reflected in the results.

We see demand going forward continue strong. We are working very close with our customers, not only in the standard products, but also in more specialty products, as I mentioned before. So I think the team is in a very good place in North America.

Andrew Russell - *Macquarie Capital - Analyst*

Got it. Thanks. And maybe just secondly, following up, you pointed to strategic M&A opportunities. You are able to increase your holding in GrainCorp, but could a tie-up perhaps with a local operator bring that deal back to the table?

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Well, I would be disappointed, Andrew, if I didn't get a question on GrainCorp, particularly with your accent. I think the strategic rationale for ownership in GrainCorp remains the same today as it did before with, it is a good business location, strategic region, proximity to Asia.

We are pleased with our current ownership stake and have no plans to sell it at this time. As you may know, though, GrainCorp is going through, and we are very respectful of, a process of identifying a new CEO. They have an interim CEO.

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So we would like to work with them and create value for both companies, but I won't comment on any increase in stake at this time. We are evaluating that option and they are in the process of making a change at the top. So I will leave it at that.

Operator

Robert Moscow, Credit Suisse.

Robert Moscow - *Credit Suisse - Analyst*

A quick question. In the slides, I think you said that warm weather in Europe was a positive for your biodiesel demand. And I wasn't quite sure why that would be the case.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Well, normally, it's just that dry season and also the difficulties of dealing with biodiesel in very cold weather. Early in the quarter, the weather was seasonally a little bit warmer than expected in Germany at that point in time.

Robert Moscow - *Credit Suisse - Analyst*

Okay. So it's just ease of use and also driving. Okay.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

Exactly.

Operator

David Driscoll, Citi.

David Driscoll - *Citi - Analyst*

Ray and Juan and Pat, but starting with Ray, when I look at the cash balance and the total debt in RMIs, effectively, it is a net cash balance sheet, an extremely clean balance sheet. I think the -- I forget exactly what the share repurchase to 18 million shares, it is like $700 million-some odd in 2014. A $1.4 billion CapEx expenditure is very trivial in respect to the cash flows generated by the firm and the size of the quality of the balance sheet right now.

Bottom line here, it just feels like you have the capacity to do a lot of things that perhaps you haven't really talked about. Maybe you can't because it is M&A-focused, but I just would like you guys to spend just a couple of minutes here -- it has been a long time since I have seen a balance sheet this strong for ADM. You look like you have the potential for something big. Following GrainCorp, what is the amount of assets that you see out there that are potentially available for sale?

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

Let me start here. First of all, we acknowledge the balance sheet is pretty strong as of the end of 2013. When we developed a capital plan for 2014, we reflected upon the cash that we are going to generate in 2014. And we want to make sure that the cash generated in 2014 that we provide a balanced approach in terms of returning some of it to our shareholders. And some of it we are going to reinvest in the business.

But, effectively, we are preserving, through the 2014 capital plan, we are still preserving effectively the year-end balance sheet of 2013 for us to undertake strategic initiatives. And it is important for us to do that. I think, as you know, we still want to grow the business.

There are opportunities geographically that we want to look at, but we are going to be very prudent about that. We are going to be very careful to make sure that these are investments which continue to generate good long-term returns for our Company. Let me turn it over to Juan.

Juan Luciano - *Archer Daniels Midland Company - EVP and COO*

David, as we look at the opportunities, certainly this is an industry from a grain perspective of relatively high capital intensity with low margins. So you need to make sure you are already prudent how you invest these to make sure you return the cost of capital. So in that area, we are looking at mostly consolidation plays. So we don't want to add that much because capacity.

But consolidation plays, we think, is something that we can take advantage of, plugging those assets into our system. They benefit, we benefit, I think the shareholder benefits.

In terms of other M&A is, we have many growth projects -- internal growth projects, but we are looking also for some specialty products that are very synergistic with our product lines. As we go around the world and work with our customers and see whether they are getting new regulations and new trends that they need to fulfill, and whether we can fulfill them with our products.

We develop those products, but where we can we are looking to add that to continue to keep those customers satisfied and buying from ADM most of their purchases.

Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Maybe I will add, then, David, to your point, I would agree that it has been -- it is a very strong balance sheet. And to build on Ray and Juan both, what we have talked about in terms of a balanced capital plan for next year is really the $1.4 billion includes sort of smaller and M&A, and as well as the growth projects we have talked about, and maintenance and our new ERP project that we call One ADM.

But we can also be able to look at strategic M&A. That doesn't mean one that doesn't have good returns. I think we have shown discipline. We have looked at assets that need to meet our return hurdles, and maybe expanding beyond just consolidation. But some of these specialty products, et cetera, we have the capability to do that and do it smartly if the opportunity is there.

David Driscoll - *Citi - Analyst*

Well, certainly looking forward to it. Thanks for all the comments.

Operator

And at this time, we have reached our allotted time for questions and I would like to turn the call back over to Patricia.

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Pat Woertz - *Archer Daniels Midland Company - Chairman, President and CEO*

Very good. Well, thank you, everyone, for your attention today. If you turn back to slide 15, it does show our upcoming investor events. Please follow up with Case if you have any further questions or detail today, and thanks again for your time and interest. Bye now.

Operator

Ladies and gentlemen, this does conclude today's conference call and you may now disconnect.

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