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ADM - Archer Daniels Midland Co Investor Day

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PRESENTATION

Christina Hahn - *Archer Daniels Midland Company - VP IR*

Thanks to everyone for joining us today in Chicago for ADM's investor day. I'm Christina Hahn, Vice President of Investor Relations for Archer Daniels Midland. We have a packed day of presentations today, so I'm going to be brief.

You're going to be hearing from all our business units, including our new WILD Flavors & Specialty Ingredients, about their strategy for future growth and value creation. You'll also get the opportunity to sample some of our food and beverages which showcase our ingredient capabilities.

In terms of the agenda, we're going to kick it off with Pat and Juan, followed by corn and -- or agricultural services and then corn. We're going to break for lunch in the next room from 12:30 PM to 1:15 PM, and after lunch, you'll hear from oilseeds, WILD Flavors & Specialty Ingredients, and our innovation and improvement team. Ray is going to end the formal presentations with our financial strategy.

Now we did leave time for Q&A after all the business unit presentations, and then at the end of the day, after Ray's presentation, there'll be time for a longer Q&A session. So during Q&A, if you have a question, just raise your hand. There's mics on the table, your mic will go live, and for the benefit of the people in the room and on the webcast, if you wouldn't mind just saying your name and company, that would be helpful.

(Conference instructions). And I want to remind you that today's webcast -- or today's presentations are being webcast at our website, ADM.com, and our comments today are covered by our Safe Harbor statement on the screens behind me and available on our website, ADM.com.

And with that, it is my pleasure to introduce ADM's Chairman and Chief Executive Officer, Pat Woertz.

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

Thank you, Christina. Good morning, everyone. Thank you so much for coming to Chicago, particularly in the holiday season, and being with us this morning.

As Christina mentioned, I think this is definitely a full agenda. You'll have a chance to hear not only our full strategy, as Juan will share the perspective from ADM as a corporation, but also our business units and many of our leaders within the business units. So I encourage you to take advantage of the Q&A session, lunch, we'll have a reception later to get to know our leaders, and maybe even some leaders that you haven't spent time with before, throughout the day.

I thought I'd spend a few minutes this morning, and I'm not going to go through an eight-year history, but I thought it would be helpful to just have a little context about how we have prepared our journey, how we have prepared ourselves to this area of value creation, of our focus on returns, and of where we are today. So I thought I'd spend a little time going over a little bit of history, not in great detail, but in a couple of categories to give you some perspective of where we are today.

I'm quite proud of the progress that the ADM team has made, and thank you all, particularly -- there are quite a few of our teams here in the room today, and let me just express my gratitude to all of you for the hard work and effort in bringing us to this point.

So if I look at a phrase we've used, becoming fit for the journey, what did ADM do? What did we do? What did we think about in preparing for the journey to get to where we are today?

We are a 112-year-old company. We have had a very successful history. I found and we found that we were a small big company, a company that frankly grew very dramatically in the 1980s and 1990s and found itself in a position -- there's some really good things about being a small big company or big small company.

But getting fit for a journey to be a highly performing, focused company, focused on data, focused on return, focused on important metrics, we needed to do some things to get fit for it. Some of you that have been following us for years know that we focused on safety. Safety gave us an opportunity to engage 30,000 employees on some very critical skills.

We set goals. We set goals that were, most people thought, unattainable. We benchmarked, we looked at data, we took that data and looked at who was the best at certain aspects. We took processes. We mapped those processes. We mapped the engineering around them, whether it was people processes, equipment, actual process engineering processes, to help us understand what we were doing well, what we could do better, and how we could improve.

Once we set some of those targets, and in safety, you always know zero is one of them, many of our organizations achieved zero. So we learned how to attain it, then we learned how to sustain it, and these skills helped us in many other areas.

So I have some notes there about goal setting, about financial metrics. We were a company that didn't always set goals for ourselves. We found markets as we saw them and we performed very well against those. But setting goals and looking at them relative to our competitors, this was something that we needed to become part of our DNA.

So we set goals. We met some of those goals. We set higher ones, sometimes goals that were toward the stars and we'd only reach the moon, but we knew that we were able to make progress relative to where we were.

We also set financial metrics and we learned as an organization what it was to talk about returns, talk about earnings growth. We've trained thousands of people in the effort of return and returns on capital employed, what's in the numerator, what's in the denominator.

As you'll see, we've progressed to train folks in economic value add and the opportunity to always earn greater than our rates of return or greater than our weighted average cost of capital.

We had really no budgets, no strategic plan, but we found it was important to start to do that, start to have processes that allowed this large company of ours, this extraordinarily important and successful company in our industry, to have strategic plans, have them at the top, have them at each individual organization. And today, you'll see some of the evolution of those plans, including one with our new business unit, WILD Flavors.

And we, of course, needed strategic alignment around all of that. So having people that had both experience and we have 20-, 30-year-old -- 30-year veteran employees that have deep experience in the industry, and we've combined that or sprinkled that with folks who have also had experience on running companies for return. So that mixture, and you'll see many of those today, of folks that have both good experience running companies with focus on return and good experience in our business, and this combination, I think, is unparalleled and the best in the industry.

Where did we go after getting fit for the journey? I think these last several years have been strengthening our business and building on those very capabilities. We use the word excellence today and operational excellence today to mean the absolute best in the industry at what we are doing. So if we're running a plant, if we are running an oilseed plant, if we are running a milling operation, if we're managing our merchandising or risk management, we want to have the most experience, the best performance, the highest metrics. We want to set the benchmarks. Juan will spend some time talking about what that means in setting the benchmark for the industry. Operational excellence is key.

We've focused on cost. We actually have formal budgeting processes. We reach those budgets and set them again. We have goals and targets, whether it's on cash or cost or capital that allows us to stretch -- again, stretch well beyond what people had thought we've been able to do to be able to attain those targets or even come slightly short, but celebrating the improvements we've made along the way in those cost efforts.

Our focus on returns and managing the business, capital discipline, our global strategy. We are so much more global today than we've ever been before.

Again, welcome to our headquarters here in Chicago. It's not just a headquarters for the people here; it's all of our corporate headquarters. We have folks from our Rolle office, from Sao Paulo, from Decatur, bringing our customers here, bringing our partners, bringing our investors. We have an average of -- a range between 20 and 90 visitors a day, and we are much more externally focused, again, on those things that we think will drive and know will drive our performance in the longer term.

What's next? It's the title of why we are here today. I would say in a word it is a very, very bright future. I couldn't be more excited or enthused about how we've positioned the Company and where the future lies.

We'll spend some time today talking about trends. Juan will go into a little bit of detail. The Company we are today is nicely matched with some both inevitable trends and some somewhat newer growth trends that I think are very important to our future.

We have a superb team. I think you'll spend some time listening today and I hope engaging with that team about their views, how they think about the business, how they think about the markets, how they think about the future.

We do have an updated strategy, one that is a continuation. Juan, myself, the team have worked on this together. I think it's a continuation and evolution, if you will, of where we've been, but some exciting opportunities to really build on that chain and build on that future.

And I think Juan and I, I hope, will have the most seamless transition in the world. We've already started that both in the discussions. I think Juan is the most capable leader I've ever met and a most prepared Chief Executive, and I'm thrilled that we have the opportunity to do this transition together.

So let me welcome at this point Juan to the stage, and we'll have a continuation of our day. Thank you so much, again, for being here and please enjoy and engage with us. Thank you.

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

Hello, good morning. Thank you very much for coming and thank you for your interest in ADM.

As Pat said, for the last -- for the past two years, we've been focused in the organization of returns. And as such, tremendous progress has been achieved and much more is to come.

So what we want to do today is we're going to be showing you what is the strategic plan for the years coming forward, and also how we're going to be accelerating this journey on returns.

A little bit of a story here. When I was putting together my thoughts for the talk today, I couldn't avoid but remembering my first presentation to investors, like, 16, 17 years ago. I was a young business leader, global business leader, and I had the opportunity to face the investors at that point in time. And I really prepared. I gave a fantastic, what I thought it was a fantastic presentation.

But there was this person there at the back that really wanted to -- he was waving at me. He really wanted to talk to me. So I thought here it comes, the congratulations, and this person came to me and basically said, listen, kid. I think you're going to be around for a while, so let's make sure we understand each other.

I don't care if you make lollipops or you send rockets to the moon unless you can answer three questions to me. One is, what are you doing with your cost position? Two, how is your cash engine going? Three, what are you doing with your capital allocation?

So from that moment on, the three Cs stayed with me. That was a learning moment for me. And you're going to see the three Cs weave through the presentation today, through the strategy, and through the talks that my colleagues will give after that.

So we titled my presentation, changing while winning. In our quest to create a great and enduring company, it is important to continue allow for strategy reformulation, strategy renewal as we are trying to adapt the company to the changes that we see in the marketplace.

But we shouldn't let the company get into trouble to do a strategic renewal. The trick to me is can you do renewal, can you do adjustment of the strategy while you are delivering superior performance. So that is the changing while winning.

What I believe is key to that is how do you balance continuity with change. How many things are you actually keeping the same versus how many things you are upgrading your company. And this is what we're going to be sharing today. It's like what are those things that are staying the same, which are basically keys to our cash flow generation, for example, to our strong cash flow generation, and what are the things that we are going to be changing so we can improve returns and we can reduce the volatility of our earnings. So that's kind of the program for today.

So with that, let's get started and let's move into the first slide, which are the priorities. We've been positioning ADM. We've been investing to position ADM to capitalize on some strong trends, trends that are going to be with us for a while that are inexorable trends that are structural trends.

We also are going to -- as a strategic intent, we are going to set the competitive standard by industry. By industry, I mean in the grain industry, in the basic processing industry, and in the ingredients industry.

And third, I think we have become a very good steward of capital and we keep on getting stronger into that aspect, and we are committed to have a very well-balanced capital allocation plan.

We think that with these three priorities we have positioned ADM for a strong period of value creation going forward.

So maybe if I can move into the trends for a little bit. When you are planning forward, everybody talks to you about change, how many things are changing. But when you need to build capital plans that need to be returned over time or what you are thinking about developing capabilities over time, you want to find some certainty in those trends.

So we look very much into what are those primary trends that are a rock out there that you can plan around. Those are normally related to demographics. So there are two that we're going to be focusing our plan on. The first one is for the very first time in history a global middle class is emerging. And that middle class is expected to double by the year 2030.

So this has many implications -- social, political, and economic. As these people get into the middle class, their consumption pattern changes.

Let me give you a couple of examples. If you take, for example, since the year -- since 1990, population has grown 35%. If you take the food staples, like wheat and rice, we saw that consumption growing by about the same 35%.

But when you look at pork in the same period, pork consumption grew 70%. Poultry and soybean meal consumption grew 180%. Fats and oils grew over 200%. So think about that impact and then the middle class doubling from here to 2030. That is one of the trends that we're driving in ADM.

The other trend, and this is another thing that will happen for the first time in history, is in the next five years we're going to see the population over 65 years old being larger than the population of kids under 5 years old, again for the first time in history. So the population is getting older, and in the US alone, this is a market of about $3 trillion. It's a very affluent population getting older. These are people that want to improve their quality of living as they are getting into their older years and they are planning to live maybe well into their 80s or in their 90s.

So we look at these two trends and we think that we are very well positioned for that, and Vince and Greg are going to be talking today about the launch of our new WILD Flavors and Specialty Ingredients unit that positions us well for that.

As Pat described before, there are many, many other secondary trends, if you will, in which the agility of our business model allow us to capitalize on those. Think about -- let me give you an example, omega-3s. We found that there was a stream in our corn processing that actually was very rich in omega-3s. We were able to collaborate with a technology company and basically have been able to extract that BHA and concentrate that that's coming from our corn plant.

We used some of our oilseed refinery to purify that product, to clean that product, then we finished that product in one of our vitamin plants -- vitamin E plants. And then, we were able to sell that product either as an additive or as a feed product through our existing sales force in food and feed.

So here is where an organization see a trend, a trend that we wanted to capitalize way before having to invest a lot of time into it, and by having an alliance and by leveraging our corn position with our oilseeds assets, with our vitamin E assets, and with our food and feed sales force, we were able to quickly get into the market. We are going to be in the market of omega-3s, with omega-3s and blends, by mid-2015 and we think we're going to be a big player in a market that is growing very, very fast. So hopefully that illustrates our ability to capitalize on that.

As we see this trend, customer needs are changing and are evolving to try to match these shifts in population. One of the things that we're seeing is customers more and more try to outsource R&D. So what we are trying to add in our positioning is basically the traditional position of ADM is very reliable partner, great quality, very solid delivery of products and logistics.

But we want to add to that -- now that we have innovation capabilities, now that we have a broader product mix, now that we have flavor capabilities, application development -- is for the customers to very much concentrate on two things. For our customers to concentrate on reading the consumer and actually doing channel management and instead relying much more for everything else on us, whether it's logistics, basic manufacturing, development of products, risk management. We want to take over as many activities as possible with those customers.

We will not a food packaging company. We will not be a consumers company, so their share is important that we maintain through our relationship with them. But we would like to do most of their operations, and that's the positioning we are taking vis-a-vis these customers.

So again, very strong trends of which we are positioning very, very strongly the Company to capitalize for years to come.

So maybe if I pause and before I start with the strategy, talk a little bit about the returns journey, a little bit what Pat started with. We started this returns journey in 2012. Let's see, if I can play the magic of writing here for you.

And this returns journey very much has three phases. The first one was very much about awareness. We talked to the Company about ROIC. We talk to the Company about the three Cs. We trained a lot of people.

As we were training the people, what we were doing is we were engaging the organization in challenges like the $1 billion challenge. We free up $1 billion of cash that is just sitting around not getting a return. As we were doing those things, we were building the capabilities. So we changed our leader in procurement because we wanted to launch that cost potion procurement.

We took one of our best operations engineers and we put him to lead the technology center to drive operational excellence. We took our -- we hired a person for supply chain to continue with the progress we made in the $1 billion challenge.

The important thing is that we achieved the improvements, but we left an organization behind so the organization will not fall back and can continue to build into that. So the first stage, again, was a stage of awareness and building the capabilities. We talked a lot about ROIC in that stage.

The second stage is a stage of we have now what we call an improvement team. All those capabilities are now together. All these leaders, all that structure that we created are now together in what we call again an improvement team, improvement team that is now accelerating the realization of those savings.

Also in this second stage, we work a lot in portfolio management. Traditionally, ADM will do M&A one way. We will only acquire, never sold any business or that was not something that we will do.

We have a much, much solid now process for doing portfolio management in which we analyze very seriously the industry structure, the competitive position, outward execution, and then we decide can that business be improved or that it has to be divested. So this was very important in the second phase of portfolio management. And also, we started to talk here about EVA.

The third stage is more related to customer excellence. We have launched a customer profitability work around the Company because basically even profitable companies have unprofitable customers. And we have been running from a sales perspective a little bit -- with a lower degree of granularity than we would like. So what we're having now is giving the tools to the reorganization to make sure they map exactly what customers are being profitable contributors and where customers are not.

And also, we're driving innovation through this customer excellence because we really want to accelerate and we are starting to see the fruit of that organic growth in ADM.

So I would say if I had to describe where we are in this journey, we are somewhere between two and three. So we are accelerating. We have achieved all that we see in stage one. We have accelerated in these.

In the stage two, I also forgot to mention, we aligned compensation -- we aligned the incentives with the compensation of the people to make sure that the whole rewards program is aligned to the priorities.

But I think you have to see -- you are going to see now in our plan an acceleration in the improvement theme, and then talking a little bit more about customers, customer excellence, profitability, and all that.

So let's talk a little bit about now, as you can see here in the numbers, obviously I said it at the beginning, results have improved. But I think the team is really not satisfied with this and we know that much more is up to come. And I think we have a plan, the strategic plan we're going to be sharing today that will continue this nice trends that you can see here.

So when we talk about strategy in ADM, we tend to think about in three ways. One is you define your financial objectives. Second, you talk about the scope of where you're going to play, and third, you talk about the advantage that you have as a player.

So the first thing is about the financial objectives. And financial objectives always is to increase shareholder value, but that's not the trick. The trick is what are the specific financial objectives you're going to pick that's going to drive shareholder value the highest. So we selected increased returns and EVA and dampen the volatility of our earnings.

And I think this is very important because every activity, every initiative you're going to see after this is very cohesive, built around do they help to improve these two objectives. So it's a very cohesive strategy around these two objectives.

The second thing is scope. We are a very large company with very diverse operations and it's very important to define what is the scope. What are the things that we are not going to be doing? So we define that at this point in time, although we are going to encourage exploration and experimentation, there are basically four things we are declaring that are a little bit out of scope for now, out of this plan.

One is about trading on things that are not in our core competence. You call it orange juice, you call it metals, we are not the trading company around things that we don't have core competence around.

The second is farming. Although most of us individually are farmers, as a Corporation we don't have a great yet competence in terms of farming, and it gets us in conflict with some of our farmers in [ex] service and all that. So at this point, farming is not. And as such, tropicals are not something that in this strategic plan we are pursuing with any intensity or vigor.

And the fourth thing is animal protein.

So we identified basically that these four areas are areas that either where we didn't have the capabilities, although we may decide, as I said, to experiment and explore on building those capabilities on a small scale, or they were not allowing these two objectives -- to reduce the volatility of earnings or increase returns. So at this point, this -- when you see our projections forward, investments in these four areas are not included in any magnitude.

So what are the things that constitute our advantage, if you think about the financial objectives, scope advantage. We have a graph here that shows a little bit what we consider our advantage.

Everything starts with a very sophisticated origination and logistics business. That gives us access to raw materials and raw materials at a very good cost. That gives you the basis for the creation of a formidable basic processing company that we have either in wheat milling, either in corn milling, either in soybeans.

That basic processing company gives you an incredible customer franchise, an incredible customer base. And it give you access to advantaged key building blocks that then if you combine with application capabilities, it gives you the right to be a big ingredients and solutions player.

And you're going to see now -- it may look to you like a surprise that we're going to be launching an ingredient business January 1. But that ingredient business, which is a combination of an acquisition in WILD and contributions from ADM, is $1.5 billion contributions by ADM on this specialty.

So ADM over this year, even within this commodity environment, has been carved out some niches in which we've been developing some of these specialties. So this specialty unit that we are bringing to life today starts with $2.5 billion in revenue already, with very profitable margins.

So all these, obviously, is possible with this team ADM, which is very much into teamwork, knowledge, and agility. This is a very knowledgeable group.

On purpose, we're going to have many speakers today because we wanted to show you some nontraditional speakers here, but show you the depth of the bench of ADM. This is -- I think each of the businesses have around 100 years in the podium here of combined experience into that. And they have to deal with a very inexperienced in the industry COO, so a very patient group.

So let's talk a little bit about what are the things that are not going to change. I promised at the beginning that this is about balancing continuity with change. What are the things that are not going to change are things that are key to our strong cash flow generation.

So, there are four things. The first one is long value chains. We like long value chains in ADM, all the way from the farmer to the consumer products or to the bottle of oil because it allows us to capture value when there are shifts in the value chain. When profit shifts in the value chain from one step to the other, sometimes we capture in origination, sometimes we capture in transportation, sometimes we capture it in processing, sometimes we capture in the final product. But that length of the value chain, you will see us continue to do that.

Even if we go to China and we start from an ingredient, it's because at this point maybe we don't see margin in basic processing, but our intent will be to build that value chain all the way to the port. So when you see ADM doing a port in Brazil, it is because we're still going to be building the barges line eventually and all the origination, storage, and procurement facilities. So the concept always will be to have this long value chain.

The second thing is probably more important is the intellectual capital that we have in the organization. We will continue heavily to invest in people. This is a people business like no other and I think that we are a very good school of merchandisers.

And we have a very good ability to train these people for the different parts of value chain. So by the time they get 10 years into the Company, they are very much experts. And that facilitates very much the teamwork and the agility and the communication that we have in the corporation. So we will continue to invest in people.

The third is lean organization. Pat said that ADM felt like a large small company or a small large company. And it is true. It's managed with a very, very small group of people, and that allows the Company to make decisions very quickly, to my point of agility with scale. It's a large company, but is managed to bring information about when we have our monthly -- our weekly meetings every Monday morning on risk, you see the power of that. There may be 15 people that are around the world, but how quickly the information is condensed into knowledge, into some a-ha, if you will, that will allow us to make a move from that moment on.

But that ability to remain lean as we grow is important to us. It's important to our agility. It's important also to our cost position, but, again, more important is to be able to react quickly and being able to pull all the resources of ADM and apply it in one point.

The fourth point that is critical to our cash flow that we will maintain is we believe in integrated sites. Our complexes are very integrated not only from an energy perspective, but integrated into grains, integrated with transportation. So that provides us advantages. This is an industry that sometimes doesn't provide huge margins, but it provides you margins in several steps of the way. And if you capture the margin in the origination, in elevation, in drying, in transportation, in procurement, in your conversion fee, in your transportation out of the plant, that's where you make the money. And ADM is uniquely positioned. Our predecessors have been very good at building these integrated sites and we will continue with that.

So again, if you're going to take what's going to change, what's not going to change, this is key. These four points, we believe, are key to our cash flow, strong cash flow generation. We will preserve these as we go forward into different geographies or different businesses.

So let's start getting into a little bit what is going to change. This was our pictorial representing the strategy for quite a while. And I said before that our strategic intent is to set the competitive standard in each industry.

So if I have to redraw these, it will be like we want to set the competitive standard in three industries, the grain industry, the processing industry, and the ingredients and solution industry. So what are we going to do different and how are we going to do this?

So in grain, and Joe is going to be touching these -- and his team, later on, in grain we're going to be expanding geographically in places we are underrepresented today. So, continue to strengthen in the model.

And then, we are going to expand what we call our destination marketing. Why is this important? So let me give you a feeling of potential profitability here.

If we will take our share of origination in North America and we will reproduce it around the world, we have the ability to double the growth of our grain business. So [in that] kind of space -- so when you hear we're building a port in eastern Europe or we're building a port in Brazil and we're building our origination, we can get to the levels that we have in the US. We can double the size of our grain business globally. So that's how much grain still has to grow.

Then when we talk about expanding destination market -- I know. That looks ugly. Sorry for my writing; I just see it now. The destination market, we've been selling for a long time [siff], so we take the product to the port and we have been a little bit short on taking that all the way to the final customer. We may do that for maybe 15% of all our sales.

But that extra step has the potential to triple our margins, so think about that potential. And I think Federico will cover that after I finish with my speech. But think about that potential.

So when we said -- and we have the people, we have the assets, and we have the balance sheet to build all these. We know -- that's one of the reasons we acquired the part of Toepfer that we didn't have because it provided also that set of assets and that set of people to be able to go and sell that last step.

So this is very powerful because you may think we've been doing grain for a long, long time. There might not be much grow in grain or there is a lot of growth in grain. So we want to make sure that people don't think that all of a sudden we're becoming an ingredients company and we are forgetting our grain business. Our grain business is very healthy. It's the base for all this and it has a lot of potential to still improve earnings and improve returns.

In processing, a couple of things that we are doing. A very strong operational improvement push, and I'm going to cover it in my next topic a little bit more in detail, but very important is giving us a lot of savings, and as I said before, we have an improvement team that we have built over the years and it's accelerating now and we feel very excited. It started more focus in North America, more focus in energy efficiency. It has branched out into 11 categories and now is becoming much more global. So the power of the pipeline of savings or earnings coming from that improvement mostly in processing is very big.

The second is what we call product optionality. Basically what we're doing here is we're bringing more products. So our commercial people have more options to sell the capacity, instead of just having a very few grades. So we've been very active in bringing that.

And you probably have noticed during the year that sweeteners and starches have been performing very good versus expectations, if you will. Part of what's happening in sweeteners and starches, and Chris Cuddy will mention it later, is the fight for the grind.

Yes, we have problems in Mexico and maybe the mango is not fantastic, but we introduce other products that allow us to keep that capacity very tight and having swing capacity allows our commercial people to get much better margins for the same capacity. So this is very important as we try to diversify away from some big commodity grades and into having a much bigger portfolio of that.

And again, when you hear me talking about omega three or all that, it's all part of the same effort to bring product without bringing a lot of capital, just with having some flexibility in the capacity, but bringing the knowledge of our people to extract more profits from the same assets.

When we talk ingredients and solutions, it's very much to profit from these healthy trends that I described before and to leverage our new flavor platform. For years, we've been introducing new products into this health and nutrition category, specialty proteins or other products. And always, the challenge is you need to make it taste the same.

And now with the acquisition of WILD Flavors, we have that capability, not only the physical capability but the intellectual capital, the application development, the context to actually get deeper with customers, to be able to push even more ADM ingredients into formulations. So we are going to be able to accelerate that more.

As we set the competitive standard in each industry, we are going to be looking also at what are the particular indicators of measurement we're going to be looking into that. Obviously, everybody looks at EVA, but maybe grain we'd also look at ROE. Maybe processing we'll also look at ROIC, maybe ingredients and solutions we'll look at revenue growth or some of the things that may be particular to them as we try to set up the strategy correctly for each of them.

So we put together all the actions actually that will drive some of these, setting the competitive standards and maybe the new behavior into one place, and it looks like -- so the objective of all this that we've been doing since -- is somebody saying something?

The objective of all this is to continue to increase the number of levers under the control of management as we are trying to have smoother earnings. So the overarching is we've been aligning our operating metrics with the key drivers of shareholder value. So again, we have reward for returns, and I think Ray covers the compensation part of that and the alignment of incentive in his presentation. So I'm not going to steal his thunder.

But we've been very careful in trying to align not only socialize the concept of ROIC spread over WACC or EVA with the people, but also bring it into -- the incentives into the metrics.

So what we believe is that our value creation plan, we have three key tenets. One is optimize the core, optimize the existing businesses. So this thing to the left is improvement in the existing businesses. Then there is a very robust driving of operational efficiencies, middle leg, and then there is the expense [strategically] to the right. So let me cover a little bit of each of them in some detail.

So we talked about what are the things that were going to be different in optimizing the existing businesses. And we just pick three here just for demonstration. One, as I described before, increase destination marketing. We think this is significant. For that part of the marketing of countries that are important, we think we can triple the margin in that size and that's very significant.

But it will take a significant behavior from ADM and it will take allocating resources. It will take building some capabilities in destination markets and building people resources. So this is about purposeful reallocation of resources. This is about actually living the strategy and not just putting capital because of historical perspective or with inertia of capital, if you will. This is reallocating resources, reallocating capital.

Then we talk about portfolio management. If you've been following our earnings calls, two years ago when we looked at returns versus volatility, we thought there were four businesses that were low returns [held at] high volatility. It was ethanol, it was chocolate, it was Toepfer, and it was fertilizer.

So at that point in time, we put together our discipline to help to analyze these things. So where we look is we look for the structure of the industry, we look for our competitive advantage, we look for how we're executing. And we are very disciplined about analyzing what are the chances of that business to come back in the next five years to either the return that we want or the volatility profile that we need in our businesses.

So we took those four businesses. So you heard us announcing that we're divesting the chocolate business and the fertilizer business, which we couldn't find a good way to fix them up. On the Toepfer, we have acquired 20% of Toepfer and we have integrated with ADM and we have seen incredible results after that, and I think Joe will cover that.

And with ethanol, all these things I remember, we did a little bit of a mea culpa at the proper earnings call when we failed to deliver in the quarter, and we actually put a team to say, what are the things that we're going to do different? And under the leadership of Gary Towne and Craig Willis in ethanol, we also changed the way we manage certain things, and happy to report the ethanol business has been having very good years after that.

So I think it gives you a little bit of a feeling into what are we doing from a portfolio management perspective.

The question that normally I get here is that, okay, how many more to go? I will say we are probably 80% done in this portfolio management. There is always -- when you cut the bottom, automatically somebody becomes the bottom and you get into this. But a lot of that is about continuous improvement and not just divesting. Most of the heavy lifting in that sense is done or is about to be done.

And the third point that I think I mentioned before is rejuvenated product mix. Bring more vitality to our product mix, bring new products so we can share that capacity a little bit smartly.

In the center, what we want to do with operational efficiencies is ADM is a frugal organization. But you don't get to be low cost just by being frugal. You need to be low cost because you're investing in it. And we are investing to drive competitive advantage in costs with technology and with standardization for scale.

Todd Werpy will be talking later about technology for competitive advantage and will give more details here. So maybe I touch a little bit in standardization for scale.

We are a very decentralized organization and as such, but we have very big scaling in plants. But as such, for example in things like procurement, we were a little bit disorganized and not leveraging that scale in, for example, gloves. There are six different types of safety gloves. We were buying 1,050 different gloves. Today, we are buying 35 different gloves. Hard hat, we were buying more than 50 different hard hats. Today, we are buying four different hard hats.

And these are just silly examples. We are buying -- for example, together with Wilmar, we have five categories where we have selected with Wilmar and we are doing joint procurement that has brought several million dollars of savings for both companies.

So there's a lot of standardization that actually reduces the price that we pay for the product. It reduces the inventory of those products. It reduces number of suppliers that we have. It reduces the number of touching points. It reduces the amount of bureaucracy that we have around this and paperwork that we have.

So, I think 2014 is going to be a record year for procurement in savings. And as we look forward over the next five years, we see another maybe $200 million coming from procurement savings that we have already in the pipeline from product rationalization, supplier rationalization, so very strong program.

We're also talking here about One ADM for productivity. One ADM is a very important program for ADM because we want to continue to grow, but with this feel of a small company. So this is where we get the productivity. This is where can we tackle all these that we are trying to tackle with the same team very much.

And this is very important because it eliminates low value work. It makes information more readily available for the decision makers. It streamlines processes. So we're putting a lot of effort here and we're going to bring even more business people to look at One ADM to make sure that we continue to drive it to fruition. It's not your ERP program; it is a business program to trying to get better.

Expand strategically, we talked about the geographic expansion, things that Joe will cover a little bit later on. But at this point in time, for example, we are bringing seven new plants to life. Five of those seven plants are outside the United States, so a big chunk of our capital is being invested outside the United States.

We say about grow market-facing units. We have declared that we have three market-facing units. Renewal [old] chemicals, that is very much tied to this [spike] for the grind with corn, so it's very much a child of corn. But we also have animal nutrition, and now the new division of WILD Flavors and Specialty Ingredients, which is more like health and wellness, if you will. Those are a very important part of our strategic expansion.

And we are saying we are incubating an innovation platform. What we're doing here is we want to significantly accelerate the speed to market for some of our ideas. We are not there yet; we are putting effort here, but this, it's very much a coordination between customer excellence with our people that are in front of the customer and our technology people to try to accelerate that.

We have many, many ideas. We always said if ADM knew what ADM knows. We are a broad and diverse company. We touch many customers. We have many assets and technology and our ability to bring all that together, as I described before for like an omega-3 opportunity, that's where we need to accelerate a little bit more. That's what we mean by this incubating and innovation platform.

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

So, as you can see, we are doing many, many things. And there is certainly a talent base on that, at the bottom of that, if you could come back to the previous slide, please. And we have been enhancing the talent of capability, sometimes internally with people -- have been developing it sometime. We have incorporated as we have acquired companies.

We do believe, and we will look at this very disciplinedly, this is a very manageable stretch of our capabilities. This is a very manageable stretch of our capabilities. We can do this with being run in these three different models inside ADM for quite a while. So when you see certain competitive standards in three different industries, this is very doable by ADM. This is something that we are doing today, which is going to accelerate that and do it faster and seen in the bottom line a little bit more.

So that was my part on strategy. Let's touch a little bit on capital and capital allocation, the third point. We have been learning a lot in this area.

The reality is the returns are very much -- returns in the future are very much given by the projects that we are undertaking today and how well we are executing. At the end of the day, your company ends up being the combination of all the projects that you undertake over time. So what are the two tricks in the project? Is -- are you picking better projects? And how are you executing them, because that is the difference between a theoretical IRR and the actual IRR is, are you executing well?

And that's what I said look back to learning. There was a time in our history in ADM in which out of, let's say, five projects, we will have supplemental authorization for five projects. We were not that good at project management, and we spent a lot of time doing look back and implementing learnings to see how can we get better.

Well, since we have done that, we have executed six projects over $100 million and we only were slightly over budget in one of them. So, from five out of five to one out of six, if you will, that has been the improvement in all these look backs and learnings. And I am not going to bore you with all the learnings, but I assure you that they have been implemented and our ability to execute projects.

And these projects have been embedded remotely. It's the plant in Paraguay or the plant in Tianjin in China. These are places where we are not used to building. And yet we have executed these projects on time and on schedule. So it makes us very confident that we have a good grasp to project management and delivering projects.

The second point is the IRR, the pipeline, the quality of those projects. You can see here how over the last [four] years those numbers have been included. This includes also maintenance and non-discretionary investments. So it includes projects that have basically seen a return, so this is your weighted average, if you will.

But you can see here -- and I think two things here that made a difference. One, we are looking at this as a pipeline. We are looking not at individual projects, but we are looking at the quality of the pipeline of projects.

But the second thing is that we have introduced all these cost projects and now the cost projects are fighting with the growth projects. So we have more projects, so we tightened the capital from about $2 billion to $1 billion. And we have like $3 billion worth of opportunity that we need to fit in a $1 billion worth of capital.

And we have about 50% of the projects that are cost projects that, again, fight with the growth projects. We like that fight because as good as we are forecasting in growth projects, growth projects we tend to keep it right about 50% of the time in terms of our projections. Cost projects are projects that are like 80%, 90% of the time correct. If we say we are going to replace this pump and we are going to save so much in steam or whatever, it is going to happen.

While, if you say that your customer so and so is going to buy that much in the future, it may or may not happen. So that has created this virtuous circle, if you will, of fewer capital, better projects and we feel very good about the way we have been managing this.

So we talked a little bit about our philosophy in terms of capital allocation deployment. And I am going to touch this briefly. I don't want to steal the thunder of Ray. They are going to be talking about this.

But, basically, if you say about value creation, we can do it in two ways. We can take our cash flow and reinvest it in the business or we can return it back to shareholders. And this is normally the thing that we are looking at. Are we making justice to that? Do we have better opportunity to you to use that cash?

So, when we look at our current plan, we need between 30% to 40% of our cash flow -- operational cash flow to reinvest in the business into CapEx, which leaves about 60% to 70% to either pursue strategic opportunities that could be available to us to continue to advance the returns in the business or to return to shareholders. So our capital deployment philosophy is very much one of balance. And I will let Ray touch a little bit more about some of the specifics about return to shareholders and all that.

So, if you summarize all I said in terms of the things that are changing, the things that are not changing, and you put it back into our value chain, we noticed that our value chain -- in our value chain margins move up as you go right. Volatility moves down as you go right.

So, as you hear me saying that the grain business will increase their destination market, and so they are going to go deeper into the chain. As you hear that the processing units are introducing more new products, so they are going deeper into that. And as we grow our ingredient business, basically what we are doing here is that graphically we are moving the center of gravity of our strategy a little bit to the right. With that, pursuing higher returns, lower volatility. So if you want a pictorial of what we are doing, that is what we are doing.

We have still a lot of strength to grow here, a lot of strength to get earnings from here, and a new and renewed interest into that. But, overall, on a weighted average, we are doing this moving it to the right.

So we have an exciting plan. And what we have done, because we want to make sure we can have a discussion with you that you can hold us accountable, that we can implement properly, is we put together a scorecard and we say, these are the three tenets of value creation: optimizing the core, drive operational efficiencies and expand strategically. And these are the different businesses.

And this is the least of all the strategic activities, all the tasks that we are going to be taking on this, and that they are part of this plan to drive increased returns. And, again, this will be a living document. Some of these things will exit here as we implement them. But I think you, as an investor, can hold management accountable to say, how many of these things are you checking the box? Are you making progress into these activities?

And then, you will have to see returns improving and volatility declining as we go and implement these. So this is a tool for us to have a dialogue. This is a tool for us to be able to implement better. This is a tool to be held accountable, to be honest.

So, in closing, as I said before, I think we have invested in our (technical difficulty) position in ADM to profit from strong trends. And, if anything, they are intensifying. We are accelerating the execution of our strong strategic plan. We think that that plan will give us better returns and lower volatility.

And we have -- we are very committed to continue to have very balanced capital allocation. And we think that we have strengthened our ability, our capabilities as a capital steward. So I think with all this, we have positioned ADM for a very strong future on value creation.

So thank you very much for your attention. With that, I would like to call the ag services team to the podium to present.

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

Good morning. My name is Joe Taets. I am the Senior Vice President of ADM. I am the President of our Ag Services business unit. I live in rural Switzerland, where I have a dual responsibility. I am also the geographical president for Europe, Eastern Europe, Africa, and the Middle East.

Today I would like to present to you part of my senior management team. We have Scott Fredrickson. He is the president of our global transportation. Also, we have Federico Gorbea. Federico is the President of ADM Mexico.

And, on my right, we have Kevin Brassington. Kevin has a dual role. He is the head and Managing Director of our European Oilseeds Group and he also acts as the head of AC Toepfer for International or global merchandising head for oilseeds. And Kevin is a great example of how we work across divisions at ADM. Kevin is employed both in the Ag Services business unit and in Oilseeds. So I think it is a great example of how we collaborate and cooperate across divisions.

On the stage -- and Juan alluded to this earlier -- on the stage we have over a century of industry expertise. We have also over a half-century of international experience working outside of our home country and home base. Personally, I have lived in the United States, in Germany, in Ireland, and in Switzerland, where I live today.

Federico is a Mexican national. Kevin is from Canada. And this is just part of the management team. I think what you should gather from our group is it is very experienced. It is very diverse, and more up for the challenges that we see in ag services today.

What is next at ADM ag services? Broadly, as you see from the screen, we have four focuses. We are focused on improving returns, and growing EVA within the ag services group. As Juan alluded to earlier, we are keen to diversify our global origination.

We think there is a big opportunity in destination markets, both from a marketing perspective and to build our network to distribute and go deeper in the value chain direct to our destination customers. And, last, we want to solidify and, in fact, we want to improve upon what we think is a premier position that we have in global ag services. ADM ag services is, indeed, the premier global ag services company.

On the map behind me, you will see the various locations that we have facilities and management around the world. From my perspective, I think it is truly impressive. I think it really demonstrates the geographical size and scope of ag services today. And, as we present our strategy, I think you will see that there is unique opportunity to improve and build on that.

It is a very diverse division. Within our division, we have business activities such as global wheat milling, global rice milling. We have, of course, the international trade, a former Toepfer that now we refer to as international merchandising. And I think that is important. So when you hear about through the presentation, Toepfer is synonymous with our international merchandising group.

But, also, we have transportation. We have Scott's group. That is trucks, rail cars, barges, oceangoing vessels, and containers. We also have ADM shareholding in GrainCorp. Of course, we own 19.9% of GrainCorp and that is also housed within our group.

I want to note at the bottom of the presentation, and I think this is really important. Part of ADM's global origination resides within oilseeds. And Matt Jansen and his team will speak to that later in the presentation. But two key areas of origination are in oilseeds -- one in South America, in places like Brazil, Paraguay, and Bolivia; and also in Europe -- parts of Europe, particularly in the United Kingdom, in Germany, and in Poland. So, of course, these locations are not included on the map, but when you think about that total origination concept, it really, truly is impressive.

How we make money, how we make money today within ag services -- broadly, that can be seen in three business activities: in transportation, in milling and other primary processing, and in merchandising and handling. You will see that, by far, merchandising and handling is the biggest of the three groups at roughly 61%. Within merchandising and handling are two key components. One is our international green business grain, grain elevators, river houses, export facilities. That is ran by Chris Spur. The other, again, is the former Toepfer, the international trading. It is our global trading and marketing desk that is housed in rural Switzerland.

Before I move on to sources of profitability, I think it is a perfect time to talk about trade and what trade means within the context of the ADM world. When we speak of trade, what we are talking about is that business to business that is physical or cash contract. Either it takes place between a farmer or a producer and ADM, or it is a contract that we made between ADM and refined oil or ADM in soybeans.

So think of it, from an ag services perspective, something like this. It is us originating corn from a farmer. It is us putting it on the vessel and selling it to a destination market. That may be in Egypt. That may be in Japan. That could be in China. But that is trade from an ADM perspective.

I want to tell you what trade is not at ADM. Trade at ADM is not somebody sitting at a desk looking at a computer, speculating on a futures market. I think that is a key critical differentiation of how we look at trade. I would mention, of course, that part of our risk management and mitigation tools are using futures market as a hedging tool.

When I look at this slide, the sources of profitability, I think this is a critical slide for our ag services group. Oftentimes, when I interact with stakeholders, they will say to me, we just don't understand how ag services makes money. We have even been referred to, at times, as a black box. So this is my effort. This is our effort to try to demystify ag services to better explain how we make money -- our sources of profitability.

Broadly speaking, you can see these activities in three areas: in physical grain assets and assets, in intellectual capital, and in transportation. So I would like to take a moment and talk about each one of these three components.

We have touched on the physical assets -- the grain elevators, the river houses, our key export facilities around the world. That is critical. But, there is a lot of commercial activity behind these physical assets. It is a connection to the farm and the farmers. It is the services that we provide to the farmer.

When we buy their grain, we add value. We store. We ship. We segregate. We blend. All of these activities -- you often hear in the grain business, carries or lack of carries or an inverted market. It is all of these services and this structure behind physical assets that drive value and great of value within the ag services group.

Intellectual capital, I think Juan touched on it earlier. But I think it is a very critical point. For me, intellectual capital is our people. And it is a great asset. It is about us taking a physical contract in managing the risk and adding value via risk management or market intelligence.

It is the ability of us to sell grain, thinking it is going to come, for example, from the United States, corn to Egypt. But when it comes time to shipping, we realize there is an arbitrage opportunity and we switch that vessel to the Black Sea, our facilities in either Constanta or in Odessa. It is that know-how, that expertise, that I think really differentiates ag services from other competitors in the industry.

And transportation. You're going to hear it time and time again, and Scott is going to speak to it in a few moments. Transportation. We think that we are uniquely positioned in transportation. We think about it as a core competitive competency and a strategic advantage.

I mentioned the assets, the trucks, the barges, the railcars, containers, and oceangoing vessels. But it is more than that. It's the people behind transportation. It is about operational efficiency. It is about having the most efficient and advanced and developed transportation network.

Also, we think we uniquely manage transportation. We have a centrally-focused managed transportation group ran by Scott and his team. We communicate extremely well across the divisions, and I would say that both intellectual capital and transportation. I think a core competitive advantage that ADM has is that across all four of its key business units, we communicate and cooperate at a very high level.

Where we make money today at ag services. As you will see from the pie chart, roughly 50% -- in fact, 52% of all profitability in ag services comes from the US domestic market. Roughly, the other half is either sourced on an international basis, or are US exports destined for the export market. That US export component is roughly 18% of the total. And I ask you just to keep this slide in mind because we are going to revisit it in a different format later in the presentation.

Our vision, our strategy at ag services. We are positioning ourselves not only as the premier ag services company, but offering services that begin with the farmer and the farm. We call it the end to end network and ends at a consumer, whether that consumer is Matt Jansen or Mark Bemis in our oilseeds and corn milling division, or rather if it is an industrial buyer or consumer on a global basis.

When we think about our strategy, we broadly think about it in three components. One is to grow global origination. The second is to enhance our destination marketing and destination network. And third is to leverage our already excellent position in transportation. So I will take a moment on each of these three areas.

Growing origination in our platform: I want to define origination so we're clear. Origination, from my context, is that first point of transfer of an agricultural commodity. It could be corn, wheat, soybean, canola, whatever. But it is when we, as ADM, originate it from a farmer or a farm. And that is key for us.

Juan mentioned it earlier, and it is absolutely true. That is the first point of transfer, and that is a big part of any cost at agricultural processes. We need to get that step right. And we do that by having an advanced and sophisticated grain elevator and ag services network.

Next, we want to grow our destination marketing and distribution. Kevin Brassington is going to speak in a few moments on some of the initiatives that we have done to transform Toepfer, our international merchandising, and integrate it into ADM. But we think the destination market and distribution network is a key opportunity.

When we talk about destination markets, I think we should take a moment and really discuss what that means. For me, a destination market is an area where its demand constantly exceeds that of the local supply. So I will give you a good example, a living example.

China, today, is the second-largest corn producer in the world, yet it is a net importer of corn. It is a destination market on corn and corn products. Today, in fact, it is the third-largest corn destination market for the United States.

And our last bucket is transportation. Again, I beat this a little bit, but we really feel that we have a competitive advantage and a core competency in transportation. We have a very advanced network of transportation in the United States and we believe we can take that model and replicate it and produce it successfully other places in the world.

A living example of that is in Eastern Europe, in Romania. We have developed what I would call a mini ag services on the Danube River. We have built origination elevators. We have built export river houses. We built a barge line and a transportation network around it that efficiently delivers the commodities to our port in Constanta. This is the way we can replicate our transportation network in North America around the world.

I mentioned before origination is a key strategy. It is a key growth area for ag services and for ADM. When I think of origination around the world, I think of four key areas where origination and this area is constantly in surplus: in Australia, in North America, in the United States and Canada, in South America and in Eastern Europe. But, we have a strategy that is not only global, that is regional in context as well.

Let me explain. We have a very advanced origination network in the United States. We are the largest grain company and originator in the United States. We want to take that model and replicate it on a global basis. In Brazil, we have a very advanced grain origination network as well.

But, yet, we see opportunities. We see opportunities in Australia. We see opportunities in Canada. We see opportunities in South America, like Argentina. And we certainly see opportunities to expand in Eastern Europe -- in Bulgaria, in Romania, in the Ukraine. Next, I would like to turn it over to my colleague, Federico Gorbea.

Federico Gorbea - *Archer Daniels Midland Company - President of ADM Mexico*

Thank you, Joe. Good morning.

When we talk about destination markets, our focus is on growing our in-country distribution. We really want to get closer to our customers. And we want to position ourselves to offer our customers a full end-to-end supply. It will be through this end-to-end supply that we enhance our margins at our destinations.

With our integrated global trade office in rural Switzerland, we see a tremendous opportunity in front of us to expand from a destination delivery model to an in-country distribution model and expand margins. And that is our objective.

This slide illustrates in yellow the regions in the world that we have targeted our destinations: China, Southeast Asia, New Zealand, Mexico, Central America, the Middle East, and Africa. In all of these regions, we currently have a presence and we have teams to understand about markets. All of these destinations are countries that import grain, grain and oilseeds, and they will continue to do so in the future.

When we talk about in-country distribution, we have some experience. For example, in Mexico, Mexico is a destination market that imports 20 million metric tons of grains and oilseeds per year. We have successfully aligned a network of destination ports with a network of interior facilities that have enabled us to ship close to 70% of all the grain and oilseeds we import and sell into the country, delivered to our customers' plants.

In other regions like Central America and the Caribbean, we have made investments through our office in Panama, port investments in Guatemala and in the Dominican Republic that position ourselves for in-country distribution. And we are currently looking at other port opportunities in Colombia and in other countries in Central America to expand our footprint. So in this continent, we have made significantly advanced in the in-country distribution and positioning ourselves for that growth.

As we turn to our other target regions, we will look at this model that we have done in Latin America and expand our distribution to these other regions. This slide illustrates the potential profitability we see when we drive our destination model from a delivery port where we were earning maybe $2 to $3 a ton, and driving into in-country distribution where we see margins between $8 and $12 a ton.

Now, although the margins will vary by region in how the market is mature, a fact is that as we drive our business in-country and deliver to our customers, our margins will widen.

This slide also illustrates our competitive advantage, our fully integrated end-to-end network. We buy it from a farmer in our domestic facilities. We transport it on our barges. We load it out of our export elevators onto our vessels and we discharge it at our destination facilities to later distribute to our customers; a fully integrated end-to-end network.

And, as we drive this network into the destinations, we will get closer to our customers and we will create a strong long-term relationship with them. We will be able to supply them just in time inventories or just in time deliveries. And we will create a consistent and sustainable distribution business that enhances margins throughout the entire value chain.

So as a final takeaway, I would say we see a tremendous opportunity to expand our destination model from delivering at the port to in-country distribution and expand margins globally. We have positioned ADM for this growth. With our world trade office in rural Switzerland, with our current presence in and knowledge of the destination markets, with our end-to-end network and with our experienced in other regions of in-country distribution, we are confident that we have positioned ADM to capture this growth opportunity.

And, with that, I'll invite Kevin.

Kevin Brassington - *Archer Daniels Midland Company - Managing Director, European Oilseed Crush and Origination*

Thanks, Federico. Before we capitalize on our global trade flows, we are going to focus on increased centralization and stronger collaboration between these different ADM business segments. To the point of increased centralization, we have moved roughly 18 colleagues with 10 different nationalities down to our office in rural Switzerland. That team will have the ability to trade the existing 55 million metric tons that they are currently doing, the bandwidths to better optimize and expand and grow that business, and, as well, help us identify the destinations and the in-country margins that Federico talked about before.

In terms of cross-collaboration, Joe mentioned it earlier. There is an increase of leaders such as myself that have dual responsibilities, both in oilseed processing and in ag services. I look after the 11 million metric tons, soybeans, rapeseed, sunflowers. They go through our assets on EU crush.

As well, I oversee our global trade desk and the 10 million metric tons of oilseeds they merchandise around the globe. An example of this would be as European crush, we source South American soybeans against forward meal sales. And, as we go through the year, if the global trade desk sees increased demand from China, say, we can take that beans from our Euro crush, give it to the global trade desk, they can make the sale.

Then we can turn around and go to our New Orleans and our Great Lakes assets and buy in those beans as we have qualities, vessel sprees, fall parities, whatever the pickup is. Now, you might have heard the term FOB. It is just free on board. It is just our pricing points that we use around the world to basically compare the different region and prices.

ADM now is better set to capture any of the synergies that we see out in the market as we move agricultural products from key areas of surplus to key areas of deficit.

Now I would like to touch on Toepfer integration. If you remember, back in June, ADM purchased the remaining 20% that it did not own from In Vivo of Toepfer for EUR83 million. For those of you that don't know, Toepfer headquartered in Hamburg, Germany, trades about 55 million metric tons, has 2000 employees, and has about 34 -- sorry, has 34 destination offices, the offices that we are going to use to basically drive into the in-country distribution.

With the purchase, we expected $18 million in annual run rate synergies, of which after the first five months we have already captured $6.7 million. And we also feel we can significantly reduce its working capital needs. Also, with the purchase, we're going to look to restructure approximately 60 different legal entities, gain the fiscal benefits, and as well enhance business practices in ADM and the Toepfer legal entities. We also are going to rebrand or have rebranded the Toepfer name into ADM around the world.

To the point about working capital, Toepfer had a working capital high of about $3.2 billion. We have reduced that already by 40% and with an aim to reduce that by another 10%. We are going to streamline the support functions, eliminating any redundancies we have in the region in HR, tax, legal, credit, and accounting as well.

There are two things that I would like you to take away from the slides. One, ADM is much more coordinated on the international scene. And, two, we are capturing all the value we saw in Toepfer. And, with that, I would like to turn it over to Scott.

Scott Fredrickson - *Archer Daniels Midland Company - President of ADM Transportation Company*

Good morning. Thank you. I want to talk today why transportation is core to ADM. More importantly, why I think it is a huge competitive advantage. In transportation, we want to control as much of the supply chain as possible.

And when you heard Kevin and Joe and Federico and others today, you will hear talk about our massive global assets that we have. When you combine those massive global assets and footprint with our big, mobile transportation assets, the trade flow analogy is that we see every day each and our people, this, in itself, is a huge competitive advantage.

The supply chain that we want to control is core to our thought process at ADM. And, from a transportation perspective, we want to control as much of the supply chain as possible. And, what I mean by that is, when we buy these raw materials, we want to buy them from an origin. And we want to be able to take those products from an origin to, at any point in time, to a destination. So we can control the freight or the arbitrage at any given time.

The same with our finished products; the products that we produce, we want to sell then deliver. So, at any point in time, we can take it from a multitude of plants that can produce that product and arbitrage that, continuing to enhance our profitability, continuing to work with our customers on the time of delivery that they need, and always leveraging, leveraging, and leveraging -- a key competitive competency that our traders are born with.

Now, we want to or have this -- I want to give you an example of how that works. So this spring, planting was happening in North America, crop was getting bigger, weather was inducing the crop to be bigger. Our export sales started to pick up on soybeans. We started to work with the grain division on formulating a plan on how we were going to execute this big crop this year, given the knowledge that we had from our transportation rail side.

They have struggled. They struggled last year. But we put together a comprehensive plan, a means of executing from where we thought the best crops were going to grow. We partnered with certain railroads to help execute this position as it developed over the year. Again, controlling as many parts of the supply chain, trying to buy that raw material from an origin, not knowing exactly where it was going to go until the point in time in which we wanted to execute it.

So we work for all the business units that you are going to hear today from, but most importantly, we work for their customers to execute our stuff to them on time, this is the business unit's game plan. As Joe mentioned, we have an extensive North America footprint and one that we want to replicate around the world.

Let me talk to you a little bit about our assets, specifically. We have a large private rail fleet in North America, some 27,500 cars. What is important about that is that they are cars that are specific to handle products to execute the business plans that our businesses have set forth. The size of the fleet is right-sized continually, but the most important fact is that 80%-plus of that fleet are unique cars that railroads don't supply.

We have 1200 trucks globally, one of the largest private truck fleets in America. The reason that this is important, again, are specific type trailers to haul flour, to haul sweeteners, to haul ethanol. They are located specifically around our assets.

To give us another form of our arbitrage, our tractors themselves have specific gear ratios and engines to maximize payload and enhance our per mileage costs. Our barge group has 2300 barges -- 50 in Europe, 300 in South America, 1950 in North America. Third-largest barge fleet, again, plays an integral part of us executing our massive bulk products for export; huge part of the process.

We have a stevedoring business, very integral part of our supply chain that allows us to take product from the barge into a vessel or from a vessel into a barge, very integral. Nine oceangoing vessels, two new post Panamax coming online in 2015, and, at any given time, roughly 150 vessels located around the globe, executing our processes.

Last year, in North America, we are the single largest exporter of products via containers -- agricultural products via containers. And we shipped -- imported and exported roughly 160,000 containers globally. This is a very fast-growing market.

Now, I think a key take away here is the fact that these physical assets and modes of transportation are important from this factor at ADM. They are profit centers. And I view them as multiple streams of income that we can continually leverage to optimize and utilize, so multiple streams of income.

And the other key takeaway is that we are centralized. We oversee every movement of any product within ADM. That allows us to continually look for inefficiencies, efficiencies, using technology and data on a consistent basis to continually optimize and utilize our transportation fleets.

Key differentiator: we are not decentralized. We are not siloed within the business silo units. So we oversee everything. So, three or so key takeaways -- centralized, want to control as much as the supply chain as possible. More importantly, when you look at ADM's global footprint, overlap this massive mobile asset footprint with the trade flow knowledge that we have and the people. That in itself is a huge competitive advantage.

Back to you, Joe.

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

Thank you, Scott. As you have heard, ADM truly has a unique and unmatched global origination and marketing network. That network is displayed here on the map beside me.

When we implement the strategies, the strategies that Federico, Scott, Kevin, and myself have outlined, really that will put ADM in a unique class in terms of ag services companies on a global basis. So this map ties it all together. Our value chain is starting with the farm and farmers and ending at the end consumer.

So, to briefly highlight, it starts with origination, those key four origination areas in the world. Then we link it to our global trade network, these global flows that really move the product from areas of surplus to destination markets. Then, our plan, our strategy is to move those as efficiently and at low cost as possible through a unique transportation group.

But then, tying all that together is a global marketing network in key offices, strategically located around the world in places like Decatur, Illinois, and Chicago in the United States, in Panama City in Central America, in Singapore, and last but not least, where our global trade office is located in rural Switzerland.

Oftentimes, people say, well, agricultural trade has been going on for centuries and it is a bit of a stable or non-dynamic business. Think about this. We have truly five global marketing offices in the world. Three didn't exist in the ADM world eight years ago. So I would argue that this is truly a dynamic business and we are transforming ag services into a global business.

Last on this map, what is critical is to have the right asset base, to have an asset-heavy strategy in areas of origination. But truly within this ag services network, key ports are a critical bottleneck. We operate or lease, but definitely operate, at least 45 global ports around the world. Those are key bottlenecks for import and export in areas of surplus and areas of deficit. And that is a key strategic advantage that we have within the ADM world.

I mentioned earlier in my slide, to remember our earnings mix today. When we implement the strategies, the strategies that we described over the last few minutes, you will see evolution in ag services earning mix. If you recall, our mix today is roughly 50% US domestic.

As we implement our strategies, in the midterm, our future earnings mix will shift. We feel that it will shift to roughly 25% US domestic. It will become global. It will become more balanced and it will become geographically balanced.

But a key principle here is that doesn't mean that the US domestic market is less important. In fact, it is our flagship. It is our example. It is the example we want to replicate on a global basis. So this isn't meant to give you the feeling that the US doesn't matter. Actually, what it should give you the feeling is, as we globalize ag services, it will give us the geographical balance to serve our customers' needs.

So, as I conclude the presentation on ag services, I would like to highlight three key takeaways, takeaways that hopefully make sense. From our perspective, we see a huge opportunity in origination, both where we are established in Brazil and places like the United States, but also on a global basis in these new frontiers.

When we look at it -- and I think Juan alluded to it earlier -- we believe we truly have the potential to double our volumes, while maintaining capital discipline and increasing returns and growing EVA. Second, we see a huge opportunity in the destination market and destination network. We have used some terms today, FOB and CIF. It was a traditional FOB to CIF margin. As Federico highlighted, there is $2 to $3 a ton.

We see a huge opportunity not to leave the commodity at the destination port, but to distribute it further in the value chain to our customers. And we see that opportunity is tripling that global FOB to CIF versus network destination network margin.

And, last, transportation; it is core. It is critical. It ties everything together and we want to replicate our successful model on a global basis. With that, I will thank you and take any questions that you have. Please?

QUESTIONS AND ANSWERS

Unidentified Audience Member

I am just curious. You are now going to take responsibility for more of the transportation side and geographically outside of the US. Doesn't that inherently increase the risk?

Joe Taets *- Archer Daniels Midland Company - SVP, President of Ag Services*

I think it is a good question. Actually, no. I think it actually de-risks our entire model. Let me explain.

When you think about ag services, we have the merchandising and handling. We have the transportation. We have the primary processing, including milling.

We look at transportation as its own P&L, not as a cost center. Some of our competitors, some in the marketplace consider it a cost. We see it as an opportunity to enhance our margin. It is a natural step of our value chain.

Let me give you an example. In South America, and in the Ukraine, we see tremendous issues around transportation; huge lines, long trucking lines, a big escalation in freight rates at harvest because it has an inefficient transportation system. We think we are great at transportation. We think we have specific expertise.

So, actually, we look for those opportunities where there is an inefficient transportation system, because we think we can do it better than others. And that actually is a way for us to better service our customers and enhance our margins.

Rob Moskow - *Credit Suisse - Analyst*

This is Rob Moskow with Credit Suisse. The opportunity to triple your margins in the distribution network has probably always been there. What has been the thing holding ADM back from pouring more investment into that part of the value chain?

And then, also, I don't quite see the ROIC attached to that. Is it a big capital investment to suddenly load up on more barges and trucking lines than you have ever had before? Or -- and I have never considered a high ROIC business. From this map, it appears that it is. But I've never considered it to be a higher ROIC.

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

Okay. Great questions. We discuss internally and the terminology I sometimes hear is, what inning are we in? Where are we at in the journey of really transforming ag services in the complete value chain, including destination marketing? Well, we are really early in the game.

We have pockets of excellence, certainly within ag services. I think Federico is a perfect example. That value chain going deeper into distribution in the country of Mexico is an excellent example of where we are at.

The reality is, I think Kevin mentioned it well, on a global trade basis, on our international merchandising group, we are trading about 55 million tons on an annual basis. I would tell you that, as an ag services group, and Juan alluded to that in his presentation, we distribute only 10% to 15%. So the way I think about it is as we double our volumes, we will double our trade.

But then there is a multiplying impact. If we are only roughly 10% or 15% distribution today, our goal would be to somewhere in that 25% to 30% range. So I think that is the opportunity we have.

As to the asset intensity, obviously, it varies region by region and opportunity by opportunity. But as a general rule, I would tell you it is a relatively asset-light strategy. The asset-heavy or intense asset within the ag services group is really more on the origination side than it is on the destination market or marketing and distribution side.

Thank you for the question. Go ahead, please.

Unidentified Audience Member

(inaudible - microphone inaccessible)

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

I'm sorry. I'm not hearing you.

Ken Zaslow - *BMO Capital Markets - Analyst*

Ken Zaslow from BMO. Just going on that, what is the timing of doubling the size and what is the timing of tripling your margins? Are we talking about three years out, 10 years out? Just give us a timeframe on that.

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

Yes, I think it's a very good question. I like to think of it in a midterm. And my definition of midterm is in that midterm four- to six-, seven-year time frame. Obviously, we're going to go as fast as we can, but we are very mindful that we want to create value.

We want to grow EVA. We want to profitable returns. And, frankly, it is a balance of those key initiatives, but I think the opportunity is just ahead of us.

And I will give you a great example. We spend EUR83 million on Toepfer. That brought us great intellectual capital and capabilities that now is 100% owned by ADM. They have roughly 35 global offices strategically located in key destination areas.

We are leveraging that expertise. We are leveraging that to build out this destination network. Go ahead.

Farha Aslam - *Stephens Inc. - Analyst*

Farha Aslam from Stephens. Joe, if you are not investing assets, are you building partnerships? Is that how you're going to deliver the product to the destination plant? And also, in terms of capability, are you planning on acquiring assets or capabilities or are you planning on building them internally?

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

I think it is a great question. I would define it this way. In terms of the capital strategy, I think it is a combination of organic and M&A. So it really will vary region by region. I will give you a very good example.

We are talking -- Federico and I and others -- about our extension of our Mexican business into Latin America. We own a port in Guatemala. It is one area where we are strategically looking at going deeper in the value chain, going deeper in distribution. We think it makes perfect sense.

In that case, it is really an asset-light. We own a percentage of a port -- frankly, 25%, I think. I don't even recall for sure. But, that is a strategy where we can leverage what we already have. So it's not one strategy fits all. It is really a region by region approach.

Christina Hahn - *Archer Daniels Midland Company - VP IR*

We could wrap it up and have the corn team come up, and then we will take more at the end -- more questions at the end.

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

So thank you very much for all your questions. Next I would like to introduce Mark Bemis and our corn processing team. Thank you very much.

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Good morning, everyone. I am Mark Bemis; I'm a Senior Vice President with ADM, and I'm the President of the corn business unit. I'm glad to have this opportunity to update you on the corn business's strategy and growth plans going forward. Joining me today we have Chris Cuddy, who is the President of our Sweetener and Starch Group; Craig Willis, Vice President of our ethanol business; and Pierre Duprat, who is the Director of our international business development.

We have a very strong and experienced team and a very deep bench. We are focused on improving returns and driving EVA growth. We worked hard to optimize our core business using strong capital discipline and portfolio management. We are continuing to build on our industry-leading cost position and we are diversifying our grind and product footprint -- at the same time, participating in some selective geographic diversification.

Many of you probably have a good idea about the nature and the scope of our business. But let me just briefly recap. We are the world's largest corn processor. We have 14 corn plants in seven different countries. Additionally, we have eight other processing plants that further refine corn derivatives into value-added food, feed, and industrial ingredients.

Our core competency is corn wet milling and fermentation. We kind about 3 million bushels a day or about 1 billion bushels a year. In our business scale does matter, and we have a comparative advantage in scale. We have some of the largest plants in the world. For instance, we have the single-largest corn wet mill, the largest dry corn mill, and the largest fermentation asset in the world.

We manage our business in five sub-segments -- sweeteners and starches, food and wellness products, ethanol, animal nutrition, and renewable chemicals. And although most of our operations today are located in the US, our business is becoming more increasingly global. In addition to the sweetener production facility that we just opened in Tianjin, China, last month, we are growing our global exports significantly. So both our global footprint and our global sales are growing.

Domestically we benefit from several important strategic advantages. All of our large-scale processing plants are located in the heart of the corn belt, giving us close access to our raw material and providing a sourcing advantage. All of our plants have unit train capability both inbound and out bound, giving us a freight cost advantage and pricing power. And all of them are connected to our unrivaled origination, transportation, and logistics network and our world-class merchandising capabilities as we leverage our ag services footprint.

Our sweetener and ethanol terminals are well located to provide cost-effective, efficient distribution of our products to our customers. And we export through ADM-owned facilities, providing us an efficient access to world markets. These well-placed assets and capabilities make us the go-to partner for our customers in the food, feed, fuel, and renewable chemicals spaces.

We have been steadily improving our cost position. Having a strong cost position is absolutely critical to our success. We have focused our operational efficiency efforts to ensure that we are the industry cost leader, and we're having some good results. As you can see by this pie chart, energy is the single largest contributor to our overall manufacturing cost, and a lot of our efforts have been focused on decreasing that cost on a per-unit or production basis.

This intensive effort has provided us the opportunity to improve our energy efficiency by about 40% in the last 15 years and about 10% in the last five alone. The good news is we see other opportunities beyond energy efficiencies in the form of other plant efficiencies, cost, and yields.

More recently we've really intensified our efforts around and focus around improving our yields. While we believe we have a competitive position in most of the products that we do produce, we've determined we may not be best-of-class in a couple areas, so we are redoubling our efforts there.

I will give you a couple of examples of some of the work that we have ongoing. In our ethanol business we are now manufacturing our own cellulase enzymes, which we are introducing into our dry mill ethanol production process. And we are seeing a significant yield boost.

In our animal nutrition business, at our lysine production facility, we have a very large effort in developing an organism that's much higher-yielding than our current bug. And in our renewable chemicals space at our US bio-based propylene glycol plant, we are well on our way to introducing a new, more higher-yielding catalyst.

So these are just three examples. And while it's certainly not all-inclusive with efforts we have ongoing in this area, these three projects alone when fully implemented will give us cost savings in the range of up to $50 million on a per-annum basis. That should translate directly to the bottom line.

At the same time we have been focusing on improving our returns with careful attention to our capital discipline and portfolio management. Since 2006 we've reduced our overall capital spending, and today a larger portion of that spend has been directed toward growth projects outside of the US, as you can see by the bottom pie chart. Moreover, in the 2011 through 2014 period, we've directed did about 40% toward cost improvement projects, which tends to have -- as Juan mentioned -- tend to have more certainty and provide returns more quickly to us than organic growth projects.

And finally, as you can see by the list on the right, we've been active in portfolio management. We've been taking decisive actions, exiting businesses that we consider underperforming. But at the same time, we have been increasing our spend in businesses that have the potential for higher returns.

I'll talk about one specific decision we made. In 2012 we took the hard decision to close our PHA business. We shuttered that factory and immediately began the process of repurposing the asset. After we made that decision, there was a small silver lining in the fact that we figured out there was a real shortage of world-class fermentation capacity.

Since that time we've had over 40 serious engagements with outside potential partners or technology providers as we look to deploy new products into that asset. Today I'm happy to report that we now have four active projects producing product and providing returns. And we have big pipeline of other opportunities that we are in various stages of due diligence on. That plant was cash flow positive last year, and this year it's profitable. We are very optimistic about the future of this business.

Now I'll turn it over to Craig Willis, and he will update you on our ethanol business.

Craig Willis - *Archer Daniels Midland Company - Vice President, Ethanol*

Thanks, Mark. And thanks, everybody, for coming this morning. I don't think it's any secret to everybody in this room that crude oil has dropped $20 to $25 a barrel over the last couple months. And it became really apparent to me when I walked in the door this morning, and it took me from the time I went from there to there to be asked what that was going to do to our business. (laughter)

So we are the cheapest octane in the world despite this $20 to $25 drop. If you look at the forward markets and you compare gasoline futures to ethanol futures in 2015, ethanol is trading at a $0.36 discount to gasoline. So a $0.36 discount to gasoline in spite of a $20 to $25 drop on crude oil.

On top of that, if you are fuel blender here in the United States, any gallon of ethanol that you buy comes with a RIN. And it's free. So when we sell to, say, a Shell Oil, they get a RIN with that transaction.

Today that RIN is worth is worth $0.60 per gallon to the blender. So not only are we $0.36 in the money versus gasoline, we are actually another $0.60 in the money on gasoline. So there's a strong economic advantage to use ethanol.

I talked a little bit about octane. And I'll give you a little background here on why octane is important. So at almost all of the gasoline refineries in the US, the gasoline that comes out of them is an 84-octane product, which none of you use when you fill up every day. A higher-octane product needs to be added, or component with that, to bring the octane up to the level that you buy at the street every day.

So ethanol fits that bill. And they combine ethanol; it's 113-octane ethanol, with the 84-octane that's produced at the refinery, to give us the 87-octane that's produced today.

The refineries do that because it's cost effective. To make that 84 is a cheaper option for them, and it's more profitable. So when that becomes important is -- it's probably more -- it's important on a domestic stage, but probably more on the global stage.

There's competing octanes such as MTD, reformate, and alkylate. And they trade at big premiums to gasoline. So just a couple days ago I refreshed numbers. MTD for 2015 is trading at a $0.40 premium to gasoline. Now, remember, I just told you ethanol is trading at a $0.35, $0.36 discount to gasoline as of this morning. So not only do we have strong economic advantage relative to -- economic advantage, we also have an octane advantage out there.

Let's talk a little bit about the S&Ds for 2014 and where we think we're going to end up. We think gasoline demand will end up the calendar year roughly 135.5 billion gallons. Ethanol is roughly 10% of that number, so we think domestic demand will be roughly 13.55 billion gallons.

We also believe that exports will end up roughly at 800 million gallons for the year. So that gives us a total domestic demand base of roughly 14.35 billion gallons, which we think is pretty close to full capacity for the industry. And we think the evidence of that is the solid margin structure that we enjoyed here over the calendar year.

So when I talk about exports, you can look though the slide there. Look to the lower left. We have a chart that shows net exports. And just to be clear, for some of you that look at these numbers weekly, that's exports minus imports, so I don't confuse anybody. In 2012 we had net exports of 171 million gallons. And look where we are here in 2014, and where we think we are going to be: greater than 750 million gallons. So we've seen a lot of growth there.

So where does that growth come from? So look over to the arrow there to the right. We love to point out on any location that we can that US ethanol is making its way into the heart of the Middle East, into crude oil producing part of the world, because of our octane and because of our price. You also can look at that chart and you can see -- and these are select destinations, and it's comparing year over year the first eight months of this year versus 2013. So other destinations are countries and such as Korea and India.

So we see the value in these exports. And the trade associations have continued to set up trade missions to countries such as China and South Korea over the past year. And we also have trade missions upcoming in countries such as Philippines and to Singapore here in the near future.

One other point I'd like to make on MTD and exports -- so MTD demand globally, we conservatively estimate for fuel is roughly 3.5 billion gallons. So remember I talked about the economics with MTD, talked about the octane. We also have a health benefit. Many of you in the room probably remember that MTD was banned in the US -- and it's really no longer used here -- back in 2006 because of groundwater contamination.

Well, it's still used all over the globe. So we feel, and this will be a long-term growth area; it's not something that's going to happen in the next month or two. But it's something we are working on, and it's market share we can chip away at. We think we have value there, and we have room to grow in countries such as China and Mexico that are big users of MTD longer-term.

So 2015 S&Ds -- as we go forward we think gasoline demand will be up a little bit. We are going to be conservative here; we are going to say it's going to be up 0.3%. Call it about 136 billion gallons, so 13.6 billion gallons of domestic use. We are going to say the export number is going to stay -- it's going to be at least 800 million gallons. And I know I was going to get a lot of questions on that today, so I polled a lot of people in the trade here the last couple of days. And in spite of this $20 to $25 drop on crude oil, we still believe we will be north of 800 million gallons as we go through 2015.

And part of the reason for that -- and this is probably pretty important -- if you look at the Brazilian market, which is really our only ethanol competition globally, today for 2015 Brazil is conservatively priced at $0.30 more than the US. So we have a competitive economic advantage there also.

And in our S&Ds, we are being conservative here. On gasoline usage we're only saying a 0.3% increase. With the cheaper retail prices we've seen at the street, I've heard quite a few estimates the last couple of days in the plus 1% to plus 1.5% range, so there's potential upside surprises there to ethanol domestic demand. And we see some evidence of that. If you look back to September data that the government provided, driving miles were up 2.3% in September. We've seen EIA data over the last month showing a 1% increase year over year, and more than that for the last two months. So we think the trend is coming our way.

E15 -- So my daily life is spent trying to get E15 out into the retail market. And I've been back in this -- on the ethanol side of the group for seven years. And I can tell you the industry is as focused as it's ever been on E15. So back in June we formed a -- the ethanol producers along with the National Corn Growers and a couple other trade associations formed the Prime the Pump Fund, which is a nonprofit fund set up to incentivize the use of E15.

I've heard personally from several retailers. They like E15 as a product. However, they would like somebody else to dip their toe in the water first.

So we are going to try to take care of that for them and try to take care of those early adopters, since they want to be the first after the first. And I can tell you, we started the Fund in June, and we have pretty good dollars behind the Fund.

We've signed several projects here just since the inception of the Fund. So you are going to see more dispensers at big cities at respective retailers across the US here over the next 12 months. And I can tell you we are in serious negotiations with retailers that many in this room have heard of, that have filled up that, that are respected -- probably more importantly -- by their peers. So I'd tell you to stay tuned to the headlines here over the next few months. I think we're going to see some positive news there.

One final topic I'm going to cover is transportation. We've seen a lot of headlines over the past year about negative PML effects, headaches, supply dislocations because of transportation. We think that ADM really shines here.

So ADM has six domestic ethanol plants. Five of those sit on multiple Class 1 railroads. So, for example, our Decatur, Illinois facility sits on three Class 1 railroads, which is pretty unique. We sit on the CN, the CSX and the NS.

On top of that, on top of those five ethanol plants, two of those plants also sit on the water. They sit on our inland waterway system, the Illinois and the Mississippi River. So we can load tanker barges of ethanol and take product to ports that can accept barges.

We think this gives ADM maximum opportunity to take care of arbitrage opportunities; supply dislocations; and, frankly, to give our customers a piece of mind that they are actually going to get or receive the product that they have purchased from us. I'll give you one final example, and I'll close up here on my one slide.

So we ship a lot of product down into South Florida, into the port of Everglades. Many times that's served or typically it probably should he served via rail out of -- Decatur, Illinois, is one of the origins. I had mentioned earlier we sit on three Class 1 railroads in Decatur. Two of those, the NS and the CSX, can ship competitively to Florida.

So, typically, if we are shipping NS; and let's say we have a derailment, a meltdown by the railroad, which we've seen here recently, we can simply switch those cards over to the CSX and serve that market via the CSX. If that option doesn't work and we run into a situation similar to what we had in Q1 of 2014, we could ship via barge out of our Peoria or Clinton, Iowa, facility; take the product via barge to the center Gulf, load it onto an oceangoing vessel, and take that product over to South Florida.

Or we have a third option. We can come out of our Columbus, Nebraska plant -- which, again, is served by two Class 1 railroads, the BN and the UP; rail that product to Houston; and take the product, again, over by vessel to South Florida.

So this isn't something we just talk about in investor presentations. We do this on a daily basis, on a weekly basis. And I think we get better at that every day as a group. We think it creates a lot of value for our customers, and we think it creates a lot of value for our shareholders, which is probably more important today.

So we are pretty proud of what we have. And I'm going to turn it over to Chris Cuddy now, and he's going to tell us how we like to fight for the grind within the corn group. And that's a good kind of corporate fight. Thank you.

Chris Cuddy *- Archer Daniels Midland Company - President, Sweeteners and Starches*

Thanks, Craig. My name is Chris Cuddy, and my team and I are accountable for the sweetener and starch portfolio in North America. I want to start today by explaining to you the model that we have in sweeteners and starches and give you a sense for how we actively manage that model.

There's a few things you could think about when you think about our sweetener and starch model. One is the size and scale; second is the agility; and third is the optionality we have in our downstream processing. When you think about the optionality, therein lies the fight for the grind that Craig mentioned earlier. Also within that optionality we are always looking at product mix, plant mix, customer mix, price mix -- all those things to make up the margin structure for that entire model.

So if you think about the model, and I'm not as good an artist as Juan, so you have to visualize this with me. (laughter) So if you think about a big plant and break it into two pieces, if you think about this front-end grind, the majority of what the job for the front end is is to separate the corn kernel, particularly pulling out the starch, which we then move into the refinery, which has the ability to move that starch in many different streams. And that's the optionality that we have.

So that fight for the grind and that optionality in this refinery -- you have many different product lines, which I'll talk about, which are on this slide, that are managed by many different people. They are using all the same metrics that Juan talked about and that Ray will talk about, and everybody in between, which is ROIC, growing EVA, positive returns, stable earnings. In that, if you think about the front-end grind and the back-end refinery again, the back-end refinery has more capacity than the front-end grind can give to them. That's the fight.

The products today in the fight for the grind are the ones listed here. Sweeteners -- you know a lot about the high fructose corn syrup, which has been around since the 1970s and 1980s and predominantly used in the carbonated soft drink business. It has since migrated into the food and snacks space as well, where it acts as a sweetener; it gives mouth feel. It's also a humectant, so it keeps your cookies soft, and your bread soft, and your muffins fresh.

We also have a huge line of corn syrup portfolio. So if you think about corn syrup, it's a really thick, viscous product that not only provide sweetness, but it also has a lot of functionality. So from a broad range of products, starting from nondairy creamers into ice creams and frozen desserts, where it provides mouth feel; on into hard candies, candy bars -- so if you think about your Snickers bar, and your Almond Joy, and all the things that we enjoy tasting, especially on Halloween -- I'm sure you all dipped into your kid's bucket and had a few of those. Those are the things that go into the corn syrup lines -- jams, jellies, hard candies. Very functional products that they serve in those ingredients.

If you move on down into really higher-purity sweeteners, so the liquid dextroses, it even adds to the fight for the grind. So all the products, including Craig's ethanol, is fed a high-purity dextrose that comes from the front-end grind. That's really where the fight begins as well.

Sorbitol -- I'm sorry, let me stick to -- talk to starches next. The starch line is really made up of two different pieces. You have the industrial piece, which by far is the largest ag segment for the starch business, dominated by the corrugated box manufacturers, where it's used as an adhesive -- nonchemical sustainable adhesive in manufacturing corrugated boxes. It's also big in the paper business, particularly high-quality paper, for strength and the gloss that you see on brochures and things like that. In the food business it's used in gravies, and dressings, and sauces, and condiments, and the like. Marshmallows, even the molding starches that we use to make different jelly-type candies.

Sorbitol comes from the high-purity dextrose stream. It is a sweetener that's sugar-free and it doesn't contribute to tooth decay. So you see it a lot in mouthwashes, gums, and toothpastes.

The amino acid business that we have is primarily made up of lysine. That plant is in Decatur, Illinois. It's the largest amino acid plant in the world. And I'll tell you a little bit about lysine.

It's primarily used in the pig and poultry business. And amino acids are the building blocks of protein and necessary for conversion in animal protein from plant protein. Lysine has a few different things that farmers and the integrators need it for in their rations. Number one, it's economical, so it helps them develop a ration specific to the pig and poultry and depending on their point in the lifecycle.

Secondly, sustainability -- there's increased pressure for nitrogen offtake on these farms. And this allows these groups to essentially reduce the amount of nitrogen that they excrete in the waste.

The propylene glycol business is, frankly, an amazing business and used in applications for anything from airplane de-icers to the flavor systems that our friends at WILD use. So I'll just re-familiarize you with the products that make up our core and fight for the grind that most of you have probably heard of.

We're constantly looking for new products. And as Juan mentioned earlier, if you want to lop off always the bottom end of your margin stream, you have to come up with some new growing areas. And we continue to do that. And we are really bullish on the fiber segment.

Years ago we teamed up with the technology partner in Japan. And we purchased the technology, or licensed the technology, rather, from them. And our flagship fiber and, really, the gold standard for fiber in the world is a product called Fibersol, which we make from the starch stream. We are so bullish about this product that we continue to expand.

We are doubling our capacity in Clinton, Iowa; and it's part of our new Chinese plant in Tianjin. Adding on with that trend of fiber and the need, we are looking at other fibers like polydextrose, which fit nicely into our core model, our distribution model as well.

If you have been in the sweetener business for very long or you know much about the sweetener business, you will hear people talk about the Holy Grail of sweeteners. And when I think of the Holy Grail, it's really a product that is sweet, tastes good, has mouth feel, and doesn't have any calories. We are developing a rare sugar platform which is made from the dextrose stream or corn starch stream that will fit into that model.

From a fermentation standpoint, arguably one of the neatest, coolest things to come in our pipeline of fermentation in decades is the Omega-3 DHA. Like I mentioned with Fibersol, we have teamed up and licensed the technology that allow us to produce this from the dextrose stream through fermentation.

And the reason this is important -- if you think about the pressures on the wild fisheries in Peru and Chile, and those Peruvian catches that are providing the Omega-3 oils around the world, this is a sustainable way for us to produce it from dextrose.

Renewable chemicals -- I'm going to sound like a broken record here. But we teamed up with another group, Rennovia. They brought us the technology. We licensed it, and we are going to be producing some chemicals that are precursors for nylon -- glucaric and adipic acid -- again, from dextrose using our fermentation capabilities.

Enzymes and over-the-fence opportunity -- the enzyme business continues to grow, not only in-house in our own plants -- we produce our own enzymes in Clinton, Iowa -- but also we have some customers that continue to grow their business in that space. And we provide them the feedstocks, the dextrose, for their own fermentation.

We have also developed an over-the-fence platform where we have folks that simply put our over-the-fence -- they put a plant next to our plant. We pipe over dextrose, meter it over. So they want to be close to the source, and then they produce whatever they want to produce from it.

An example would be in Clinton, Iowa, we have Sethness Products that makes caramel color from our dextrose. Another example would be Red Star Yeast in Cedar Rapids, where we actually own a part of that. We own 40% of Red Star Yeast, which is the largest yeast manufacturer in the United States for bread and bakery products. We own 40%, and the other 60% is a family from Lille, France, the Lesaffre family.

So that's how that over-the-fence opportunity works. We continue to expand that, and we have a lot of things in the works today that we'll continue to fight for the grind with the over-the-fence.

Lastly, this slide is really meant to tell a story in a few different fashions. If you look at the 2009 high versus the 2014, you will notice a couple things. Number one, it's bigger. And that's to depict the growth in our OP over the last five years. 2009, four quarters, full year, our operating profit is the same as 2014 through the first three quarters. So if you extrapolate that out, the depiction is we have a bigger pie.

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Also the shapes and the pieces of the pie have changed. All of them have grown -- almost, with the exception of high-fructose corn syrup. So we continue to grow other pieces of the pie, diversifying the portfolio. And the goal is to continue to add pieces of the pie and segments within those pieces.

Lastly, I want to emphasize: this is a very stable business with positive returns, growing OP, and a strong cash flow. With that, I'll turn it over to Pierre.

Pierre Duprat - *Archer Daniels Midland Company - Director, International Business Development*

Thanks, Chris. We also see a lot of opportunities in the global market of starch and derivatives. This is today a 90 million-ton market, gathering three families of product: the starches, the sweeteners as glucose and HFCS, and the specialty ingredients that Chris described earlier.

You see on the upper part of the chart that this market has grown fast since 14 years, starting from 54 million tons in 2000. The main region -- US has been since decade the main market in starch and sweeteners. But China is now the main market since 2010. And besides these two markets we have EU and other Asia, including Southeast Asia, which are the leading markets.

Corn is the main raw material for starch and sweeteners. It covers something like 75% of the need. And besides corn, you have tapioca, wheat, and potato. As the leading originator, trader, and merchandiser of corn, we think we are well placed to capture a large part of this growth of the markets.

So where will be the growth in the future? Looking at the lower part of the chart, you see regions and you see products. If you look at regions, there is a need in fast-growing countries, in emerging economies, for simple nutritive ingredients. That's the case of glucose, native starch, and HFCS. So this a part of the growth.

In mature regions, as the US, as Europe, as Japan -- we will have a lower growth. But there is a need for sophisticated ingredients, so we will have a nice growth here in areas as polyol and low-calorie sugars, as texturizers, as fibers, and as health ingredients. So as a summary, we will have growth in fast-growing economies in both ingredients and in mature zone in specialty ingredients.

So this is a nice playground to develop the business. And we intend to do that through local operations and through exports coming from the US, because we have the best cost structure in the world in the US.

So as an example is China. China -- we have two kind of development. First one is about the feed business. We are developing pre-mixers plants. We already have two premix plants in northern China, in Tianjin and Dalian. And we are investing in a third one in Nanjing.

But the main investment that we will have in China is the food manufacturing complex, the food ingredient complex in Tianjin. Tianjin is located in the North of China. It's a port; it's close to Beijing. So we have two phase of development. We had the ribbon-cutting of the first phase 3 weeks ago, the fructose plant. So it's running now. And we will have the second phase next year, 2015, the Fibersol plant.

With these plant we intend to deliver the local market, Northern China, but also to export in Southeast Asia. And we are also exporting from the US in Southeast Asia. We are exporting sweeteners to the Philippines and to Indonesia. So that's a key example of what we want to replicate in the future for international development.

Saying that, I'll hand the floor to Mark for the conclusion.

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Thank you, Pierre. So the corn business is having an exceptional year. We are quite proud of our accomplishments. Thanks to the effort of the team, if we finish the quarter strong, we have the opportunity to have our best year in growth. And the good news is we see significant opportunities going forward for more improvement and more growth.

Significant cost and yield improvements are still ahead of us with our focus on operational excellence. We will continue to drive improvement in our industry-leading cost position. We will leverage technology to drive improvements in cost, yields, and inefficiencies. And we will continue to build the efficiency on our supply chain.

Diversification of our product and our geographic footprint are key to our strategy going forward. We will continue to diversify our grind into more higher-value, higher-margin products. We will work with our R&D team and leverage technology to develop new products to add in the fight for the grind. And finally, we will diversify our geographic footprint, our product portfolio, to serve the growing needs of our customers in a growing global marketplace.

So thank you. And with that, I will open up the floor for questions for either myself or my colleagues. And I remind you to please use the mic and introduce yourself at Table 6.

Evan Morris - *BofA Merrill Lynch - Analyst*

Evan Morris, BofA. Just a question on ethanol. You talked about the expectation, it sounds like, that the supply/demand balance is going to stay pretty tight into next year. Just trying to understand your expectation on margins next year relative to this year as well.

Craig Willis - *Archer Daniels Midland Company - Vice President, Ethanol*

Obviously, we have got a great margin environment this year. I guess going forward -- to think we're going to have dollar margins like we have today, probably not going to happen next year. But we think it can be a solid year next year, though.

Cornell Burnette - *Citigroup - Analyst*

Cornell Burnette, Citigroup. Mark, you talked earlier a bit about some of the transportation issues in the industry. I think we probably see that now with New York Harbor ethanol trading about $0.70 per gallon above gasoline last week, presumably because of transportation bottlenecks in getting ethanol from the Midwest to the Coast.

Is that something that you can take advantage of, given your vast transportation network? And then, too, just how long do you think we will have this situation along the Coast?

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Maybe I'll start, and then, Craig, if you want to jump in? Obviously, we think that's a strategic advantage for us: our footprint, our logistics and transportation network, the leverage we have there -- if you look at last year, not just in the ethanol business, but in some cases people couldn't get corn to run, plants. In our sweetener and starch business we saw customers not get product, which we stepped in and filled in to ensure that they continue to have -- so we continued to run. We continued to run our plants hard, and we continued to service our customer needs in the very difficult period we had last year.

Will this year be as bad? We don't know. We'll have to see. But the bottlenecks are already developing in the rail system. I don't know, Craig, if you had anything to add?

Craig Willis - *Archer Daniels Midland Company - Vice President, Ethanol*

You are exactly right. I mean, we look -- you look back to Q1. I don't think I mentioned this in my speech, but we ran at a 13.7 billion gallon rate in Q1 of last year. And we need a 14.4 billion gallon rate, really, we think, in 2015.

And I was looking at some numbers in October of our transit times this fall. And actually, we had some of our slowest transit times that we've had over the last two years in the month of October. So there's still room to have issues here as we get into the winter. And I don't know that we have a large amount of confidence that the rail situation is going to get better. So we are paying close attention to that. And it's definitely a key variable on next year's S&Ds.

Michael Piken - *Cleveland Research Company - Analyst*

Michael Piken from Cleveland Research. A couple questions: number one -- on the chart you talked about the energy cost savings. How much of that is due to lower natural gas costs versus operational improvements that you've made in your plants?

And then the second question relates to the margin structure of the wet mill versus the dry mill ethanol plants, especially in light of China's recent restrictions on DDG imports. Are wet mills running at a higher margin than the dry mills right now?

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Yes, so two pieces there -- the first question, the cost of the underlying energy was not part of that graphic. That was only in efficiency. So it was actually BTUs per bushel. So that's what we can control, and so that's what we are controlling.

And then the second piece -- traditionally, obviously, wet mills afford you a lot more opportunities. You've got a lot of different things that you can do. You produce more higher-valued coproducts. If you look at the total grind capacity in the US, about 10% of that ethanol grind capacity is in wet mill, and we have the largest share of that.

So we think that's a competitive advantage for us. It gives us a lot of flexibility where we can direct streams to other products and use flex capacity. Certainly DDG's are impacting that today. We've seen the spread between the margins on ethanol in dry mill and wet mills get close at times. But it's a fairly wide spread today.

Eric Larson - *Janney Capital Markets - Analyst*

Eric Larson, Janney Capital Markets. Two questions -- when you talk about fighting for the grind, talk to me about the front-end grind capacity. Are you seeing -- it seems like HFCS 55 is probably declining maybe 1% to 2% a year. Are you contemplating adding grind anytime soon? And what is Ray going to say when you go ask for some capital for some front-end grind?

And then the second question is: you talk about yield -- your enzyme yields for increasing your yield on corn, particularly in the ethanol side. If you use an industry standard of 2.8 gallons per bushel, where do you sit with that today? And where could it go if both enzymes continue to improve?

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Okay. So maybe I'll let Chris take part of that question first with respect to the HFCS demand.

Chris Cuddy - *Archer Daniels Midland Company - President, Sweeteners and Starches*

Unless something changes really soon, I won't be asking Ray for any money to add 55 capacity. (laughter) There are some things that the groups behind me will talk about that are going to continue to increase the fight for the grind that will use high-purity fructose to make new products.

So it's possible. But I'll also tell you that the market today is flat. It's actually up domestically, up about 0.5% if you look at the nutritive soft drinks. And you may know that the diets are down 7% to 8% kind of numbers. So today, here in the United States, we are flat, if you can call it -- it's up 0.5%, but that's close enough for flat to me.

We still see opportunities in Mexico. And Pierre noted that we are actually loading hundreds of containers that are bound for Southeast Asia per week out of our facilities here that are hauling high-fructose corn syrup into those areas. And we continue to put boots on the ground in those areas that Pierre is responsible for that allow us more flexibility for our plants here in the United States, but also some optionality for our Chinese plant.

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

I will tell you, though, if we ask Ray for money, it goes through a lot tougher screening now. With respect to the front-end grind, we don't have any immediate plans to add to the grind. We continue to add to the capacity on the backend and the opportunities on the backend. The one thing we do is we continue to get more efficiency out of all of our assets. So we get some incremental grind creep by debottlenecking and getting better efficiency -- doing things better.

With respect to the ethanol yield, there's a lot of numbers out there about what industry capacity or standard is. We don't disclose that, but I will tell you, we are competitive.

Ann Duignan - *JPMorgan - Analyst*

Can you talk a little bit about the threat of the Brazilian government events, that they will give a 3% tax incentive for sugar and ethanol exports? Does that do anything to the competitive lens next year for the Brazilian exports?

Craig Willis - *Archer Daniels Midland Company - Vice President, Ethanol*

I guess in talking to other traders who are more active in that market then I am, we still are -- the 800 million gallon number that I talked about -- that's kind of incorporated in that number. We still think that we are going to hit that 800 million in spite of that.

Ann Duignan - *JPMorgan - Analyst*

And then as a follow-up, could somebody address why ADM is in the enzyme business? It seems like a far stretch from grinding corn.

Mark Bemis - *Archer Daniels Midland Company - SVP and President, Corn Business Unit*

Well, we've been in the enzyme business for a long, long time. We have some pretty efficient assets that can make enzymes, so we license technology from the providers. At the same time we use a lot of different enzyme companies to provide us enzymes. So we buy them and we manufacture them. And they are also our customer, so we supply them the raw material to feed their bugs.

Farha Aslam - *Stephens Inc. - Analyst*

Could you talk about the RFS, and -- you didn't discuss it today -- the delay in the RFS. Why do you think it was delayed? And how do you think that's going to work out for the industry and for ADM?

Craig Willis - *Archer Daniels Midland Company - Vice President, Ethanol*

I mean, I think we just -- we remain cautiously optimistic would probably be the best way to say it. I think we are glad that the EPA has stepped back and is taking another look at their methodology. And we are going to continue to work with the policymakers to try to get an RVO type number that we want to achieve.

Christina Hahn - *Archer Daniels Midland Company - VP IR*

And I think we're going to stop here and break for lunch. It's going to be in the room right next door. And then we'll meet back here at 1:15.

PRESENTATION

Editor

C: Matt Jansen;Archer Daniels Midland Company;SVP & President, Oilseeds Business Unit

C: John McGowan;Archer Daniels Midland Company;VP, North America Crush

C: Valmor Schaffer;Archer Daniels Midland Company;President, South America

C: Renee Roberts;Archer Daniels Midland Company;Director, National Sales Refined Oils

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

So good afternoon, everyone. My name is Matt Jansen, and I'm Senior Vice President and President of our Global Oilseeds business. I hope you all had at least a chance to take seconds for the dessert. We are all about creating more demand for our products. So, that would be greatly appreciated. We are the starting lineup for the afternoon session, so try to keep you awake.

I'm joined here on the stage. Renee Roberts is our Director of Sales, Valmor Schaffer is the President of ADM in South America, and John McGowan is our Vice President of our North American Crush.

As you think about ADM global oilseeds and what's next and how we see our future, there are a few key points that we want to touch on here. First of all is the focus to improve our returns and grow EVA. We are ADM's largest business segment. But just because we're the largest doesn't mean that we don't have, let's say, have achieved our potential. We have lots of potential to unlock, and we're going to talk a little bit about that through the course of our part of the discussion here.

Innovation and changing our product mix. That's something that we have to continue to do. We've made a lot of good progress. Renee is going to talk about that in her part of our presentation. But, there is real opportunity for us in that space.

Achieving further cost and productivity savings. Mark Bemis mentioned in the corn group of some of the potentials and some of the opportunities they have in improving efficiencies and reducing costs in the operations, and we in oilseeds also have a very large business, a lot of moving parts, and we have similar type opportunities to reduce our costs and to improve our efficiencies and portfolio management to drive returns. That's something that in oilseeds we've done aggressively. We have a continuous review of all of our businesses. There are really no sacred cows or something that is hands-off. We expect all of our businesses to deliver. Most recently we have sold our South American fertilizer business. That's due to close still this year, and we've announced the sale of our chocolate business. Juan mentioned that as well. And that's set to close in first quarter of next year.

And so, I mean just as an example of how we aggressively intend to manage our portfolio across the division.

Now, our global oilseeds footprint is both deep and wide, and we have 44 processing plants and 72 value-added plants in 12 countries. So, it's roughly 13,000 colleagues across the globe, and we do business in just about every country where we are legally allowed to do business.

And we have joint ventures. We have wholly-owned subs, as well as very strong relationships with other companies. One of our stakes is just over 16% stake in Wilmar, Asia's largest agribusiness. And that's really a unique relationship that we have with Wilmar, and it's actually has -- there are many levels to it. As I'd say at the highest level, obviously we have a material financial investment. Juan sits on their Board of Directors in Singapore. Wilmar is ADM's largest customer overall, predominantly in soybeans. We buy a lot of product from Wilmar in terms of palm oil for our North American and European refineries and businesses. We even have joint ventures. We have a refined joint venture in Europe called Olenex, and we collaborate in many other aspects that Juan mentioned in the procurement as well as innovation. We work very closely together with them.

And so, if you think about oilseeds, it's roughly $35 billion in revenue. Last year we made $1.5 billion in OP. Crushing and origination is our largest component of the space. Refined package biodiesel is second, and we'll touch a little bit more on some of that insight as you -- as we move forward.

There's also a component of ag services in -- within oilseeds in both South America and Europe. So, in our South American business model, we have a network of elevators, a barge transportation company, as well as trucks and railcars. And we also have a system of origination network in Europe, predominantly in the UK, Germany, and in Poland. So, just to kind of try to solidify the total footprint of what our profile looks like.

Juan touched on some of the trends that are going on in our industry, and frankly just about every aspect of our industry is growing. If you think about the -- over the last 15 years, soybean meal demand is up almost 170%. Oil demand is up over 200%. But that's not just -- we have lots of product lines within our business, and if you think about oilseeds, it's not just the savings or not even just soybeans and canola, which are large components of our business. But we also have sunflower seed crushing. We have flaxseed and linseed, cotton and even peanut processing. So we are a very diverse business on top of being the most global business within ADM. And these trends that are going on in our space let's say, first of all, production is growing in most areas. And so Valmor will touch a little bit on some of the opportunities we see in South America. But that's a real opportunity from a crushing and origination standpoint, as well as a value-add standpoint.

As we think about growth in for the next few years, although the markets are growing, our perspective is not just some unbridled go out and get big and everything. It's actually quite focused and strategic. We have -- how we deploy capital will play an important role in our growth over the next few years. And I mentioned the two sales that we've done with chocolate and with South American fertilizer. That is basically unlocking about $800 million in cash that we can redeploy in higher-margin, better returning type businesses.

One of the most recent acquisitions we made was the Harrell Nut Company. It's a pecan company in the southeastern US. Valmor and I were just down in South America recently where we inaugurated our new port in Belem, and Joe made a couple of really good points about the value of ports within our total network, and that's something that we are very optimistic about. But really at the end of the day, it's how we are going to deploy our capital that is going to play a big role in our success.

You can think about growth in a couple of ways. One is geographic expansion, and here again is the footprint map. But really what that is, that's doing a lot of what we do already, but doing more of it and oftentimes in other places. And so, that means to -- in the existing assets, crush more, produce more, better capacity utilization, and it also means in places where we are not, then we want to try to focus on growing.

The other value stream is our value-added portfolio, and this is something that is I think the most promising of all of our different business segments. And last year in North America in our value-added profile, our portfolio within oilseeds, we actually made more money than we did in our crushing and origination business in North America, which had a really good year. And that's not something that's entirely visible to the outside world, but we want to call it out today, and we'll give you some -- a little bit more insight on that as we go through our discussions today.

So, we have about $240 million of depreciation expense within our portfolio, and if you think about going forward and what's next for us, we've got John McGowan. I mentioned we are the most diverse segment within ADM, and John, if you don't mind, would you share some of the diverse businesses that we have? Provide some more color?

John McGowan - *Archer Daniels Midland Company - VP, North America Crush*

Absolutely. No problem. Thanks, Matt. Good afternoon, everyone. As Matt just said, we've got a very diverse business geographically. I'm going to talk a little bit about the diversity of our earnings. As you can see, over half of our earnings come from the crushing and origination part of our business. But I think it's important to note that almost a quarter of our earnings come from the further processing of some of our base products, and this would include things such as biodiesel or some of our blended and refined oils.

In Asia, we have our investments in India, as well as our investment in Wilmar that both Matt and Juan mentioned earlier.

So, talking a little bit more about crushing and origination, most of the time when people think of our crushing and origination business, they automatically think of soybeans. And it's true that 45% of our earnings do come from soybeans, but over half of our earnings come from feedstocks other than soy. We are a leading processor of rapeseed in Europe. We've got a leading position in Canada on canola, and here in the United States, we've got strong positions in both cottonseed processing and in sunseed processing.

So, while our business is very geographically diverse, we are very feedstock-diverse as well.

Now, what underpins these earnings really is our daily focus on growing, optimizing and innovating, and there's a lot of examples on how we do this. I'm going to start with talking about a little bit about how we focus on being better operators of our facilities.

Now, every year we've got a portfolio of projects that we are working on to try and do things such as improve energy efficiency, improve yields, reduce water usage, and things like that. I'm not going to get into a lot of details on what those specific projects are because a lot of those are the result of a lot of in-house knowledge we have with our production teams and output from some of our R&D work. But what I can say is that in 2014, we have executed on projects in this space that we believe will deliver between $30 million and $40 million in annualized earnings going forward. And for 2015, we've got another line of projects that we are planning on executing that will deliver an additional $30 million to $40 million in annualized earnings. So, clearly there is a strong emphasis in this area for us.

Debottlenecking is another point of emphasis that we look at all the time. Debottlenecking is looking at existing plants and improving processes, improving technology to try and unlock low-cost capacity. Now, depending on what type of plant it is or where you are in the world, this could be $0.50 lower-cost capacity per bushel than if you were to make an investment for a similar amount of capacity through a greenfield.

And we've just finished projects in Canada, in the UK, and in Poland just in the last year that does just that. And, this is a really an opportunity for us to continue to grow responsibly in a low-cost manner.

Finally, I want to talk about logistics. And you've heard a lot about logistics today, but it certainly applies to our business as well. It's one of the more significant costs to our business. We are always looking at ways we can be more efficient logistical operators. And in a few minutes, Valmor is going to talk about some of the things that we are doing in South America in this space. I'd like to talk about a particular project that we've just finished in the past year in Decatur, and that's what we call our multipurpose facility where we've effectively taken one of our largest crushing plants and tied it logistically with our ADM-owned and operated railyard and basically joined it with a conveyor.

So, what does that get us? Well, first of all, it gave us access to additional Class I railroads, which gives us more optionality on where we source our raw materials and where we ship our products. That allows us to enhance our margins further.

It also gave us the ability to receive and ship 100 car unit trains of products and raw materials. So, what does all this mean in real life? Well, just look at a couple of examples here in the past six months. This summer there is a severe shortage of soybeans in the United States, one of the lowest carryouts on record. Very difficult to procure.

What we were able to do at this facility was be able to take 100 car units of soybeans from as far away as North Dakota and bring them all the way to Decatur, Illinois, often at $0.20 to $0.30 lower cost than if we had bought them locally in Illinois. And really, the savings was a lot more than that. If you think about it, it was really the difference between running your plants and not running your plants because supplies were so tight.

So, in a $1.00 promotional crush margin environment, that really drops to the bottom line very quickly.

Now, fast forward to the situation we have here today. Freight is very tight. It's hard to find railcars. By shipping 100 car units of products outside of our facility, we are actually able -- not only are we able to capture lower rates, but we are actually able to turn our cars faster. And when cars turn faster, we are able to load them more often. So it effectively gives us access to more freight. And we've seen examples just in the past few months because of the tightness in freight where the difference between loading a truck and loading a railcar could be up to $40 a ton. And again, just like this summer, there's been times where really it could of been the difference between running your plant over a weekend and not running your plant over the weekend, and in the margin environment that we are in, that's real money.

So, I think this is a project that really I think epitomizes a lot of the different things that we are doing in different parts of our business across the globe.

So, with that, I'm going to turn it over to Valmor to talk a little bit more about South America.

Valmor Schaffer - *Archer Daniels Midland Company - President, South America*

Thank you, John. Good afternoon. Talking about South America, South America is the largest global producer of soybeans. For the 2014/2015 crop season, it is estimated to produce 5.8 billion bushels, which is something around 47% over the United States reduction, and it keeps growing.

As you can see, in this map the state of Mato Grosso, which is in the center west of the country, the largest grains producer in Brazil, is estimated to grow at around 4%, maybe 5% per year within the next four years. But there are other four states in the North of Brazil, Maranhao Tocantins, Piaui and Para, which are estimated to grow at a much higher growth rate in the same period, approaching 20%. This is what we call the new frontier in Brazil. Still plenty of acres to come into production. Preserving the Amazon Bioma.

ADM is strengthening the focus into that region, as you will see in the map. ADM has a large footprint in the traditional production areas in Brazil. In green you can see those additional production areas. Our exports flow from this production area to the ports of Santos, Aratu, Tubarao and other reports in the South. You can see all of those ports in the eastern part of the country.

Our next step is strengthening our focus on the new region, but still talking about the traditional areas. Some of the production areas are, I would say, more than 1000 miles far from the ports, which imply in very high cost rate. The model of transportation serving those ports is based upon trucks and railways which are not the most efficient in our region. So, that's why we are strengthening our focus towards the north -- northern region where we have seen the production will grow at much faster path. But we are still preserving our strong operations in Mato Grosso.

So, you can see in blue, those blue arrows basically river ways. So, the model for that area is much more efficient than the model towards the east. It's based upon barges and trucks and even one railway -- one existing railway, and on top of that, there are some other railways being planned to be built in that region.

So, nowadays, our focus is very strong in that region, and you will see that in the next slide.

Considering the distance today from some parts in the north of Mato Grosso to the Eastern ports, the freight can reach something around $3.00 per bushel, which is from 25% to 30% of the price of the beans. And that's why we are capitalizing on our -- on this new trend for the production -- for the trend for the production growing in the northern part of Brazil.

As you know, ADM bought -- acquired a port in the Belem region called Barcarena port. This port started operations in the middle of 2014. Its current capacity is for 1.5 million tons, and it will be receiving investments to grow up to 6 million tons in a couple of years.

This port is strategically located for those areas you have seen, and on top of the port, we will be also investing in our origination in storage. We're going to increase our storage capacity towards that to feed that port. We will also invest -- we are planning to invest in river terminal inland river terminals. And definitely ADM has a strong knowledge and large fleet of barges in South America, both in Paraguay and in the Tapajos River in Brazil. And we will base upon this strong knowledge to build our own fleet also to feed the port of Barcarena in the state of Para.

I will jump to the second box here to talk about our strategy to add value in the region. This facility you have seen is beginning the construction. It is our protein plant being built in the city of Campo Grande in the center west of Brazil. This is an investment of $250 million. It's the current largest project being built by the Company globally. And once in production in the middle of 2016, this facility will be producing specialty functional proteins and isolates. These proteins serve to -- will meet or will meet the growing consumption in the region for healthier foods and beverages.

The applications, which use those proteins are basically nutrition bars, meat products, and also beverages. As you are aware, Brazil is a leading producer and exporter of meat and meat products, and Brazil has a very robust industry, dairy industry. Very robust growing -- the dairy industry in Brazil grows at a rate of 6% per year.

So, our proteins will serve those applications giving or I would say having the objective of enhancing quality and taste and decreasing the cost of production of those applications.

So, this is our new plant in the city of Campo Grande, as I said coming into production in the middle of 2016.

Currently, ADM's supply in South America from its plant in the United States. Once our plant in Campo Grande will be operational, we will free up the constrained production of proteins in the states to serve all the global customers. We will be serving the neighboring countries primarily, the neighboring countries in South America, in Latin America, and we will be -- we will be, as I mentioned, freeing up the constrained production, giving another advantage to our customers. Our global customers will have an option in North America and the other option in South America to supply their needs. Nowadays they have our plant in the United States as a single option.

But ADM is also capitalizing on the trend for healthier foods, the trend of higher consumption of healthier oils and fats in our region. So, we just recently acquired a crushing plant for sunflower seeds. This plant is located in the state of Mato Grosso where we have some -- I would say good production of sunflower right now.

The sunflower oil consumption in Brazil grows at a path of around 10% per year. So, the next step is the launching of our canola oil line, which would be coming shortly, maybe in the first quarter of 2015. The canola oil in Brazil grows at an even stronger path than the sunflower seed oil. So, around 14% to 15% per year.

So, in parallel, we have been also working in innovation in packaging to supply efficiently the food service market in the region. And we are also analyzing, and we are also -- we are always looking at the radar screen for potential investments in other oils and fats in South America.

With that, I turn to Renee.

Renee Roberts - *Archer Daniels Midland Company - Director, National Sales Refined Oils*

Thanks, Valmor. Good afternoon, everyone. Earlier in our presentation, John talked about how further prospects, which includes biodiesel and refined, both are packaged goods from our partner, Stratus, and both items made up one quarter of our profits over the past five years.

So I wanted to take the next few moments to explain to you a little bit more about the dynamics of our current business and what we plan to do to grow and diversify going into the future.

So, we'll start off with asking, what is a refined oils customer? Most of the things that usually come to mind are french fries and, since we are just coming off the holidays, frying of turkeys. And while those are really important customers to us, we also have customers that range from snack food companies to nutritional to consumer packaged good companies, and then let's not leave out our industrial customers. Those are the customers we don't -- that don't always come first to mind, but those that produce paints, tires, asphalt, all growing in these industries.

With the changes in regulations and also in the way our consumers are thinking about health and wellness, we are being asked by our customers for different things as they are being asked from their customers. They are wanting products that are healthier, that taste as good if not better, have further shelf lives, and of course, they want them at the same functionality and the same economic benefit that they've seen in the past.

So, with that, we need to continue to enhance our current portfolio. You've heard a lot in this presentation about the diversity of our product line. We're not just soybeans. We're not only canola and sun and all of the products that you're used to hearing about in oils. But we thought it was good to put on the screen again to talk about how we are cotton, canola, flax, palm, peanut. We have nine base oils. These base oils are our building blocks.

So, as we go forward, what we're going to emphasize are blends. That's our major emphasis right now. So in taking these nine building blocks and combining that with the first-in-class research and technology that we have, we believe we're going to be able to come up with a lot of products that will satisfy the functionality that our customers are asking for.

Along with that, we control the seed back to the crush. So, that gives us a lot more control over these oils, and with where our products and refinery locations are, we have a lot of risks that we are taking out of the system with regards to locations also. And the nice fact that is of our 11 factories, eight of them already contain more than one oil. So we are very much setup to move forward in the future with where we want to go with blends.

We also believe that as we go up this value line of specialties on blends, we will also increase our profitability. And so that's why that's what we are focusing on.

We also think that sustainability is something that's important not only to us but to our customers and what our customers are going to be asking for going forward. We were the first in North America to work with a major customer to source a sustainable bean that they were then able to comply with their customers sustainability. This was a challenge, and I know this firsthand because I worked on it. Because there is no third-party application that gives you a checklist of things that you need to do to say that you've got sustainably sourced.

So the great thing about working like a company with a company for a company like ADM is the fact that we've got contacts everywhere. So we started talking with our finished product customer, found out what they needed, went to our farm customers across the businesses of ADM, worked with industry organizations that our government relations folks had fabulous relationships with, worked with our sustainability people and even brought in a non-for profit field to market, and were able to come up with a product of a refined oil that again met the product needs and went from essentially field to fork of what our end product customer needed.

We were really excited about finishing this because this gives us a chance to show that we were able to do something that a company that didn't have the depth of ADM probably wouldn't be able to do. And so it set a platform for us going forward, and it was something that we believe we are going to get value for and was diverse going forward.

It's also important as we're going down the line to sustainability to recognize the fact that we were the first in North America to announce our intention of sourcing mass balanced, sustainable palm by 2016. This is important because we were the first to do this. We want to be a leader as we go forward in refined oils, and we believe that whether it's regards to sustainability or new products, we want to be that person that -- we want to be that company that is the leader.

We talked a lot about value-added products. But I think it's really important to note for everybody in here that value-added isn't anything new to oilseeds. If you look at the screen on the right-hand side, we have six products that will be standalone products going to our new WILD Flavors and Specialty Ingredients divisions that we are very proud were born and raised here in oilseeds. So we are excited to see them continue to be successful with the WILD group, and we look very forward and up to the challenge of getting new value-added products as we go forward in oilseeds.

So moving on, let's talk about an example of where we are building a business, and we start with Golden Peanut and tree nuts. In 2011, Golden Peanut was a JV that we bought and became -- we finished buying out and became a wholly-owned subsidiary of ADM. Since then, we have bought pecan and peanut operations in South Africa. Matt talked about the pecans that we bought here in the US this year. And so we've transformed from a single commodity to a value-add and also transformed our logo and our identity.

So, as you can see, with our new logo, we still plan to keep peanuts at the heart of what we're doing, but we also want to hear what our customers say and have a healthy and convenient snacking to continue the growth of nuts and to also diversify our business.

So, we had to come up with one example of expanding our business, and I've got to tell you that that was hard for me to do. Because when we look at the JVs and where we're going in this business unit, that's one example.

So now that we've talked about the value-added products, you've heard from a couple of our different businesses, and you have yet to hear from our WILD Flavors and Specialty Ingredients group. How do we go to market with all of these products?

I'm excited to say that we are rolling out this year a formalized customer relationship management tool. This is being spearheaded by oilseeds, and oilseeds will be the one that rolls it out globally. But it also has all of the -- it also has all of the support from everyone across the Company, including the top. I've jotted down a lot of notes of what Juan talked about during his speech of the customer, and I wanted to regurgitate most of them. But it got to be too many, and I know I hear them all on a daily basis. But it's something that is very important for us.

We are -- essentially with the customer relationship management tool, we've got three main goals of what we think we're going to accomplish. And the first is shared intelligence internally. So creating a single shared resource for storing, tracking, and assessing customer data, Juan talked about if only ADM knew what ADM knows. This is going to be a perfect tool to capture that across the businesses. We have so many businesses. We have so many people that are being pulled in different directions. We're going to continue to be a lean company, a large company that runs like a small company, and so how do we best utilize these assets? We believe that a formalized tool such as this is going to be extremely helpful on that.

We also talk about the customer experience. Being Director of Sales, I love to hear things about the customer and also profitability. And so, when we mix the two together and talk about how we can better visit our customer, all as one ADM and how we can make that experience for our customer, I think just is going to say lots of things about the great brand of ADM.

And finally, sharing best practices. We have so much to teach each other, and so how can we do that better together and learn from our mistakes and also learn from what's gone very well and make it efficient in the communication that we do. It's all going to be very important to us.

So, with enhanced systems and also with all of the new value-added products and everybody coming together, I'm really excited to be a part of ADM and, as Pat said, look forward to our bright future.

And with that, I'll turn it over to Matt.

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

So from a ADM global royalties perspective, what should you expect to see from us or what should you expect to see us doing? I think the first thing is that if you think about a ridged -- let's say a traditional crushing and origination model, that's what I call commodities in, commodities out. So that's soybeans going in, soybean oil, soybean meal going out, roughly or in large part as commodities. You should expect to see from us an accelerated shift from more of the commodities end to higher-value, value-added products on the product side. That's where we intend to deliver higher and better returns and more EVA to the Company.

Now, Mark touched on some of the South American opportunities that we have both in the origination and logistics standpoint as well as in the value-add space. And then lastly, oilseeds will continue to be an incubator so to speak of other businesses and product lines where we can let's say nurture and grow businesses. And then as Renee mentioned, most of the businesses coming out of the ADM network and are going into the WILD Flavors and specialty ingredients come from oilseeds. So these are businesses we've had for a long time. Matter of fact, I'm probably the least satisfied with all this old ADM because they are some of the best returning businesses that we have in the whole group. So we're going to pass those over to the group you're going to hear from next.

But again, we've had these businesses for a long time, and we continue to grow and nurture these and now actually are -- I characterize it as sending my kid off to college in terms of proud to see it be where it can stand on its own and then take on with the WILD Flavors group and form a new vision -- new division. So you can expect to see that also from the oilseeds group as time goes on.

So if Christina says we have time then we've got a few minutes for some Q&A, and I would open the floor. Sure.

Adam Samuelson - *Goldman Sachs - Analyst*

Adam Samuelson, Goldman Sachs. You just referenced in the closing remarks there commodity -- moving away from the commodity in, commodity out model. There's still some large parts of the business -- cocoa, biodiesel in Europe -- that generally would fit that mix. Can you talk about the outlook for those businesses and some of the actions to improve the consistency of returns there?

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

Sure. We are still -- we're not going to deviate from what we do. And we consider this long value chain a very critical part of our strategy. So if you think about European biodiesels today, 15 years ago, that was really a good business to be in. Today, it's more challenged. And so really what we're doing there is focusing more on the food space and focusing more on the innovation and the other applications for oils, as Renee mentioned. There's other, less visible applications on the industrial space. So let's say not -- probably not putting a lot of money towards the -- growing the biodiesel business so to speak in Europe.

And from a cocoa standpoint, we just announced the chocolate sale, and I think that's going to close sometime in Q1. The best that we can tell at this point, there's still some antitrust review going on there. But really what we tried to do there is focus on getting the capital -- let's say the working capital down, right sized for the business, focusing more on profitable customers rather than just selling to a broader asset base. And so it's really tightening the belt and running a business the way that we feel it needs to be run.

Rob Moskow - *Credit Suisse - Analyst*

Thanks. Robert Moskow, Credit Suisse. Matt, I think it was only a few years ago that oilseeds was still expanding processing capacity, and that has obviously changed and probably for the better. Can you give us a sense of where you think industry oilseed processing capacity is right now in North America? Is it down year over year? Has that improved processing margins for the industry? And where do you think your own processing plans are?

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

Yes, I will talk kind of from a -- maybe from a global perspective and then ask John to talk a little bit about North America if that's okay. Yes, if you think about the plant that we built in Paraguay, for example, we first of all would prefer to buy rather than build. But in that particular case, there was really no opportunity for us to buy anything there. So what we did was we found a very strategic spot, which is along the river there, where we have very much an integrated process from the ports with our own barges up to -- we are bringing fertilizer up and then products back. So it's very much an integrated process. But in terms of on a global basis, new capacity coming online, there's not a whole lot of new capacity being built.

Now, I will say that, for example, in today's margin environment, especially in North America and Europe, the industry as well as we are running pretty much as hard as we can. And we've also made investments along the way to improve our capacity's existing facilities, debottlenecking. That's what John mentioned. And so there's probably a lot of that going on even in the industry. I can tell you we are certainly doing it.

But in terms of large, new construction greenfield sites, there's not a lot of that going on. In Brazil, for sure not, and anywhere in South America, I don't believe. The US also is -- it's a pretty disciplined industry generally speaking. I would say from the September through March -- maybe even April runs at the most part full capacity.

Unidentified Audience Member

(inaudible -- microphone inaccessible)

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

Well, we closed our own plants. We've closed plants in Kansas City. We've closed plants in Galesburg, Illinois. But at the same time, we opportunistically frankly bought a plant in southwest Missouri a couple of years ago. So there have been -- I think one of our competitors announced a -- the closure last year of a plant in Iowa. So I don't know, John, you want to add to that?

John McGowan - *Archer Daniels Midland Company - VP, North America Crush*

Raleigh as well in North Carolina. So no, I was just going to mention what Matt did about a few years ago and really over the last few years, the industry has really done a lot of rationalization across the board, and in the business seems to be a little bit more right sized. They will continue to be debottlenecking. We've got a very healthy livestock industry here in the United States. So as our customers grow, we will have to grow with them. But for the time being, it's -- things are very disciplined.

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

One more?

Cornell Burnette - *Citigroup - Analyst*

Cornell Burnette, Citigroup. Just real quick in the fourth quarter, oilseed crushing margins, Chicago Board of Trade have been outstanding. About 2 to 3 times greater than historical average. One, what do you think is driving that? And then more importantly, how sustainable are these margin levels going forward?

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

Go ahead, John.

John McGowan - *Archer Daniels Midland Company - VP, North America Crush*

One thing that was a little bit different this quarter is we came in with a really empty pipeline. And so that pipeline needed to get refurbished. And then on top of that, as everybody knows, there's been some really difficulties -- difficult times on logistics. So you kind of those things together and we've kind of emerged into this kind of environment.

That said, as Craig Willis mentioned earlier, these logistics issues will probably be with us for a time being, probably into the first quarter at least. And then we will be in a situation that we are in every year where we have to transition from North America to South America. The US adjusts crush accordingly in a rather disciplined way every year. So it's nothing that we're not used to. And as I mentioned just a little bit ago, we've got a healthy livestock sector here in North America. Pork and poultry are both expected to grow -- have good growth years in 2015, so we are optimistic about 2015 margins as well.

Matt Jansen - *Archer Daniels Midland Company - SVP & President, Oilseeds Business Unit*

Okay. I'm getting the hook here, so thank you for your time.

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

Well, we're happy to be here today to introduce you to the new business unit, the WILD Flavors and special ingredients business unit, where we have some great products and extremely great capabilities now to really help our customers in the area of nutrition, texture, functionality, and now, with the acquisition of WILD Flavors, great taste.

My name is Greg Morris. I'm Senior Vice President of ADM and President of WILD Flavors specialty ingredients. I'm joined today by some key individuals on my team. We've got Bruce Bennett, the Vice President of Specialty Ingredients. We've got Vince Macciocchi, the global President of WILD Flavors, and Victoria de la Huerga, the Vice President of Strategy for WILD Flavors.

We're here today to talk to you about what's next in the business. And what I would really like to start with is talking about some of the consumer trends. And consumers around the world are really evolving in their preferences. They are becoming more aware of the ingredients that are in their foods. They are becoming more aware of the impact on their health and their overall well-being from those ingredients. Consumers are looking for more and better choices, so greater variety is important to them. And consumers also looking for more convenient options. And so they have really become a very demanding population.

And the competition to grab part of the consumer spend is changing and evolving, too. And whether it's a small start-up company to a large CPG firm, whether it's food service, whether it's private label, competition is coming from a lot of different angles to try to capture a part of that consumer spend.

And as we think about the role that we have to play, our customers are trying to figure out the consumer of tomorrow. And we have a critical role to play in helping them and helping them with healthier alternatives, healthier ingredients; helping them with innovating new products; helping them with renovating existing products. But at the same time recognizing that no matter who the customer is, where the consumer is buying their products, or what the consumer trend is, ultimately the most important driver of consumer preference is taste. And so we know we need to have the capabilities around taste.

So what we would like to cover today are some of the consumer trends, and we will dive a little bit deeper into those as we go through the presentation. We want to talk to you about the vision to become a world-class specialty ingredient business. We're going to talk to you about why we think we can win in this space. And then on the back of a lot of activities between the combined organization, we want to talk to you about some of the good work that we've done so far in capturing the synergies that we had envisioned in the combined organization.

But first, I think it's important maybe just to take a step back. And let me just explain how we got to where we are today. If you look back prior to 2013, all of our specialty ingredient businesses were housed within the three business units: oilseeds, corn, and ag services. In March 2013, we created one of the market-facing teams or market-facing divisions that Juan spoke about: the foods and wellness group. We brought some specialty products from oilseeds and some specialty products from corn, and we put them into a new division to be managed differently. We restructured that division to really be organized around the markets that matter the most our customers. We added resources and made sure that we had the right resources focused on sales, marketing, applications.

And as we did that, we built out our vision and strategy for what we could be in that space. We presented the vision and strategy to the Board of Directors in August of 2013. And during that process, we talked to the Board about the complementary products that we wanted to get into, the adjacent businesses that we thought ADM could compete and win in. We talked about downstream capabilities that we were going to need if we were really going to live up to the vision that we had set forth.

We added resources over the last couple of years to try to fill in some of the gaps that we had identified as we built out the business. We pursued several organic growth opportunities. Valmor mentioned the Brazilian protein complex, a significant investment of $250 million in Brazil. Chris talked about Fibersol in Tianjen and also an expansion in the US. Earlier this year, we announced two lecithin expansions, rapeseed lecithin in Germany as well as non-GMO soy lecithin in India.

We announced earlier this year, I think in May, a strategic partnership with Synthetic Genomics to produce omega-3 DHA fatty acids from algae oil. In July, we announced the acquisition of WILD Flavors; we closed on that deal in October. I think within a week of closing on that, we announced the acquisition of Specialty Commodities; we just closed on that in November. And the important takeaway here is that we set our strategy early, we identify the gaps, and we identify the opportunities that we wanted to pursue so that when actionable opportunities like WILD and Specialty Commodities came up, we were able to take action with confidence because we knew those were areas that we needed to pursue.

I talked about our vision -- our vision to create a one-of-a-kind, world-class specialty ingredient business. Juan talked about being basic in a number of raw materials to be able to leverage that basic raw material stream to produce a broad portfolio of products. But being broad isn't good enough. You have to be focused on the markets that your customers care the most about. So we want to have a broad portfolio but we also want to have deep technical applications knowledge to be able to understand our customers' business and work with them to better utilize our products to create great products for their customers.

We want to do this while at the same time maintaining our position sitting on top of and inside of this great organization of ADM, leveraging the origination capabilities, the transportation capabilities, the basic processing capabilities, and the distribution capabilities to really ultimately create the most efficient specialty ingredient business in the world.

Our customers expect more from their suppliers today. They expect us to protect the integrity of the supply chain. They expect us to be more reliable than ever before. And they really expect us to be true innovation partners. And we believe we are setting the competitive standard in these areas.

The strategy that we developed to support the vision was to grow geographically, so taking what we do well in North America and scaling it up in key areas around the world, expanding our specialty portfolio into more complementary and adjacent products, building the brand to really be recognized as a go-to supplier choice for our customers. And then expanding structural capital, making sure we have the right people on the team, but also making sure that we have the right tools in our hands so that they can really drive the strategy with us.

Juan talked about customer profitability; that's a tool that we need. Renee talked about the CRM system; that's a tool that we need. Just a couple examples.

So in addition to pursuing that strategy with the organic growth opportunities, the acquisitions of WILD Flavors and Specialty Commodities really help us advance the cause in all four of those growth -- in all four of those objectives.

In the process of those acquisitions, we've created a portfolio of products and businesses that leverage some ADM existing businesses along with WILD Flavors and Specialty Commodities. And what I have here on the screen is -- are the nine businesses that fall within the new business unit. And I want to just highlight a couple of the key contributors to the business. They all have a great growth story. They all have plans that we are moving forward to really accelerate the growth in all these businesses. But just a couple I would like to highlight.

One of the real cornerstones of the group is our specialty proteins business. Not just soy proteins but other alternative vegetable proteins and plant-based proteins, too. Understanding plant-based proteins is a real core competency of ADM. Our soy proteins -- the portfolio products we have is more comprehensive than anyone. We operate fully integrated facilities so our cost structure is unrivaled. We produce products that are used in processed meat applications, nutrition bars, beverages. And again, our protein group is a core competency within the organization and certainly an area you're going to hear more about as we look to grow the business.

Chris Cuddy mentioned Fibersol, certainly a critical component of the fiber platform. But this is another area that we are going to focus on building out, as the average American for example doesn't take in enough dietary fiber. This is an area where consumers are looking to increase consumption. So we want to make sure that we've got the right portfolio of products to live up to their demand needs.

Edible beans -- a great source of protein and fiber. And whether you are a consumer looking for non-GMO, allergen-free, gluten-free, our whole beans and our whole bean powders really serve a broad audience of consumers. Vince will talk about WILD Flavors in a bit. But WILD Flavors, with its comprehensive portfolio of natural flavors, colors, and juice concentrates, with the capability to take concept to market in weeks, not months, and with a make-to-order business model that allows us to move just a little bit further downstream into more systems and solutions, and I will let Bruce and Vince talk a little bit more about systems and solutions and how we're going to move forward there.

In then Specialty Commodities with the broadest portfolio of basic healthy ingredients of anyone in the world. Products like ancient grains; seeds like chia seeds, flax seeds, sunflower seeds, nuts, a variety of tree nuts, dried fruits. Their focus is really on creating a one-stop shop for difficult-to-originate raw materials that are finding themselves in more and more food products, growing at some significant growth rates, which Bruce will touch on in a minute.

When we combine the technical capabilities of ADM and WILD Flavors and the broad portfolio of the ingredients that we put within this business unit, we really create the platform for us to work with our customers again, specifically in the area of nutrition, texture, functionality, and taste. And when we combine these businesses, we start with day-one revenues of about $2.5 billion.

The acquisitions along with ADM's existing footprint have really created a truly global business for us. We are currently operating 32 production facilities with 36 R&D facilities to help support our commercial activities from a technical perspective. We've got over 50 sales offices doing business with 7,000 customers in over 125 countries around the world. So again, a truly global business.

And what I would like to do now is just let Bruce talk a bit about some of the more -- some of the consumer trends that I mentioned earlier, but also to talk about the specialty ingredients business and how we are positioning ourselves to capitalize on some of those trends. Bruce?

Bruce Bennett - *Archer Daniels Midland Company - VP of Specialty Ingredients*

Thanks, Greg. Well, I would like to talk a little bit about trends, but as Greg mentioned, we are well positioned today with both our portfolio and our customer base to grow our specialty ingredients business in a market that is valued at $50 billion. And one of the main reasons for this growth is because our customers, they rely on ADM. They rely on our understanding of trends and our significant technical resources to help them create great-tasting food products. Along with leveraging our raw material streams and applying world-class processing capabilities, we utilize customer and consumer insights to help guide product development and innovation so that we can participate in both current and emerging food trends around the world.

And one of the most significant trends we've talked a lot about today is the desire for improved health and wellness. And I know a lot of you probably think about what's in the foods that you eat. You look at the back of your labels and look at sodium and calories. But I'm sure many of you want the food that you eat to improve your health. Today, health and wellness products account for 23% of all packaged food and beverage sales. 23%. And more importantly, that number is expected to grow to 31% over the next five years. And when one considers that since 2002, 30,000 healthier product choices have been made available on store shelves, that demonstrates that customers want to eat healthy. And at ADM, we are positioning our portfolio, our marketing insights, our applications and culinary resources so that we can help our customers meet this growing demand.

An example of this, Greg mentioned Specialty Commodities brings ancient grains to our portfolio, grains like quinoa and amaranth that our customers think are healthy. In a little bit, we will talk about how ADM has already added value since closing this deal over the next three weeks when we talk about our nutritional bar systems. But ancient grains have been growing at 69% compounded annual growth over the last five years in snack launches. So that's incredibly strong growth.

So beyond this health halo effect, we're seeing consumers reducing sodium, reducing calories, reducing artificial, reducing fat, and they are replacing them with proteins, fiber, supplements like omega-3 and vitamin E and natural flavors. And our customers then are required to make changes in nutrition, functionality, texture, and taste as they renovate the current product lines but also launch new product line extensions. So they need ADM to help make those formulations work. And taste -- taste is king, which is why the addition of WILD Flavors is going to help accelerate our progress.

And I know you have heard a lot about the growing demand for protein. This fits our strategy very well, and Greg mentioned we have the broadest portfolio of proteins in the industry. And when you couple that with our vertical integration, that's a combination that no one else in the industry can match. And with protein demand expected to grow at 6% a year for the next five years, we have positioned ourselves with our investment in the soy protein complex in Campo Grande so that we can meet that growing demand.

And we are also focused on what we term alternative proteins. These are new or novel proteins that address things like non-allergen, non-GMO, also gluten-free. We see these as kind of the forefront that we can participate in and then we can lever our global customer relationships so that we can ensure that we participate in our fair share of this market growth.

A few other significant trends. Convenience, of course, we talk a lot about. Convenient, great-tasting food is the gold standard for consumers, and that's what they are seeking and that's what they're willing to pay for. Last year alone, 36% of all new product launches carried a convenience claim. So that trend is strong.

But what's also strong is the clean label. Over 80% of consumers look at the packages that they buy. They want to understand what's in the food that they eat and they want to see ingredient statements that are simple, easy-to-understand and healthy.

And finally, consumers want variety. They want choices in the foods that they eat. So we see that variety will continue to be a key driver.

So these five trends, they influence how we go to market. They influence our product portfolio and how we develop it. And they also supply the fundamental reasoning for why we chose to buy Specialty Commodities and WILD Flavors.

So to review, ADM's unique value proposition is that we have this broad portfolio of ingredients and we are vertically integrated. We sit on that ADM advantage that Juan talked about earlier. And as Todd Werpy and Mark Matlock will discuss a little bit later, we also have this broad diversity of raw material streams that we can overlay this immense wealth of processing capability.

And that leads to what we call innovation flexibility. And in my 20 years at ADM, I haven't been, along with our applications team, as excited as we are today with all of the new tools that we have at our disposal. And this flexibility then leads to our ability to not only sell ingredients, but we can work with our customers around systems. And I know Vince will talk about systems in more detail, but systems allow us to sell many ADM ingredients in one formulation.

And we have a couple of nutritional bar systems that on your tables that we have developed for you today, and they capitalize on a couple of hot trends that we are seeing in the marketplace. The first is more of the exotic, with the pina colada flavor. But then the second is even a more localized fresh-from-the-farm flavor that's called orchard fruit. And if you look at the ingredient decks, there are 23 ADM ingredients across both of these nutritional bar systems. Or to put it another way, all of the ingredients or ADMs, except for the salt.

And when you think about a nutritional bar system, you can break it down into three components. There's the internal binding system, there's the external coating system, and then of course there's the flavor system. The internal binding system addresses nutrition and functionality, and it contains ingredients like dextrose and corn syrup from the corn division, Fibersol and lecithin. The external coating contains a wealth of ingredients that address nutrition and texture. You can see a variety of different crisps on these bars from navy bean, from red bean, from quinoa. There's also macadamia nuts, cashews, and even Cameroon coconut. And Specialty Commodities supplies a lot of these unique ingredients that we didn't have previously, so we're excited to get to show them. And I talked about adding value to our raw material streams. We utilized their quinoa power -- quinoa powder and within a few weeks developed a brand-new crisp that we can introduce to the food industry.

And finally, the natural flavor system is courtesy of WILD. So when you think about nutrition, functionality, texture, and taste, that's a powerful and purposeful go-to-market approach that we can then accelerate our growth and significantly differentiates us from the other ingredient suppliers in the industry.

And now, I'll turn it over to Vince, who can talk about the WILD Flavors business. Vince?

Vince Macciocchi - *Archer Daniels Midland Company - WILD Flavors North American Chief Operating Officer*

Thank you, Bruce. Bruce, I love to hear you speak about the flavor business. So over the next few minutes, what I would like to do is talk to you about the market opportunity as it relates to flavors and then briefly introduce you to WILD Flavors and some of our capabilities.

As Bruce mentioned, the total global specialty ingredients market is valued at approximately $50 billion. That market is growing at a rate of 5% to 6% globally annually. The flavor component of that market represents approximately $20 billion. The breakdown of the flavor market can be broken down into two forms: artificial flavors, which represent approximately 70% of the market; and natural flavors, which represent about 30% of the market. Natural flavors are growing at an elevated rate of 6%, and that's the area in which we play.

When you think about the natural end market for our products, those are comprised primarily 70% in the beverage area and 30% in the food area. When you think about the combined capabilities and the complementary nature of the businesses between ADM and WILD, the natural end market represents a significant opportunity for us. At WILD Flavors, we built our business with small to mid-sized entrepreneurial companies, but the entire time, we've been building food capabilities. At ADM, they have a massive portfolio of products and significant broad and deep customer relationships. This will allow WILD to further expand its position in beverage, but also expedite our entree into the food area. In that area, we will have the ability to introduce flavor systems in individual ingredient sales into the food arena.

That's a little bit about the total market. When you look at the market on a regional basis, Europe, Middle East, and Africa is growing at a rate of 5.5%. Our strategy in that market is to capitalize on our leadership position as the leader in natural flavor systems. Natural flavor systems as they are comprised in Europe are largely based upon flavor, sweetener and juices. Additionally, in the European market, we will implement a strategy of individual ingredient sales similar to what we've done in North America.

The North American market is growing at a rate of 4.5%. Here, too, in North America, we are the market leader in natural flavor systems. However, natural flavor systems in North America differ from those in Europe. In North America, they are largely based on flavor, color and specialty ingredients.

About 2 1/2 years ago, we embarked upon a strategy of individual ingredient sales in North America. Our target was to highlight our flavor capabilities, our natural color line, and go after significant targeted customers with the hope of becoming a preferred supplier to those key customers. This has proven to be very successful.

When you look at the emerging markets, emerging markets are growing at a rate of greater than 9%. Our strategy in the emerging markets will be to capitalize on the massive ADM footprint and then introduce flavor systems and individual ingredients into those markets as well. So you see when you look at our product portfolio, our current marketed position, our multi-faceted strategy, and the combined horsepower of ADM and WILD, we feel we can outpace market growth in each of these regions by anywhere from 1% to 4%.

Before I talk a little bit about -- more about our capabilities, I want to take a time-out and define a couple of times. So you heard Bruce use the term systems. You've heard me use the turn systems throughout my presentation so far. Natural flavor systems quite simply are a few ingredients to many ingredients that can be combined in a customized solution for our customer. That customized solution is delivered in a concentrated format where all the customer has to do is dilute the product and put it in their production process.

The next term I would like to define and talk a little bit more about is outsourced R&D. You heard Juan mention outsourced R&D this morning. This is a term that's very familiar to us at WILD. As I mentioned earlier, we built our business upon small and mid-sized entrepreneurial customers. Well, they couldn't afford to fund their own product development and did not have extensive R&D resources. Essentially, we became their product development arm for their R&D group. We would deliver concepts, we would do full turnkey product development, we would scale these products up in our pilot plant facilities, and then we would put our customers together with our vast coal manufacturing network to produce finished product. Essentially what we can do is we can provide concept to ready to market in eight weeks and concept of full product launch in 20 weeks. This speed and these capabilities are unique and differentiated for WILD.

The reason we can do outsourced R&D so well is a combination of our technical capabilities and our vast portfolio of ingredients. Again, we view our portfolio as differentiated.

When you think of high-margin ingredients, natural flavors, natural colors, natural taste ingredients -- so natural taste ingredients, those are products we're not going to sell individually. We're going to put natural taste ingredients into flavors and natural flavor systems and charge them with managing some of the negatives associated with fortified products. For example, when our customers are faced with the challenges of sodium reduction, sweetness enhancement, bitter masking, our natural taste ingredients can help modify those challenges and make products taste good.

And it's also on trend with what Bruce mentioned in terms of health and wellness: all of our natural taste ingredients can be labeled as natural flavor. So we combine these ingredients, plus natural fruit sweeteners, juice concentrates.

You heard Juan talk this morning about the size of the ADM specialty ingredient portfolio that's come over as a foundation of WILD Flavors and specialty ingredients. You couple these products, many of which we already use in our systems -- fiber, protein, vitamins -- you combine those with our existing portfolio, and then the newly added capabilities of Specialty Commodities which will again help our entree into the food arena, and it makes for a powerful portfolio of ingredients.

And how we supply that portfolio of ingredients is what gives us some of the uniqueness in our business model. We can supply the individual components over here like everybody else, or what we can do is we can take a few of them or many of them and combine them into a natural flavor system, giving our customers the opportunity for either/or or both. This is really the value we create for our customers, whether it's a natural fruit smoothie, a soup, side dish, meal, center-of-the-plate meat, yogurt, bar, or fortified water beverage. We can give you one or two ingredients, or we can give you everything in the can, cup or bottle.

So when you think about all these things in terms of the footprint, the product portfolio, the vast technical capabilities, that's what gives us so much optimism about the future and our ability to grow. I'm going to turn it over to Victoria and she's going to speak with you about how we're going to realize some of our growth synergies. Victoria?

Victoria de la Huerga - *Archer Daniels Midland Company - Vice President of Strategy for WILD Flavors*

Thanks, Vince. First, I just want to make mention to the bars that you've been enjoying in front of you. Both Greg and Vince talked about that we can develop products very quickly, and these bars are great example. So you've heard the SEI acquisition just recently closed. So we have three groups that we brought together to create those bars, get them approved, and get them produced so you could enjoy them today. So that's a great example of how we are very quick to market.

As both Vincent and Bruce mentioned, we see tremendous opportunity to unlock the value of our combined entities. We have approached the launch of our new business unit by keeping a careful eye on our existing book of business, but also making sure that we combine our entities in a purposeful fashion. We know that between our talent, our extensive portfolio and our services, we can bring additional value to our customers as well as our shareholders. And as such, we've given our team a challenge and that challenge is to identify and realize EUR100 million in synergies.

We expect about a third of those synergy opportunities to come from cost reduction opportunities and about two-thirds to come from revenue growth. So let me give you a peek under the tent as to how we have approached this launch.

So we started out by creating a joint teams. We have 23 global teams, each one co-led by somebody from WILD and somebody from ADM. We've challenged these teams to figure out how best to align ourselves as well as to identify those cost synergy opportunities. We also have a team that's being co-led by our sales group. These are the people that have daily contact with our customers, they understand their priorities and their needs, and they are in the best position to marry up our talent, our portfolio, and our services to meet those needs. So so far, we are very pleased with how the launch is going and how culturally similar our two organizations and how quickly our teams have gelled. So let me share with you some of the activity that we've got going on from the synergy standpoint.

For a geographical standpoint, we have complementary growth strategies, and we now have plans in place to fast-track those growth strategies with an enhanced customer base and a broad portfolio. In our emerging markets, you heard about new production facilities in Brazil and China. These facilities will create new products that we can offer to our customers along with our existing portfolios. In Europe, ADM has very strong relationships with food customers. We can now add our flavors, our taste modification technologies, as well as our natural colors to our product offering there.

In North America, WILD has very strong relationships in the beverage industry, including those that compete in the start-up and mid-tier space. We now have the opportunities to offer them proteins, fibers and other specialty ingredients.

So speaking of our customers, it should be no surprise that we share many of the same customers. And as we have dug deeper, we have realized that our relationships may be at different degrees of development as these customers. And in some cases, either WILD or ADM may not have a relationship at all, and this creates a tremendous opportunity for us.

Our global sales force has been working since the announcement to -- first and foremost to reassure our customers that during this deal that they would continue to enjoy the service that they've become used to. But secondly, after the deal closed, to make sure that we are talking to our customers together, sharing with them our enhanced portfolio and the services that we can now provide. And through those conversations, we are now starting to fill our pipeline with sales revenue synergies. So let me give you some examples of some of the real things that our teams are working on right now.

In the food space, we're working with a global customer who competes in the soft side dish and food market. We are optimizing our flavors, our protein, and our emulsification technologies to help them improve one of their current product platforms that's out in the marketplace.

In the beverage space, we're working with a large company on creating a new product platform. In addition to providing our portfolio of ingredients, this customer also reached out to us for our turnkey product development capability. Now, you heard Vince talk about that. And while WILD has grown through providing this type of service to our customers that have been startups, what we're now seeing is that the larger food companies are asking us for this service as well. And so why is that?

Well, these customers, some of them, are facing their own headwinds in the marketplace. And what they're doing to manage their P&L is to reduce their R&D resources. And this is tremendous for us because this is a core competency of WILD's and it's something that we can provide to them. And it's also something that's very near to my heart because I spent many years of my career at WILD helping our customers bring great-tasting products to the marketplace.

The third synergy example I would like to share with you actually extends outside of our business unit. We are working with the animal nutrition team to create a system. This system will be a blend of multiple nutritional ingredients for a very large pet care company. This system will enable them to streamline their own manufacturing process, thus enabling them to save some money in their own production. And it's also an example where ADM has strong relationships in this category, and it's been an area that WILD has been interested in.

So those three examples alone add up to about EUR5 million against our EUR100 million target, and we've got many, many more in our pipeline. And I'm also pleased to share with you today we already have wins coming out of our US and Japan teams, and it's only been 60 days since the ink's dry on the acquisition.

In a few minutes, my technical colleagues are going to come up here and talk to you about technology and innovation, but I did want to make mention that our R&D groups are working very closely together to identify new products and technologies that we can share with our customers and that will fuel our pipeline for the future.

The last area I would like to share with you is on optimization -- cost optimization. You heard from me earlier, I mentioned that we have all these teams. And part of what these teams are challenged with are identifying cost synergy opportunities. So very similar to the billion-dollar ADM challenge that has been in place for several years.

So the first -- there's two types of cost optimization activities we're looking at. The first is what we are calling cost avoidance. And the cost avoidance examples really go on top of that EUR100 million target I mentioned to you. So an example of this is while our R&D teams are busy working on new technologies and ingredients that we can offer to our customers, they've also been looking at where each company had applications labs, and they are marrying that up with where each company had expansion plans for future opportunity. In many cases, we can avoid the capital necessary to build new application labs because either ADM or WILD already have labs with available capacity, equipment and space for these people.

In the cost reduction area, we've already -- we've recently just closed one of our facilities, and we are moving some of those employees to other facilities. Also in the cost reduction area, our procurement and our logistics teams are working together to identify savings on our transportation as well as our indirect spending. So within the cost reduction area, those three examples, they add up to over EUR20 million against our target of EUR100 million.

So as I mentioned, we are really pleased with how the launch is going. We are pleased with how culturally similar our two companies are, we are pleased that our employees are very excited about what lies ahead, and we're very pleased with the reception that we've have from our customers.

And with that, I would like to turn it back over to Greg, who's going to share with you the goal of our new business unit.

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

Thank you. So as you can tell, a lot of strategic activities have led us to this point and, you can tell from the individuals that are up here, a lot of excitement about what lies ahead for us. I mentioned earlier our vision to create a one-of-a-kind, world-class specialty ingredient business. Really a supplier of choice that now has the capabilities to move just a little bit further downstream into more systems and solutions.

I talked about that supporting strategy to really become a more relevant supplier to our global customer base. And ultimately, we believe that by participating and growing in these attractive growth markets and by leveraging the core competencies of the combined organizations, we're committed to growing the WILD Flavors and specialty ingredients business to a $10 billion-a-year sales organization.

And with that, we would like to open it up for questions. Over here?

Unidentified Audience Member

Yes, hi. Just wondering -- I appreciate the color on the $10 billion in revenues. If you could just give us sort of a time frame for that. And also, what would be kind of a typical EBIT margin we should expect out of this business?

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

Yes, good questions; I expected those. So on the time frame, I think it's important to recognize that while we have a strategy laid out and we've identified gaps and areas where we want to pursue opportunities, we don't want to just grow for the sake of growth. We want to make sure that it's smart, strategic growth. So we are ready with the strategies so when actionable items come up, we can take action. But we also recognize that we have significant capital projects that are underway today around the world that we need to make sure that we can bring online and commercialize appropriately.

We have made a significant bet on two sizable acquisitions that we need to deliver synergies against. And so we want to be mindful that we've got a lot on our plate, we want to make sure that we allocate our resources appropriately, but we also want to make sure that we keep our strategy intact so that we are ready when the next -- the next opportunity comes up.

And so I don't want to bind myself with a specific time period. I think it's going to evolve over the time. I think it's important to look at what Vince mentioned and what Bruce talked about in terms of the overall growth market -- or growth rates, 5% to 6%. Our plan would be to grow at rates that are slightly higher than that. But it will come in the form of capturing the synergies. It will come in the form of bringing on additional volumes with the new production facilities that will come online in 2016. And it will come in -- it will come in the form of additional acquisitions down the road as the right opportunities come up.

As far as EBITDA margins, we are still in the process of pulling everything together for a financial reporting as we get into next year. And certainly as we go forward, we will be in a position to talk a bit more about the overall margin environment. But they're great-returning businesses.

And our challenge as we built out the overall strategy was how do you take these great-returning businesses and broaden that invested capital base? And so we are committed to maintaining the return structure that we have. But we've also get some pretty heavy lifting to get the returns up in the WILD Flavors business and in the Specialty Commodities business by delivering those synergies against our commitments.

Unidentified Audience Member

Sounds like there's a wish list that's been created for acquisitions going forward. Can you give us a sense of what the size range is of these targets? Are they as high as $1 billion, $2 billion in sales? Are they as small as $10 million in sales? And about how many are there? 50, 30, something like that?

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

Sure. So we want to make sure that any acquisition that we pursue leverages a core competency of ADM or is very complementary to our existing products. The core model that we are building our business on top of is something that we want to make sure that we keep in our sights. I would tell you that there's opportunities across a wide range of size.

The space that we are focused on -- if you think back to that slide that I had with the nine businesses, proteins are a hot area for us. Fibers are hot area for us. But we also have opportunities to get into some additional businesses organically. So it could be a soy fiber that we pursue to leverage existing assets and capabilities to build out a more robust fiber portfolio. Or it could be in finding new protein sources on the back of Specialty Commodities and all these new raw materials now that we become basic in.

So now that we have these two acquisitions, we really need to look at what are the organic opportunities we have to scale up these organizations, to leverage the raw material base that we now have exposure to, to take advantage of the core competencies and ADM's technical capabilities. So while there's a list, there's also a long list of opportunities internally that we need to pursue organically to really build out our sales and profitability as well. Ken?

Unidentified Audience Member

Outside diversifying the portfolio and reducing the volatility of the core portfolio, why does ingredients -- does this actually fit within ADM's legacy portfolio of core competencies? I guess said differently, could you just build this to a certain size or just spin it off? Is that -- it just doesn't seem like it fits coherently with the ADM legacy business.

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

Well, I think it's important to recognize that a number of our businesses are built off of side streams from existing large plants. So if you look at lecithin, for example, lecithin is a sidestream from our refineries. A number of our businesses -- a number of the specialty businesses wouldn't exist without being attached to the larger organization or the larger processing facility. That gives us the ability to leverage the size and scale of these monster complexes, but to be able to have a sidestream that allows us to feed further refining and processing to create a much differentiated product.

The business does operate differently than a commodity trading business or differently than the commodities in, commodities out, but they're businesses that we have been in for decades. And we do have some significant core competencies in these areas. And I think you'll hear from Mark and Todd in a minute about some of the excitement that they have now because of the expanded portfolio that we have to work with, the renewed focus on growing in this space.

And I think the folks that I've interacted with on both the WILD side and the technical areas and also on the ADM side, they get pretty excited about having new tools to work with. And as Victoria mentioned and Bruce mentioned, they've already taken some of these new products that we have in our portfolio, and they've already started to play around with what new innovative ingredients can we create.

And I think that's where it's really important -- when I talked earlier about being basic in raw materials, being able to apply our processing capabilities and technology on a very broad base around materials, broader than anyone else in the world, gives us a real opportunity to innovate new products, to leverage size and scale at existing facilities to fill out capacity on open equipment that we have. And so just a number of opportunities even within our own Company where we need to take these new raw materials and leverage those in new directions.

I guess I'm getting the hook now. All right. Thank you, everybody.

Todd Werpy - *Archer Daniels Midland Company - SVP R&D*

Thank you Greg. Well, good afternoon. My name is Todd Werpy. I'm the Senior Vice President for Research at ADM. I'm very excited to have the opportunity to talk with you today about what we're doing in innovation and the progress we've made with our improvement team.

Joining me today is Mark Matlock and Marie Wright. You heard a number of my colleagues talk about the importance of experience. Mark has been with ADM for over 30 years, working in the food space, and he is going to share some great experiences that he has with customers with you today.

Marie Wright has an interesting background as a certified flavorist. You've also heard today the importance of taste, and she is going to give you her experience of what it takes to be a flavorist and why flavor is so important in the product portfolio that we have.

So, what's next for us from an R&D perspective? We are going to talk about deploying technology to drive cost savings and EVA growth. You've heard Juan talk about it; you heard Matt talk about it; you heard Mark talk about it. A strong focus today on a new product portfolio or strong product pipeline, so we'll talk a little more about that. And then I think what's very exciting as well is talking about combining new technologies to provide customer solutions.

So let me just start with sort of a few basic facts about ADM and about our technology. So we now have, with the integration of Wild, more than 700 scientists and engineers around the world. Those scientists are engaged in things like new product development, process advancement, chemistry, biotechnology and certainly in applications. We have 36 R&D locations globally now with 13 of those in North America, 16 in Europe, two in South America and five in Asia. And you heard Victoria just talk about the importance of having a global footprint to better serve our customer and drive synergies, and in not only R&D but in applications.

So, we invest about $100 million a year. That will be our investment in 2015. So let me just tell you where we are making those investments. About 50% of that investment will be in food, beverage and flavor applications. About a third of that will be in process technology and process research, which has really been a core strength of ADM for the last 100 years. About 10% of that investment will go into process chemistry and biotechnology, and about 6% will be in our animal food -- or sorry, animal feed and nutrition applications.

So, for me, a question I get asked very frequently is I'm giving you $100 million, what are you doing for me? So one way we measure that is what does our intellectual property or patent portfolio look like? If you look at the bar graph, I think -- I would say building a superior IP portfolio relative to our peers. So over the last five years, we've averaged over 200 patents and patent applications annually, and I think we will continue down that road. The other thing that's important is looking at the mix of those patents and what does that encompass.

So we've had a long history, and about 85% of our patents are really in the process development and process area. With the integration of Wild, we will continue that trend, but I think we will also add significantly to the application piece as well.

Okay. So, this may be the area that I am most excited about to talk about, and you've really heard this theme all day. And that is how does technology play a role or what role does technology play in the area of cost savings?

So, I have been very fortunate to be in a leadership position on the cost improvement team. We have -- I'm joined by 12 other team leaders on that team. I might say we've always done this, but I would say, in the last two years, we have really refocused our efforts on it. Now, the reality is, and you heard John talk about $40 million in savings in oilseeds. That certainly doesn't happen with 12 people. This goes deep into the organization, and we have everybody bought in that this is critical.

So let me talk about, maybe define two categories. You've heard about operational excellence, so when I talk about operational excellence, I'm really referring to energy efficiency, water savings, and those are two really important elements of operational excellence. And the reason is that, from a sustainability perspective, they are key for us meeting our target of a 15% reduction by 2020.

And process improvements, and, again, you've heard this throughout the day, yield improvements is really important for us. Productivity is important, and reduced chemical usage. All of those things really drive cost savings.

You know, the volumes of many of our products in the hundreds of millions of pounds per year, so when you think about yield improvement, a 1% to 2% yield improvement can translate into $2 million to $5 million in cost reduction. And I think that's a really important point.

Let me talk about the numbers. And Juan mentioned some of the numbers earlier. So in the last two years, in 2013 and 2014, we will achieve -- we will have achieved a run rate savings of about $400 million. About $160 million of that is in procurement and other areas. And I think Juan defined what we meant by procurement in terms of standardization, in terms of leveraging our relationship with Wilmar, and that will continue to go on going forward.

In the area of operational excellence and process improvement, we have driven $240 million of cost savings. I think that's a pretty good story. But like most stories, that's the first chapter. So now the question is what's next?

From my perspective, we still have a significant opportunity for significant improvements. And I would say we have gone from maybe a more optimistic approach to a very systematic approach. In order for us to earn that $240 million in savings, we completed over 100 projects in the last two years. So we had a very rich pipeline.

Going forward, we have a pipeline today of over 200 projects, and that encompasses 2015, 2016, 2017, so near-term projects, longer-term projects.

In the area of operational excellence, we're focused on data infrastructure and analytics, maintenance initiatives, corn oilseed energy efficiencies, advanced process control, and operational reliability.

In process improvements, we are doing the same thing and looking at new technologies to reduce energy, reduce costs in corn and oilseeds, deploy new membrane technology. And really sort of our core areas of competency in fermentation, separations and catalysis, we are really looking to drive yield improvement.

So, we are always asked to give a target, and it's a challenging target for us, but I believe it's an achievable target. So we would put out there today that, by 2019, we will achieve another $350 million in savings based on operational excellence and process improvement.

Okay. Another big theme I think for the day, so this is kind of nice, being in this position, because I get to consolidate maybe a little bit about what you've heard today.

Another big theme has certainly been in new products. You heard Mark talk about diversifying corn grind and Chris the fight for the grind. You heard Matt and others talk about the importance of diversifying in the oilseed business.

So, let me talk about the portfolio in maybe two segments. So first of all, in the industrial segment, when I think about new products, for me, there's two components to that. One is what's the customer demand? What do they need? What do they want? And the second one is can we be competitive in delivering that new product? So, we use those two as sort of the basis when we think about approaches to new products.

So, in the chemical industry today, with the advent of -- or the increase in use of shale, we have seen a shift in the feedstocks for the chemical industry going forward. With shale gas, we expect a large supply of ethylene and a tight supply of propylene and other higher carbon number feedstocks. So when you look at our product portfolio, that's one of the elements that we use to decide what products we are going to choose.

So, let me just give a few examples of where we are building out our new products. In the superabsorbent polymer area, we really have two platforms that we are working from. One is a drop in replacement acrylic acid that would feed into the existing infrastructure exactly like petrochemically led acrylic acid. We also have a platform around starch-based superabsorbent polymers. It'll have different functionality, a different price point, but we think there's market opportunity for that product.

You heard earlier about our positioning in industrial oils for coatings. We've had a long history in that market and will continue to deliver new products in that space.

Another area I am particularly excited about is in packaging and fibers. You know, in general, the world's fiber and packaging needs are being met. Needs are being met. But there are some places we see gaps. So barrier properties for example in carbonated beverages, is something that people have been asking for improvements for a long time. We have a strategic partner on the polymer side who is helping us develop -- we are developing the monomers, they are developing the polymers -- to deliver a broad range of products into that market segment.

In home and personal care, again we've had a long history of delivering products from propylene glycol. I think we have a very strong product portfolio in that market segment as well.

You've heard a lot obviously today on the food and the feed side, particularly around specialty proteins. Alternative sweeteners is another area that we have a focus on to complement our fructose business, as well as our polyols business.

Again, you've heard a lot about omega-3. This is going to be very exciting product launch for us in 2015. And a long history in specialty oils which we'll continue to develop and Mark will talk about in more detail.

Again, I think we want to be held accountable to a target, so in the new product space, we would put out that we have a target of $1 billion in new product sales going forward.

With that, I'll turn it over to Mark. He's going to talk about some trends in the industry.

Mark Matlock - *Archer Daniels Midland Company - SVP Food Research*

Thank you Todd. As Todd mentioned, ADM takes a strategic approach to innovation, and when you take a strategic approach to innovation in food ingredients, you have to really look at what is the consumer looking for in their foods and beverages.

This is data from the International Food Information Council. They do a survey of consumers every year, and the thing that you will see is the number one most important factor in making a purchasing decision on a food or beverage is taste.

The interesting thing, though, is the fastest-growing new factor is healthiness. So healthfulness of the food is the fastest growing factor, soon to overcome price as the second factor. So then the question is, what is healthier? You hear a lot of conflict. There's new diet books all the time. Is it low-carb? Is it low-fat? What is it? And so one of the things that we do is we look to authoritative bodies on nutrition to determine what does it really mean?

So this is from the dietary guidelines for Americans from the USDA. And what they have done in this chart is you have nutrients, macronutrients and a certain goal level that they would like to see in the US diet. And you also have certain macronutrients that they would like to see reduced in the diet. So the items where there is a goal that we are not meeting really are opportunities for a new, healthier ingredient.

So at the top of the list you see whole grains. We are only getting about 15% of the amount of whole grains that we need. So that gives us an opportunity to develop a new product. So one in that space is ADM's Kansas Diamond Whole While Wheat Flour. So it allows us to make a loaf of whole wheat bread that has much more of the traditional refined grain appearance.

Vegetables is another one that there is a gap. And you may not think too much of ADM and vegetables fitting together, but our edible bean business that we talked about is a vegetable and it's also a source of protein. In fact, it's a very good source of protein. It's 25% protein. It also happens to be 25% fiber, and they are non-allergen, non-GMO, gluten-free and all the rest. The thing that we've done with those, they are not a very friendly food ingredient. It's difficult to incorporate edible beans into bakery products or snack foods. So, again, ADM's deep understanding of processing, we have developed dehydrated precooked edible bean powders that can be used in cookies and snack foods and a lot of the new snack -- extruded snacks that you see will have significant amounts of edible beans present to raise the protein and raise the fiber and not introduce a new allergen.

In the area of dairy and seafood, these are proteins. And so ADM participate in that both from a feed standpoint, supplying the feed to grow those products, but also in extending those products.

So seafood also happens to be a source of omega-3. One of the challenges if you are growing more salmon, for example, in aquaculture, if you're raising them in a farm-raised environment, they are devoid of the DHA omega-3 because you normally get that in the Wild from krill who consume. So ADM is going to cut the middleman out and grow the algae and produce the DHA for aquaculture, but also for supplements and for food applications.

The next one down is oils. Now, it's interesting. They say we are not quite where we should be on oils but we are too much in saturated fats. So we need the functionality that we get from saturated fat but with oils, with the mono and polyunsaturated fatty acids that you find that are essential nutrients you must have in your diet. So we developed a technology some years ago that creates a semi-solid fat by mixing a liquid oil with a very hard high-melting fat. Normally, you'd just have crystals of that high-melting fat, but we use an enzyme technology to modify it so it's a solid at room temperature but yet it melts at mouth temperature. And this is being used by major consumer packaged goods companies to make margarines, cookies, tortillas, doughnuts, processed cheese, even confectionery products.

So, the final category that I wanted to talk about is fiber. And earlier, they mentioned Fibersol. Fibersol is a very interesting ingredient because you can add fiber not only to foods but even to beverages. You can produce a cup of tea that is a good source of fiber. So, again, it's a very useful ingredient to make healthier foods without changing the taste, texture and flavor of those products.

Next slide please. So with all these ingredients, are the retail packaged food companies actually using them to create new foods? Well, the answer is yes. So if you look at whole-grain introductions, this is from the Mintel global new products databases, and these are launches per year over the last five years. And you see launches whole-grain products going up. You see added fiber being something that's going up as well.

And then high protein, protein is really one of the latest trends. You see it being added to more and more products. And so vegetable protein is really a core competency of ADM. So whether it soy proteins, edible bean proteins, peanut proteins, or wheat protein isolate, we have the broadest portfolio of plant-based proteins to meet these needs.

The next thing that I would like to discuss, and this has been brought up several different times, but this broad portfolio of ingredients across all of ADM and the new acquisitions gives us a lot of tools in our toolbox. But it's not enough to just have the tools. You have to know how to use them. So we have application specialists, so chefs, bakers, meat scientists; we have people who are experts in extrusion, blending, enzymes, fermentation. We put all that together.

So as an example, one of the products that has really taken over in the meat industry, they used to do processed meats with a lot of soy protein isolates. That was the traditional product that was used. As we were looking at how we can work better to provide the things that you're looking for, so you're looking for texture that translates to gel strength, moisture retention, that sort of thing. We came up with a way to take a soy protein concentrate, which is normally not a functional product, and convert it into something that pound for pound was just as functional as a soy protein isolate but the yield of the concentrate its much higher because it still contains the fiber component. So the yield is higher, the cost is lower, but the functionality is just the same.

So you say so what? That's created over $100 million of value in the Latin American meat industry that allows us to give our customers some savings, which they sorely need, as well as improve the margins. We make better margins on those products than we did our traditional projects because of the lower cost. And that is one of the key items that allows us to really build the South American soy protein complex, knowing that there's already a market there. And part of it is we teach our customers how to use these ingredients in their products. Several times a year, we will bring up a dozen of our customers, bring them into our meat lab, teach them how to use our ingredients to make their local products. And as we are doing that, we are also learning as well. We are learning what's important to those customers and we can feed that back into our product development to make it even better. So the next generations of products that are the follow-ons to the ones I just mentioned are happening because of that interaction with our customers.

Next slide. So, now, with the acquisition of Wild, we have flavors and colors that further enhance our portfolio. And this is a really important piece because the essence of a food or a beverage is what it tastes like. So now we can directly address this and work to optimize all these things together. So it allows us to now between ADM, Specialty Commodities and Wild, make healthy taste great naturally. So whether it's whole-grain flours going into bakery products, trans-free shortenings, it can be the soy protein and the dextrose going into the meat product or even what was fed to the animal to create the meat, sweeteners, acidulants, flavors, colors, it's the whole package. But the most important thing in all of this is taste. And that's why people like my colleague, Marie Wright, are so important. And she will explain a little bit about what a flavorist does and how they work. Thank you.

Marie Wright - *Archer Daniels Midland Company - Wild Flavors Chief Global Flavorist*

First of all, I want to say I feel really privileged to be standing before you, and maybe for some of you this is going to be your first introduction to flavor. And I hope you'll end up feeling as pumped up and excited as I have been for the past 20 or so years about flavor.

But never before has flavor played such a starring role in our customers' products. You've heard today taste mentioned a number of times and how important it is. And if nothing else, you're going to walk out of this room and you know that taste is a very important thing to our consumer. You heard Mark cite that the number 95%. I know you like numbers, and 95% of consumers are choosing their food products because of taste.

So the addition of WILD Flavors, the complementary portfolio is really truly compelling. When we think about why we add flavor to products, the first and most obvious thing is that we want to provide fabulous taste. We want to make great-tasting products. And this today has become more challenging, challenging because the consumer is desiring more healthful products, and with that our customers are applying nutritional ingredients which are lovely, except most of them have perhaps not the most beautiful taste. And so that poses a challenge for the flavorist. But this is -- with every problem there is an opportunity, right?

And the opportunity here is that with WILD Flavors and Specialty Ingredients, we can couple our experts and scientists in healthy ingredients with our flavorist and applications teams, and we can truly make products that our consumers are going to desire, that they are going to design them so much that they're going to keep buying them.

When we think about flavor, everything that we make, there isn't a one-size-fits-all. We actually craft and create and design our flavors for our customers' individual products. So we can provide product differentiation but also brand identity.

If we have any marketeers in the room, you know that branding is also about making a connection, an emotional connection. And when I think about flavor, part of the role of flavor is we are putting passion into a product.

To put it into context, the part of the brain, the limbic system, the productive part of the brain where we store all the information about flavor is the same area of the brain that we store our memories, and also where emotions are triggered. So, it should be no surprise to you that if you smell something or taste something, it may take you back to perhaps the past or some wonderful experience that you had. So flavor is extremely powerful in this way.

We know as well that flavor can drive preference in a product. Certainly we know how to do that, and as flavorists we know how to manipulate a flavor formula to enhance preference depending on the group of people who are going to eat the product or drink it.

And then the most exciting thing now for me as a flavorist is when you think about flavor, we can provide a cultural experience. Good food used to be not so long ago just for the elite. That really isn't the case now. You only have to walk into a supermarket or even actually downstairs in this hotel and into the food court to see all the fabulous different cultural experiences that are there for each and every one of us to have. So flavor now, when we are creating our flavors and we are creating products with our customers, it's not just about making a nice product. It's about making an experience.

So I think, by now, you can see my passion and excitement. I'm very proud to be a flavorist. I know that flavorists are unique. Maybe I like to be unique. But really what it is about being a flavorist is the skill that I developed, and it is the skill of being able to imagine the taste and the odor of a complex mixture of molecules, extracts, oils and how that is going to taste. I wasn't born with this skill; I had to develop it. So maybe among you hear there could be some future flavorists. It's something that you have to learn. It's a craft. We call it the art of flavor creation because certainly there is art involved. But flavor is very complex.

I know you like numbers, so think of this. If you think about the flavor of food, over 40,000 molecules have been found in nature in food. Out of those 40,000 molecules, we use around 6,000 of them in flavors. So the first step when you're learning to become a flavorist is that you have to learn the smell and the taste of each of those molecules. And each one has its very unique odor and taste. That's the scientific part. That sounds relatively easy, maybe time-consuming but relatively easy.

The complexity comes when you blend these ingredients together in differing amounts, you get very different results. Think of it like this, an artist with a palette of colors, and when they blend red and blue, and they get purple. (technical difficulty) sorry. You get purple. So it's the same thing of having these components of unique odors. You bring them together and you get something completely different. There is science involved, but if you just apply scientific disciplines, the results are disastrous, fortunately for me.

So when I think about the flavorist and what a flavorist does, a flavorist really combines the precision skills of a scientist with the passion and creativity of a chef.

So when we think about how you learn the craft, can you go to university and learn about flavor? There are a handful of universities in the world where you can go and learn about the raw materials and certain aspects of flavor, but you won't graduate and then enter a flavor house and be able to be -- and operate as a flavorist.

Most of us are chemists and food scientists and then join the flavor house where we train. And at Wild, we have our own training school. We are dedicated to producing, if you like, the future flavorist. It's a very important part of what we do.

It's hard to put numbers around the world because there really isn't a global certification to a flavorist. I could estimate but I'm not sure how right I would be. But in the US, it's slightly different. In order to practice the art of flavor creation, have to be certified by the Flavor Chemist Society.

So I can put some numbers around this for you. There are 350 certified flavorists, but only 150 of those are actually practicing the art of flavor creation. So at Wild, we have in the US greater than 10% of those 75 flavorists.

I love making flavors. And truthfully, I'd love to just make flavors that I like, but that wouldn't really sell. So what you have to do as a flavorist, you have to understand consumer science and what drives consumer preference. So when I am creating a flavor, really success for me is not only the product launching but the product actually being successful and people really desiring the flavor. So that's an important part of the process.

Science, science is important. Science will give us competitive advantage, certainly. And I'm very excited with my two new best friends here who have wonderful things, that are flavorists and our scientists from WILD Flavors are working together with the teams in the R&D facility of ADM, because science is important to provide technology. Technology will get give us different formats for our flavor. It will also give us captive ingredients. Captive ingredients, think of it as new colors for the artist. That will actually provide us with unique flavors for our customers and for our customers in turn, that will actually protect their brand identity.

So at WILD Flavors, you heard Vince talk about how Wild's business was built really by working with entrepreneurs. It's very well known in the industry. One of the reasons I joined Wild is because I love innovation. I believe that Wild really drives innovation in our customers' products. Our customers look to Wild for ideas for products, for concepts, for flavors for the future.

So when I think about how we work at Wild, how we understand what is the next great taste, I spoke earlier and said that 10 years ago, good food was for the elite, and that's where we would look. We would look at the great chefs, we would let white table cloths to see what wonderful dishes were being served, because we would know that eventually there would be a trickle-down effect. Now it's completely different. Some of the most wonderful trends are coming from street markets, food trucks. They are doing wonderful things, combining and fusing different cultural foods.

The great thing about being an owner of a food truck, if something doesn't work, they can change it the next day. This poses actually a little problem for our big CPG customers and food service customers of how can they compete and how can they produce this cultural experience? And they turn to Wild for us to help them identify what trends will be sustainable and how we will actually develop those products. So at Wild, we work with our chefs, and in the future the future chefs that we have at ADM, very excited to do that, and the product developers and application people. We develop the concept.

The ultimate goal as a flavorist is to develop a flavor that will give you that multidimensional experience, that cultural experience, just in one bottle. You are going to have that opportunity a little later, and we'll talk about it a little later in detail, to taste some of these food culture flavors in your cocktail hour.

And then finally, to talk about customer intimacy. If I want to go back -- I've got the clicker. So talk about customer intimacy. Flavorists, we're what I call social scientists. No longer can a flavorist be locked up in a laboratory and not exposed to the customer. We have our most success by working alongside our customers. When I think of my own personal success, and I kind of gauge it by the fact that when I am working alongside a product development team with a customer, they forget that I actually don't work for their company and I just become part of their team.

We believe very much in the end-to-end approach. If you have a great flavor and you put it into a bad product, it's a bad product, and vice versa. So by working collaboratively with our customers, we can really create some of the best, best products that are out there. So, we have to be very intimate.

Vince talked about preferred supplier. Preferred supplier is very important in our industry because, by being a preferred supplier, we can be transparent, we have trust and approachability. And then both our customers and ourselves and the consumers can be successful.

When I talk to my teams over the world, my flavorist teams, I always try to remind them that one of the key things is that we must be easy to do business with. It's very important. But really the main thing, the mantra that I live by and that I install in them is that we have to create the wow. If we create the wow, we will be successful.

I'm going to hand you back now to Todd, who's going to wrap up for us.

Todd Werpy - *Archer Daniels Midland Company - SVP R&D*

Thank you Marie. I think you could probably tell that the three of us get pretty excited about what we talk about. And I think it's an incredibly exciting time at ADM.

Maybe one message -- well, a few messages I would leave -- I don't think there's -- certainly not since I've been with ADM have I seen the alignment between the R&D activities with the business units. And I think that's a very exciting time for us and it's a very exciting time for the organization.

So, maybe three key takeaways from today from our perspective. The operational excellence and process improvement pipeline I think is really strong. It's really important to us. We are committed to driving another $350 million in incremental cost savings by 2019.

The whole day had a theme around new product and product portfolio diversification, so building that product portfolio going forward is also very important for us. You've also heard about some of the challenges that our customers are facing. They need to drive topline growth, reduce cost and reformulate product. Their product portfolios I think with the addition of Wild, ADM's broad-based portfolio, Wild's portfolio we will be able to deliver to our customers like never before. ADM's diverse commodity ingredient portfolio in the specialty portfolio will not only support our customers but will really allow us to drive new product growth.

Okay. With that, I'm going to turn -- I got the hook right away. And I think in order to move us forward on the agenda, we're going to take questions and answers later, and with that we'll turn it over to Ray.

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

Great, Todd and the team. Thanks a lot. Again, good to be with you this afternoon. Like I said, we're running a little bit behind, so we will take any type of Qs&As related to this innovation section during the general Q&A section, which hopefully we will get to by four o'clock. So, I'm going to try to be brief because there's been a lot of materials that we've covered with you today over the past six hours.

As you probably heard from, starting with Juan, clearly we within ADM believe that we are setting the standard, the competitive standard, in every industry that we compete in. We believe that we're doing this now and we believe that we are going to continue to drive that in the future.

You clearly heard the three pillars of our strategic plan. One, enhancing the core. And you've seen examples from all of our business units in terms of what we're doing to enhance the core such as, in the ag services division, expanding the destination market model, and that allows us to really triple on margin per ton by going down that particular area.

You heard us talk about how we are going to continue with active portfolio management, looking critically in the portfolio and continue to fix or shed businesses that are not going to achieve its return objectives. As Juan indicated, we have taken care -- we have done all the heavy lifting but there are still opportunities for us to further prune the portfolio in order to make us drive towards the return targets that we are desiring. We've talked about the value-added business and how we're going to continue to enhance the value-added businesses in each of our four segments there.

The second pillar was this aspect of operational excellence and process improvements. Clearly, we believe that this actually is a significant competitive advantage of ADM relative to our competitors. You've seen the numbers. We'll deliver $400 million of run rate savings by the end of this calendar year and you've heard Todd talk about that in the area of operational excellence and process improvements an additional $350 million in that area alone in the five years.

You've heard us talk about the fact that we still have strategic growth opportunities. It's amazing that when you think about ADM, we already are the premier ag services company in the world. You heard Mark talk about we are the largest corn processor in the world. You've heard Matt talk about that we are the most diverse oilseeds business in the world. Now, in the specialty ingredients area, we are clearly one of the leading specialty ingredients companies in the world.

I hope that all of you folks heard that in each of these four businesses, we believe we still have significant growth opportunities, particularly in emerging markets, taking advantage of the enduring trends that we've talked about in today's presentations.

Then lastly, I hope that you have appreciated our capabilities in terms of innovation technology. In my mind, this is actually one of the best-kept secrets of ADM, is the power of R&D teams, our innovation teams, in order to create cost reduction opportunities, create process efficiency opportunities, and also to create new products that we are going to add to our portfolios in the future.

So, what I want to do with you in the next 15 minutes is really talk a little bit about our financial strategies and our capital allocation strategies that are meant to support this particular strategic plan and drive value creation for the shareholders. So I'll talk a little bit about our balance sheet and what we're doing on funding. I'll talk about the framework of capital allocation going forward within this company. Then lastly, I'll talk about how we link incentive compensation in order to make sure we are driving returns and the proper behaviors within this particular company.

So, in terms of our balance sheet, I view the ADM balance sheet as being a significant competitive asset for us in our industry here. I believe that we have probably the best balance sheet in our industry. And over the years, we've also done a lot in terms of diversification of our funding sources.

Just for background, when you take a look at our balance sheet, there's approximately $10 billion working capital on our balance sheet in addition to the $10 billion of fixed assets. The $10 billion working capital is significant. And you've seen that during periods of commodity price spikes, you could actually see a $5 billion fluctuation in working capital. And hence it's actually very, very important for us to actually have a balance sheet and a funding strategy that could actually handle that type of commodity price spike.

In addition, we all recognize that liquidity is actually very, very ample in this period of time, but we also know that credit markets tighten over periods. And when credit markets actually tighten, to be able to access liquidity or fund working capital is actually a very, very important part of our business. So over the past five years, we've actually conscientiously expanded our sources of funding of working capital.

You see here all of the various sources of working capital financing that we have. Traditionally, we have relied a lot on the US commercial paper program, which we still use that extensively. It's very, very low cost. In fact, for us to tap 30-day commercial paper right now, it's about 15 basis points. So it's almost free money right now based upon the strength of our balance sheet.

You can see here that we have expanded our funding in terms of other areas such as a Euro CP program that we could launch if we wanted to. We've got money market lines. We've done a great job in terms of securitization programs, both in the United States as well as on an international basis. And then we've also got inventory-based financing if we want to rely on that.

With these types of programs, we actually have about $10 billion, over $10 billion of working capital financing capability on our balance sheet if we need to tap onto it. And that's actually very, very significant and actually is very important as we think about the capital allocation framework that will provide to you in the future.

Now, on the longer-term financing side, this is financing projects and fixed assets, you can see that clearly, as a public traded company with a single-A rating, we have unlimited access to the public debt markets. We're solid single-A. If we were to issue 10-year paper right now, we would probably issue it at [100] over U.S. Treasury. So very, very attractive financing for us if we need to raise that type of capital.

But we've also expanded the source of financing for long-term investments. Lease financing. In the transportation area that Scott talked about, we've actually leveraged lease financing extensively to finance railcars, tanker cars, barges. Naturally, we do lease versus buy decisions, but actually this is very, very attractive financing in certain periods for us.

Asset light strategies. Here we're talking about the fact that sometimes we're going to leverage partners in order to undertake financing of projects. And so therefore we at ADM, we are not wedded to necessarily owning 100% of the assets or 100% of the companies in order to achieve our strategic objectives. If it makes sense to partner, to find a partner or find someone else to kind of help finance part of the project or take a participation in the project, we will do that. And in fact, some of the projects that we are analyzing right now, we are actually considering these types of asset-light and partnership strategies.

And then finally in project financing there are times whereby it makes sense to use a project financing approach. So case and point, our Brazilian specialty protein plant, we are actually going to be using specialty special project financing, leveraging some of the government sources of funding for that particular project.

So you can see that we've really diversified funding for this company which actually enables us to actually tap the right source, the most competitive source. It also allows us not to get boxed in, especially when credit markets get really, really tight. So the implication is that we are far better equipped today in order to handle volatility in our balance sheet than ever before. And this actually is very, very important as we think about our capital allocation and framework that we'll talk about a little later.

Next, just talking a little bit -- before I get to the capital allocation framework, it's actually useful just kind of follow the evolution of returns within our company. Juan talked a bit about this at the beginning, but I just wanted to kind of emphasize the evolution of our return targets within ADM because that actually shows you about the discipline that we have in terms of capital spending as we kind of move into the future.

Back in 2011, 2012 in that period when we started to focus on returns, it was actually a fairly challenging environment within the agricultural industry. If you recall back then 2011, 2012 calendar years, we had in the United States pretty significant droughts. We also had in 2012, if you recall, an ethanol industry that was basically negative margin throughout the entire calendar year. But we felt that even with what I consider the bottom of the cycle, it was important for us to demonstrate that we could actually achieve short-term WACC, which is back to our returns. So therefore we set an objective in order to make sure that despite all these particular headwinds coming at us at our company, it was important for us to try and take control of the situation and take actions in order to make sure that we at least generated returns in excess of short-term WACC. And so we've implemented significant project and capital discipline into the new projects. A technology center was established. You heard about the SG&A cost reduction program, the $150 million reduction program that we implemented, and then the $1 billion challenge whereby we set a target of trying to unlock $1 billion from our balance sheet and in fact we actually achieved $2 billion, which actually was a significant enabler for us to improve the returns within this company despite the fact that we were in the bottom of the trough. And by doing that, we did actually achieve in excess of short-term WACC in 2012.

Moving forward to the next period, 2013/2014, we actually indicated that, hey, while short-term WACC is actually interesting, we also felt the interest rate environment will actually eventually improve. Hopefully the interest rates will actually go up, indicating economies around the world will improve. So we actually established the concept of the long-term WACC being 8%, and the fact that this company should try and drive ourselves up at the next stage towards at least achieving the long-term WACC of 8%. During this period, we did a lot of actions such as project prioritization, the operational excellence initiative, and active portfolio management. And so by doing all that, I'm pleased to say that, by the end of this year, we do expect our ROIC to be in excess of long-term WACC of 8%.

And now when you move forward to 2015 and beyond, as we get towards what we call the medium-term, we set our objective to achieve 10% ROIC, which is the 200 basis points over our long-term WACC of 8%. But in addition, we have established the objective of making sure we drive EVA growth. We believe it's important to have both objectives, a combination of an ROIC objective for the companies as well as a concept of driving EVA growth. We feel that a focus only on one is going to be suboptimal for the shareholders. So case in point, a sole focus on ROIC will result in the fact that this company will not grow, will not take advantage of the opportunities that the business unit presidents have talked about. At the same time, a focus only on EVA growth risks the concept of us losing sight of this 10% ROIC objective. So you're going to find that this company is going to be focused on both of these objectives of ROIC growth 10%, and EVA growth.

So in terms of the actions we're going to take, we've heard a lot from the business units today as well as from the innovation and technology team. I won't repeat it. The only comment I want to make is the fact that we do feel that the actions that were taken will dampen volatility of earnings going forward.

So this chart here, I think a lot of you folks have seen it from our quarterly earnings call as well as our investor decks. The blue lines are 8% long-term WACC. The green dotted line is our adjusted ROIC, and then the orange line is our short-term WACC.

The point I want to make here is I think, with all of the efforts that the team has undertaken over the past couple of years, it's actually kind of -- was actually masked by really a lot of the headwinds that we encountered in their business.

The two years of successive droughts, the ethanol challenges in 2012, we worked through all of those. I think with more of a normal crop that's occurred in 2014, I think we've reached an inflection point whereby, going forward, we're actually going to start seeing truly the earnings and returns potential of this company. And you see that in terms of the dotted green line whereby, in the third quarter, you saw the inflection point. And I'm confident that going forward you're going to see continuous improvements in terms of our returns.

So now towards capital allocation. This is probably the first time we have presented this chart to investors. One of the ways we look at capital allocation is to try and think about our cash flows. How are we devoting our cash flows towards either our capital spending or towards dividends and share repurchases. And so we've actually graphed this over the past couple of years, the gray line being CapEx, the green line being dividends and share repurchases.

So if you've seen our capital spending portion of our operating cash flow -- and again, this is operating cash flow before working capital changes because, again, with our new model, we're going to be able to finance our working capital using the $10 billion with the lines that we have in order to handle that type of fluctuation. So, we won't need to necessarily tap into operating cash flows to fund working capital.

So you've seen that our CapEx percentage actually has come down from about 54% back in calendar year 2012 to about 36% right now, our forecast for 2014. We are going to end up somewhere between $900 million to $1 billion of CapEx for this calendar year.

On the dividends and share repurchases, you've seen that we've been progressively increasing. This year, we've increased up to 70%. As you know, we set an initial objective of an $18 million share repurchase program, and then we actually bumped it up by up to an additional 10 million shares at the last earnings call. And so we will be up in about the 70% area by the end of the calendar year.

Now, one thing you may ask, where is WILD Flavors, the acquisition of Wild? That's not in this number here. What's really interesting is our balance sheet was so strong that the acquisition Of WILD Flavors did not require any of the operating cash flows. We actually financed it from the underlying balance sheet strength that we had. So that's the reason why Wild doesn't even show up in this particular chart here.

So you may ask the question then, what's next? So, as we kind of think forward into the future, our sense is that, over the medium-term, we'll probably continue to invest about 30% to 40% of our operating cash flows towards capital spending. Again, this is capital spending to support the cost reduction initiatives that we've talked about, capital spending to support the organic growth initiatives that we've talked about.

And then 60% to 70% of the operating cash flow will be devoted to our strategic M&A and/or return of capital to shareholders. We believe this is actually a balanced approach towards how we want to deploy our operating cash flows in our medium-term plan.

Now, when we talk about return of capital to shareholders, naturally you get asked the question how are you going to do that? Is that through dividends? Is that through share buybacks? Is that through some other mechanisms?

We actually believe that, when we look at the medium-term strategic plan that was reviewed with you by business units, we actually feel very, very confident about this particular plan. We believe this plan will dampen volatility of earnings. We believe the cash flows associated with the plans are going to be very, very sustainable. And with a backing of $10 billion with the working capital lines, we're going to be able to handle volatility in working capital without tapping into our operating cash flows. So by doing that, we actually believe that our dividend payout ratios can be moved to a higher range. So in our medium-term plan, we are thinking that our dividend payout ratios will migrate from the historical 20% to 25% of earnings range to last year, as you recall in December, we announced a range of 25% to 30%. But again, based upon the confidence of the plans that we have presented to you today in terms of our strategic actions, we believe we can move our dividend payout ratios to a 30% to 40% of earnings range.

So, when you kind of put it all together, this is our financial framework for shareholder value creation. Based upon the operating cash flows that we would generate in the medium-term plan, about 30% to 40% will be reinvested in capital spending in order to generate value.

And as Juan indicated, the projects we have in the pipeline are showing very, very strong IRRs. We actually feel very, very confident that the project that we are approving right now will generate value for our shareholders.

The other 60% to 70% will be available for strategic growth opportunities such as M&A or distribution to shareholders. And of the distribution to shareholders, we are saying that 30% to 40% of earnings will be distributed to shareholders in the form of dividends with the remaining return to shareholders in the form of share buybacks or, frankly speaking, we're going to keep a fairly open mind in terms of any other forms of return to capital to shareholders, including special dividends, etc., whatever makes sense in order to enhance shareholder value. And so, with this formula, we actually believe this is really the model that we're going to move forward in order to create value for our ADM shareholders.

Next, I just wanted to touch a little bit on the aspect of aligning incentive compensation to returns. As Juan indicated, we believe it is actually important to have this linkage between incentive comp and our focus on returns. And we do have a three-pronged approach. Namely, we have the annual incentive plan, which basically ties our annual incentive comp towards achieving certain EBITDA objectives, but EBITDA objectives are actually modified based upon our return objectives relative to our WACC. So that's the first point.

The second point is our long-term equity program, our long-term incentive program on equity is based upon total shareholder returns, primarily a three-year TSR calculation relative to the S&P 100 industrials, but we do also look at our comparisons versus our industry peers.

And then lastly, we do have a special reward for returns program that was launched several years ago. It was meant to really sensitize the entire organization towards our objective of achieving a 200 basis point spread over WACC. Every year, we have to exceed WACC, then one of the three years we have to achieve the 200 basis point spread. So, this program is running, and frankly it's causing the right motivations and the right behaviors in the organization to drive returns.

So, in summary, this is the medium-term outlook. Our capital allocation philosophy, again, 30% to 40% of cash goes towards CapEx. That translates roughly in terms of a CapEx to D&A ratio of 1 to 1.2 times. Our dividend philosophy is really a payout ratio as percent of earnings about 30% to 40%. I do memo that, historically, we've been increasing dividends around the 10% rate. We will evaluate that as we go forward, as we move through our medium-term plan.

And then our return targets, I just want to reaffirm that our long-term objective is to continue to achieve a 10% ROIC within this company based upon the fact that we will have an 8% long-term WACC for this company.

So, with that, let me stop. And at this point in time, I'm going to ask Matt and Juan to join us for our general Q&A session. Thank you.

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

So, thank you, Ray. I think we'll use this time to both gather questions from -- for all of the presenters, particularly since we didn't get to the ones on R&D. We were running a little behind. But also for us up here.

So this is our open session. And do we have any questions?

Yes, please.

Adam Samuelson - *Goldman Sachs - Analyst*

Adam Samuelson, Goldman Sachs. Maybe, Ray, just on the last outlook commentary. Just to be clear on the returns targets first, the 10% ROIC in 2015 and beyond, is that an actual 2015 target? And how does WILD and a nearly $3 billion of capital that were put into WILD, and certainly in the multiples initially of the return is going to be below that. How does that factor into that calculation?

And then a second question, going back to ag services in the morning. But maybe just first on the returns.

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

Yes. If you recall, when we talked about the WILD transaction back in July, we indicated that we will achieve our long-term WAC on WILD by year three, with by year five we'll achieve our 200 basis points over WAC. So, basically we're on track towards that particular target.

So if you actually do the arithmetic, you're actually right. The WILD will actually be a drag on our ROIC in 2015, because it's not yet at the 8% and 10% yet. So that will impact our ROIC calculation for 2015. But set that aside, I think the rest of the businesses, we are driving it towards achieving these types of objectives.

Adam Samuelson - *Goldman Sachs - Analyst*

And the second question on ag services, I think it was notable in the map that GrainCorp was actually on your map of locations in Australia. And then in the destination marketing pie, Australia was a big part of the future growth.

Can you talk about what's going on with GrainCorp? Is there more established commercial relationships that you've developed with the equity stake and the opportunities that that holding has presented?

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

Sure. We waited, we paused on GrainCorp until they named their CEO. Now Mark Palmquist has been named, and he's in charge. So we're very encouraged by the relationship we established with him. Part of what you saw in the map is that we're a very large player in grain already in Australia, as we acquired Toepfer. So that's part of our strategy there.

At this point in time, our objective is to grow -- is to work together and grow our relationship with them, trying to leverage our 20% into getting some returns from that, and give some time to Mark to establish and assess the strategic direction of the company. In the meantime, we are very [level] to him and to GrainCorp for collaborations.

We have ideas. We believe that there is a percentage of the synergies that we could achieve that don't require more than 20%, other just better commercial collaboration. We are driving towards that. But Mark has been recently appointed, so we're waiting for him to get his views on the company before making any moves.

Unidentified Audience Member

Could you explain your customer management system a little bit more? Is it a computer system? Does it involve people? How much investment? When do you expect it to be fully implemented? And what type of -- what kind of clear goals of what you want that customer management system to provide for ADM?

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

Yes. And maybe I can start and I can ask Ruth Ann to -- Ruth Ann, do you have a microphone with you? Yes, okay.

Ruth Ann Wisener - *Archer Daniels Midland Company - VP, IR*

(inaudible - microphone inaccessible)

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

Okay. So, I think it's important, when we put together this plan of returns, we have a sequence of implementation of all these. And the sequence is defined on purpose to make sure that the organization have the right pace. You always need to manage that action and pace. So we set the direction, but then it's the pace at which you roll out the initiatives to make sure the organization can digest and can incorporate all that.

So we look a lot about the way we manage capital at the beginning. Then we look at the way we manage cost, we manage cash. And certainly then we introduced the [4C], if you will, which is customers. Because we wanted to start to put together the engine to generate organic growth over time. There's only so much you can be successful acquiring, and we needed to acquire certain platforms for capabilities, whether it was Australia or whether it was WILD Flavors. But, in reality, we needed to drive that.

So, we started quietly a couple of years ago building commercial expertise into the Company, bringing marketing managers, bringing the salespeople. Even Renee is a recent acquisition in that sense. And we asked Ruth Ann, at that point in time, to help us -- which design the future of how our commercial organization will look like, and what were the tools that we needed.

We certainly knew that from a customer profitability perspective and measuring perspective, we were very undeveloped. ADM's systems basically grew out of acquisitions, and they are not very coordinated. So most of the businesses have their own way of looking at customer profitability. But probably the ability to have a lot of granularity into that, of how quickly can we update that, it was not at par with the dynamics of the industry that we play on.

So we decided to invest in that. So we had a plan of many tools to that, of which customer profitability is one, customer management or relationship management is another one. We have customer account executives, is another tool that we have.

But maybe, Ruth Ann, with that -- I don't know where you are. I can let you talk a little bit about targets. Since I haven't been able to extract any targets from Ruth Ann, maybe this is a good way to do it (laughter).

Ruth Ann Wisener - *Archer Daniels Midland Company - VP, IR*

Yes, but greatest achievement in my entire professional career is not having to cough up a target yet. But we're working on it; I promise, Juan, we are. So far, to answer your question, that's right. About one year ago, we put together a cross-functional team within ADM to evaluate and select a CRM. And so, yes, you're right. It is a system. We selected in September salesforce.com. And so that will do the things that Renee talked about earlier. That will help us communicate among ADM's divisions more effectively, more quickly.

It will help us over time, I think, to respond more quickly to customers and essentially achieve what both Renee and Juan mentioned, which is enabling ADM to know what ADM knows. You've seen all day how diverse and global our businesses are. And this tool, we believe, will allow us to do more quickly and more formally what we do already, which is global networking. So we're excited about that and we'll start implement that I think, Renee, here in the month of December.

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

But it's (inaudible). I've been doing this for a long time. And every time you face this and you look at the data for the first time, the 80/20 rule is cruel. You basically make 80% of your profits in the business that you haven't worked that much on the customer profitability, by about 20% of your products or 20% of your volume. So you use the rest of the capacity of the reactor basically to come back to zero.

Because you go to 80%, you go to 125, so every business has a tale of unprofitable customers. There are reasons for that. We're not going to overreact sometimes. It's a cycle of the contracts that you have. Sometimes it's you are leveraging that account through many divisions and all that. But I do believe strongly in the ability to eliminate that tale of unprofitable customers that every profitable company has. And so we do -- we are rolling that out through businesses.

So, we rolled that out to two businesses already. They are working on that. We are in the process of rolling to two other businesses, and we will be completely in the rest of the businesses by 2015.

And then you're going to see in that column in the middle, about operational improvements, not only cost improvement but also margin improvements coming from these businesses. They're all going to have the target, they are all working on that, and we're going to add that to the already $200 million in purchasing and $350 million in cost improvement. To that $0.5 billion of potential over the next five years, we're going to be adding some of the margin improvement because of customer profitability.

Yes, please?

Unidentified Audience Member

Hi. You guys talked a lot about of the dampening of earnings volatility. That was a theme that came up. And obviously there's been -- you guys have made a lot of operational improvements, and it looks like there's a lot of room over the next couple of years.

Could you give us -- if possible, quantify in another -- let's say we had another drought year, or another year where market conditions were a little bit soft. What would you expect to be like a baseline? If you can give us either earnings our margins, or return on invested capital, or anything along those lines, that'd be helpful.

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

Maybe I can start and then I can let you, Ray, complete. To be honest, the way I look at this, it's more qualitative and quantitative in that sense. Have we run every scenario about what happen if this, and what's going to be our earnings? Not yet. What we feel is that in this program we have increased the number of levers we can pull to make sure that we optimize that, that we extract more from adverse conditions.

I grew up in ADM in adverse conditions. I joined three years ago. Two of the first ones have big droughts, and they were probably the bottom of the cycle. We were having very much headwinds and ethanol at that point in time and very soft ag services earnings because of bad crops. So at that point in time, with everything that we did, we managed to hit WAC at the trough. There are very few companies or very few industries that actually can hit WAC at the trough of their cycle.

So we feel good about that. We don't know exactly what's going to happen, and we're going to try that. We put all those things in motion. We know they are not doing any damage to the corporation, so they can only be positive. Can I quantify it right now? I can't. But that will be something that we will probably do together as you check on our dashboard and our progress, and how we face in the -- and we compare to the people in the industry.

Like we said before, TSR, we've been comparing last year our performance even by segment as much as possible. That's where we've been trying to set the competitive standard by industry, because we want to compare apples to apples. How do we do as a grain company? How do we do as a basic processing company? How do we do as an ingredients company? And that's important to start getting data points of how good we really are in all these, and how good all in these strategies that we put together actually is coming to the bottom line.

Go ahead. I don't know if you have any more (multiple speakers).

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

Yes, just a couple comments. For those who are maybe not as familiar with our company, the first point is, we're not as volatile as people think. I think about the fact that we went through a 60-year drought, and we earned $2.30 a share from really a baseline of $3. That's pretty impressive to be able to earn $2.30 a share when -- say, your earnings power, roughly $3 a share.

And so, therefore, the first point is, we're not as volatile as people think. At the same time, I do believe that as we execute the business model that we talked about today, we will dampen volatility of earnings. As we move towards the right in terms of the value stream that Juan talked about, as we get control over more of the variables that impact our business, we will be less volatile.

And the last aspect in terms of just managing volatility is be able to -- the ability to handle volatility. And that's the reason why I talked about working capital lines and how we've expanded that. We are far better today in order to handle volatility than we were in the past. So when you add it all up together, that's what gives us the confidence in order to lay out the capital allocation framework that we talked about this afternoon.

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

I think what excites everybody in the team is that this is a 120-year-old company that it feels very mature and very -- is excellent at execution. And we still have a plan that have a lot of potential in each of the three industries. So, we think of that. We think about the ability to incorporate all that extra margin that [Joe] can get, either by growth geographically or by going to the final end of the customer.

Think about that piece. That piece, we use -- remember when, I think for the [Rico show], $2 to $3 per ton on the way to the port, and then $8 to $9 in the interior. We used 80% or 90% of our capital to get those $2, $3 per ton. That's when you can build the capital. That's when you get all the transportation capital. You use it to do that. The rest is mostly about people. So imagine the ROIC of the rest is incredibly higher versus the ROIC at the beginning. So you have that power.

Then you have all the power of this $0.5 billion of operational improvements, plus the new products that we can introduce in the middle. Plus, you can get an ingredients company that can get to $10 billion. Actually this is an answer to the question what's the margin of those $10 billion of revenue. But he will eventually, when you get more comfortable with all that. But think about the power of that. And I think that's what gets us excited.

The footprint that we have, the strategy we have in front of us. And we have a tradition of execution, so I don't doubt the ability of this team to put the dashboard in front of you and say, hold us accountable to that. I don't doubt that for a second. This is the premier team in the industry, and we have showing through the down times or through the good times. So we feel very excited about that.

Yes, Ken?

Ken Zaslow - *BMO Capital Markets - Analyst*

I guess my couple questions is, what is actually new on the return on invested capital number? How do we think about it, given -- like, what is your capital -- how you think of your operating capital? And I guess, said differently, Ray, you just put out a $3 baseline number. And I guess the question is with all the new capital projects, cost savings, acquisition, repurchase -- what is your new baseline number?

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

Yes.

Ken Zaslow - *BMO Capital Markets - Analyst*

You're so close to giving it, but yet (laughter) I felt so sure. It was that close.

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

I let you down, right? I let you down. (multiple speakers). A couple comments there, Ken. The reason why we didn't give the number is, first of all, the number changes over time. Because when you take a look at our model, and we are reinvesting in the business here. Then secondly, and when you take a look at the free cash flow, the 60% to 70% that's not devoted towards CapEx, we're going to invest that either in certain M&A activities or return of capital to shareholders.

So, therefore, it's tough to actually come up with a number, because that number will change based upon how we toggle between an M&A deal or whether we return capital to shareholders. And return capital to shareholders, is it going to be the form of a buyback or are we going to do a special dividend? But I think that we've given you enough that you can actually do some modeling yourself and determine kind of where this Company is heading in terms of earnings.

But with one thing, that 10% ROIC is something that we are focused on. We are going to drive towards the 10% ROIC number. What that translates into EPS will be a function of how we deploy the capital in that 60% to 70% of the free cash flow there.

Ken Zaslow - *BMO Capital Markets - Analyst*

Could you give us an answer without deployment of cash?

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

I think you can calculate it, right? I think when you calculate it, it's not going to be a surprise to anyone.

Ken Zaslow - *BMO Capital Markets - Analyst*

My other question is really actually on high fructose corn syrup. Given that net corn costs are down as much as it is, I know you talked about the outlook on ethanol. But net corn costs for high fructose corn syrup should be down pretty significantly. It seems like contracting season is going fairly well, at least stable if not a little bit higher pricing, given Cargill's closure. Is there any reason to believe that that profitability will not be at record levels in 2015?

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

Great, Chris so what do you think? I'm strongly supporting his argument (laughter). I love this, making my people commit in front of me. We have two now.

Chris Cuddy - *Archer Daniels Midland Company - President, Sweeteners and Starches*

I'm not sure. I was going to thank you for the question, but I'm having second thoughts. If you think, Ken, we had a pretty strong -- we're in the middle of a pretty strong year, 2014, of earnings for high fructose corn syrup. One of the things that I mentioned during my prepared remarks was that we actively manage the business through the swing in the grind and the fight for the grind. One thing that's interesting if you look at some of the trends, we're setting -- I have 10 years in this section of the business.

We've sold the least amount of sweeteners we've sold in my 10 years. And a lot of that's due to moving it away from high fructose into other materials. And you saw in the pie chart how we've grown some of the other segments in the sweeteners and starch business.

With all that being said, on the environment for -- or the capacity utilization was already fairly high, particularly when you think about my lack of drawing skills, but my metric of the front end of the grind and the back end of the grind.

The capacity utilization is fairly high, even before Cargill shut down. So now I think it puts more pressure on the business to maintain margins. The closure was late enough in the season that I think a good portion of the business was put on around the country. So I don't know how much lift you'll see in 2015 particularly, but going forward, certainly it's a sustainable, profitable business.

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

I don't know, Ken, if you had the opportunity to read in my scorecard -- you will get a copy now, but because it was very crowded, and I didn't go through all the details. But we are planning for the worst-case scenario there. In high fructose corn syrup, in wet milling, what we are saying is that we are going to replace 10% of the grind over the next five years with new products.

So what we are preparing is, in the worst-case scenario, in which all of a sudden demand for high fructose corn syrup drops 2% per year, which we haven't seen yet. But in the case that that could happen, we will provide Chris -- or Chris' salesforce -- the ability to have other products so that we can have optionality and not have to go -- to drop margins. So we feel very good that we are equipping our salesforce with more optionality for that capacity.

In the case that that demand doesn't drop, as it happened so far, then we're going to have even more options to actually fill up our reactors. So we're planning on a capacity that is basically fixed, and we are trying to sell up, if not maintain, our margins.

Unidentified Audience Member

Pat, I think this will be your look-back question. So, how is ADM different today from what you expected it to look like when you first joined the Company several years ago? It certainly is different from what I expected it to look like.

And then secondly on -- if I could just focus on value-add. I'm still not quite clear where ADM is and the value-add evolution. ADM has been talking about value-add for a long time. It seems like -- well, things are definitely accelerating now. But when you do your benchmarking versus your peers, where do you think you are now? And where do you think you'd like to be versus peers on value-add, 5, 10 years from now?

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

Sure. Well, I'll take the first section, and Juan can comment a little bit on value-add. I think any company -- and you asked what, today, looks differently than may be expected -- wants to work on things around improvements strategically, operationally, financially, and organizationally. So, I see us different and better in all four of those categories.

Strategically, our strategy has evolved, but I couldn't be happier than with where it is today. And I think probably somewhat different than maybe any of us might have expected, even five years ago, let alone, say, eight years ago, the world was doing a lot more relative to biofuels. We made our investments; we feel good about how they're performance today. But there's been parts of the world that have stepped back on that piece.

We thought natural gas prices, particularly in the US, might be something where we would want to differentiate. And coal was an example, the world changed, and the US certainly relative to gas and oil. So, a few things in the world changed. Of course we have the 2008 crisis. It's a long span of time. But, strategically, I think we've evolved to be able to be agile with that strategy for that time.

Operationally, we went through a long list today, but I think operationally we couldn't be more excellent. We talked about the three areas where we compete today as a benchmark in the industry, and our fourth new acquisition. You're going to ask a little bit about the value-add there.

Financially, we've had some of our best years ever. In many categories this year, we had -- we've made improvements financially. We've made improvements with shareholder value. We feel good about how we're competing with the market against our competitors.

And, organizationally, I would repeat: I think we have the best team in the business. One of the things I'm most proud of is even bringing in folks certainly to the right and left of me. And Juan didn't say yes right away.

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

It's true.

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

And I waited. I told him I'd wait for yes, and it was 18 months later, I think, before we got to yes. But I'm very proud of this team, all the team in this room. So I would say it's definitely a different and bigger and better company. We're more global obviously then we were, but in very critical areas where I think it's important to be more present in the globe. And here we are in a global city, where we can travel to meet those customers and those partners every day.

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

So, around second part of questions, it where we are in value-added or ingredients -- listen, I think we are just getting started in that, at least as an entity. And it's an entity that starts already with a $2.5 billion, which is not small in the ingredients domain. But we have a lot to learn. We have acquired a great capability with people in WILD that have more than 70 years of experience on doing this pretty well, and we have capability that we had in ADM.

I really wanted to separate the business model. Because I think one of the biggest dangers for investors in corporate America is that you might have experiments that may be very dear to the heart of management, but they may be receiving internal subsidies. And as an investor, you shouldn't be paying for that. So I'm always very clear to try to separate to the business models and see the things that need to stand on their own. That's why we do so much portfolio management.

The difference between a big corporation and a startup is if the startup doesn't make money, shut the door at the end of the month. If we don't money on an experiment, we can run it for 20 years being subsidized by other businesses. We don't want to do that. So if we are not very good at that, we either don't play or we get out, or we fix it. That's why we don't play in tropicals or farming. That's why we got out of chocolate or South American fertilizers, and that's why we fixed ethanol and other things.

In ingredients, we know that we have the capability to create high ROIC and high returns into that, even within the environment of a specialty -- of a commodities company. But Matt's leadership did a very good job of carving out the space. Now putting like-to-like people, businesses that run similarly, we're going to have that exposed to getting their own returns.

And I think providing that transparency to you is the best thing that we can do, so you can see that we are playing with we really own the place, and own our space into that. I think -- are we excellent? Probably not. In the scale of 1 to 10, we're probably a 6 or a 7, and learning quickly. And I think that there are some things that we're going to naturally learn and get better over the years.

And there are things that we're going to acquire. Whether it's big acquisitions or -- I don't think we have a stream of big acquisitions coming ahead of us. We may have some here and there, things to complete the portfolio, but I'm always listening to the guys. They have a very subtle strategy that they put together, so we're pretty receptive to their desires. So, does it help?

John Roberts - *UBS - Analyst*

John Roberts, UBS. Juan, you had a comment earlier about things that ADM wouldn't be in kind of outlook. In the food ingredient strategy, I think salt is the only thing you eliminated that's there. But there are a lot of things. There's yogurt cultures, there's spices, there's MSG.

I mean, how broad is your ingredient strategy? Is it double down on the things that you have already? Or are you looking to fill some big gaps?

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

Yes. I will probably let either Bruce or Greg answer that question, that I think it will do more justice. But I think we are -- while they get the microphone -- I think Greg said it in his presentation. Just being broad and -- it doesn't help much unless you have knowledge. So we're working very closely with customers on what are the answers of that they need to -- what are the questions they need answered? What are the technical solutions?

So, we have the balance sheet to acquire whatever line of products, and that's dangerous, actually. So we try to be very mindful of that and not waste that into something we're not going to be very good, or it doesn't have a strong synergy with what we're doing.

For example, there are things that -- whether we do WILD Flavors and specialty commodities, remember the long value chain. Well, WILD Flavors is similar. It starts from fruits, and you get the extract and you get the solution. Specialty commodities start from origination in the middle of Bolivia, and it gets to all the distribution and it gets a product.

So, I don't think we'll leverage a lot if we get into [dairy], for example, or dairy [broad-based]. Because we don't have that origination, that transportation, that relationship with the farmer. So that's a vantage model we try to replicate. So, when we look at the ingredients, yes, you need to fit the solution the customer wants. But we could get that solution without buying it, by an alliance, but we're selling something.

If we cannot bring our capabilities in managing that chain, we're probably going to pass. And we're going to complement it, and we're going to acquire that product, but we don't need to own the assets. Only if we can acquire, we will acquire if we can bring our expertise to create significantly more value than that other owner. If not, we'll probably let that owner, and we just borrow the product and put it in the formulation.

Greg, with that, make sure you don't contradict me.

Greg Morris - *Archer Daniels Midland Company - SVP and President, WILD Flavors and Specialty Ingredients Business Unit*

I think that covers it, from a lot of different angles (laughter). The only thing I would add is I think it's critically important that we listen to our customers and understand from them where their needs are. On top of that, it's leveraging our capabilities, as Juan mentioned. And we really want to make sure that we don't overextend ourselves and get into spaces that we don't have core competencies and a differentiation strategy versus others.

We do have a number of adjacent products and complementary products that we think we could bring into the family. But as Juan said, that doesn't have to be through an acquisition. And so were looking at strategic partnerships, and talking to companies to try to partner together to create value amongst both of us.

And so there's a number of opportunities out there, as Juan mentioned, in that strategic arena that wouldn't be an acquisition. So I think that pretty well covers it.

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

I think we have time for one more question.

Yes?

Paul Massoud - *Stifel Nicolaus - Analyst*

Hi. Paul Massoud from Stifel. I wanted ask a little bit more about origination ag services. I've been hearing a little bit about political opposition in China on relying too heavily on the US for corn imports as they grow. But if corn imports start to look anything like soybean imports, it's going to have to come from somewhere.

So I was hoping you could just comment a little bit more on your ability to source product, corn specifically, for China today. And whether or not we might have to see -- you may have to invest a little bit, maybe in the Black Sea or some other region, to be able to source the product that's not coming direct from the US.

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

Yes. So, Joe, who wants to tackle that? Chris, Joe? Paul, there are so many more better experts than me for that. I would say, though, remember the origination strategy. We certainly are growing in Eastern Europe, so we want to make sure that we are that company, we are the premier grain company. We want to make sure we have enough powerful origination that we can navigate all those waters, and being able to supply and to keep our share anyways.

But with that, Joe?

Joe Taets - *Archer Daniels Midland Company - SVP, President of Ag Services*

Sure. Maybe first a level-set, just to talk about the global corn market itself. Between the US and China, we produce roughly two-thirds of all the global corn. Having said that, of course, the United States is even much bigger than China. China produces about 220 million metric tons of corn. This year in the United States, going back to bushels, it's about 14.4 billion bushels. But there's a huge contrast between the two.

The US, of course, has a very advanced, industrial domestic demand in ethanol, in the livestock industry. And then we export somewhere around 1.8 billion to 2 billion bushels. China is an important market. I mentioned that earlier. It's our number-three collective import corn market for the US, combined corn and corn products like DDGs. When you think about of the global trade in corn, you have to think about which destination, which surplus areas have the best arbitrage to China.

The US works very well, particularly when you look at the combination of the [P&W] up in Northwest and the US Gulf. With the widening and improvement of the Panama Canal, actually that's made New Orleans even more competitive going forward. If you think about other areas in the world that export a lot of corn, the Black Sea is important. But actually the Black Sea is really well positioned to supply other key import markets.

I'll give Egypt as a perfect example, and the Middle East, whether it's Israel our Iran or Iraq. So actually, when I think of the Chinese, and the way they'll import corn in the future, I think it's predominantly a North American play. And I think it's a Brazil, Argentine play. And I would think of the Black Sea as the supplier of third choice, looking at historical production trends. But what's important from an ADM perspective is we have great port and access and origination in all three of these key areas.

So, irrespective of if it's the best arbitrage out of North America, or the Black Sea or Brazil or Argentina, we're very well placed to take care of those trends.

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

Thank you, Joe.

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

Thank you. As our host today, I'm going to ask Maria to come up and grab a microphone, if you will, so you could explain something in a moment. But let me thank you all -- first of all, the ADM team for a fabulous job today. We really appreciate the work, the effort, and the information shared with all of our investors here today. And thank all of you for coming, for your interest in that Company. I hope you were able to get some things, if you were new to the Company, some basics. And if you have been watching us for years, I hope there has been some new information that's helpful.

We do have a reception afterwards. We're right outside the doors here. We'd like to thank you again for being here.

And Marie, maybe you can tell us what we'll enjoy during reception hour.

Marie Wright - *Archer Daniels Midland Company - Wild Flavors Chief Global Flavorist*

Well, I spoke a little bit in the presentation that you would have the opportunity to taste some of our food culture trends. And you're going to have the opportunity to taste a hot lime margarita, and that is kind of capitalizing on the trend of hot. So this obviously has tequila in it, but the rest of the flavor is coming from flavor, and you'll taste really nice, fresh jalapeno note and then a Tahitian lime juice note in that particular beverage. It's really delicious.

And then another twist on a Bloody Mary, and it's actually a maple-bacon brunch. Something probably best drunk in the morning, perhaps, but you're going to have the opportunity to try it. And it's really capitalizing on savory cocktail trend. And, of course, everybody loves bacon.

And also the maple note is a Vermont maple. The consumer is getting more sophisticated, and we're -- one of the things that WILD has is a lot of what we call provenance and varietals, so you'll taste that sort of Vermont maple taste in that.

Also you'll have the chance to sample our Palermo shrimp, which is a twist again on that wonderful beverage that you can drink in Mexico, where it's tequila mixed with citrus and grapefruit. Well, the shrimp has been marinated in that, but you'll have a little tomato jam, chipotle-tomato jam with that, capitalizing on the trend of savory jam. And then to go with that will be a little bit of a Greek yogurt-cilantro-Tahitian lime sauce.

So I hope you will enjoy those. There will be sort of a WILD destination bar that you can try those. But then, of course, if you need a stiff vodka, there will be that available for you as well (laughter).

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

Very good. Thank you all very much.
