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Archer Daniels Midland Company F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from the line of Robert Moskow with Credit Suisse Securities.

Robert Moskow – Credit Suisse Securities

Hi. I guess I will start with a Wilmar question. I didn't know that this was coming, so when did you guys get a sense that there was going to be this tax charge, does it have anything to do with new tax rules from I guess the current administration and I'll start with that question. Thanks.

Steve Mills

Okay – well, start, Pat.

Pat Woertz

I was just going to say it does not have to do with any new tax rules but I will let Steve walk through the timing and the relationship with the majority shareholders and the decisions made along the way.

Steve Mills

Thanks Pat. Well, this was mostly a first-quarter activity, so there wasn't a lot going on here. We have been spending a lot of time as you could imagine researching a variety of alternatives and to see if we are able to come up with a solution that was acceptable to the other shareholders. Third quarter – fiscal year first calendar quarter, sorry if I went wrong, is a recent item. But nothing as Pat mentioned doesn't have anything with the – with anything on the new rules and it was really an effort by the majority of the shareholders of the holding company structure to hold their interest directly instead of indirectly, and it also has the ancillary benefit of increasing the free float of Wilmar.

Robert Moskow – Credit Suisse Securities

Okay. And then I will ask a question about ethanol if I could. There was an article in the journal about it today, it is kind of difficult to interpret how the administration is moving forward on one hand, the EPA has been more strict on CO2 levels on the other hand, it looks like some more financing is going to go faster into biofuels producers hands and then the inclusion rate is going to go up. So can you give us a sense what's your interpretation of all these new information and how does it help or hurt your business?

Pat Woertz

Well, I'll start here and then somebody may want to jump in. Of course we're watching all of the discussions related to biofuels both corn based, advanced ethanol, advanced biofuels, and we feel quite positively that there is a recommitment of efforts associated with supporting biofuels in the market, both first-generation and second-generation. There's been further discussion about higher blend rates as you know, petition for 15%, even if that does not occur, up to 12%, would allow additional ethanol to flow to the market. I think we will watch the announcement today, I think it is a combination of ag, energy, and the EPA and it is on – strictly after our call here, so we will see the other announcement to come. I think there is some discussion as well on this concept of indirect land-use and the signs is rather unripe on the subject. It has to do with how land-use maybe even in other countries affect the biofuels produced here in the US. So I think more dialogue will occur on that subject. It is already occurred in California, there'll be more from the EPA and we're engaged in all of that. So I think it is positive in the overall affect that people are looking at and having the discussions about how to continue to support not only the renewable fuel standards that are in place but to ensure that they continue to grow.

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