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RE: Viterra Revised Auction Proposal

3 August, 2012

Dear Mr. Salisbury,

I am writing to comment on the Viterra Revised Auction Proposal dated 20 July, 2012. Louis Dreyfus Commodities has consistently been in favor of open, market based allocation of Australian elevation capacity since deregulation commenced. We believe Viterra's auction system is generally good, but may have overstepped in attempting to regulate trade behavior during capacity auctions.

The first criticism we have regards the following statement in Viterra's filing:

"Viterra further submits that spreading the rebate across multiple auctions (and auction periods) is likely to create less certainty in relation to the likely amount of any auction rebate and therefore provide incentive for 'truthful bidding'"

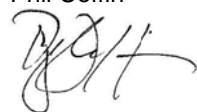
I can speak only for us, but the cost of an elevation slot affects our demand for it. If we are unable to accurately determine the cost of a slot, how are we to bid efficiently?

We are also not in favor of the restriction on bid withdrawals proposed by Viterra. With restrictions on withdrawal, we would be forced to anticipate how many more rounds the auction will last to start withdrawing capacity bids as price levels approach our pre-determined price limit. To compound matters, the deliberate clouding of what rebates will be reduces our capability to determine what our net price will be in order to start the withdrawal process.

We are not sure the weighting of rebates to less-demanded slots will result in shorter or fairer auctions. This is reinforced where Viterra chooses to isolate the rebate pool in each port zone. It is plausible that the most popular ports will be fully subscribed in the early stages of the auction. If all slots in a port are over-bid initially, the weighting scheme would not provide any increased incentive to move demand. Offering full flexibility across ports and shipping periods may help to break the bid logjam in high demand markets. The port-specific rebate scheme is more focused on flattening demand across time in a single port, than in distributing demand to the appropriate port in each shipping period. This does not conform as well to the seasonal nature of Australian grain demand.

In summary, we believe that full flexibility to bid and withdraw bids will speed up the auction process. The rebate weighting scheme would be more effective if capacity were consolidated across all ports and shipment periods.

Phil Coffin



Grains Manager