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EDITED TRANSCRIPT

ADM - Archer Daniels Midland Company at BMO Capital Markets Farm to Market Conference

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PRESENTATION

Ken Zaslow *- BMO Capital Markets - Analyst*

Archer Daniels Midland is one of the largest agribusiness companies in the world. With a little more than a year on the job, COO Juan Luciano and CFO Ray Young have begun to put their mark on ADM in terms of capital allocation, efficiency programs, culture, and financial disclosure. But at the same time, they have maintained ADM's core competencies in risk management and ability to leverage its global infrastructure. We are pleased to introduce COO Juan Luciano and CFO Ray Young to discuss the structural changes at ADM as well as their future outlook.

Juan Luciano *- Archer Daniels Midland Co. - EVP, COO*

Thank you, Ken. Good morning, everyone. As Ken said, as COO of ADM, I would like to share with you some of the actions we're taking to drive shareholder value this morning. And although we're very proud of what we have accomplished this year as a team, we still believe that this is just a journey, and we're just getting started in our value creation.

So you've seen this chart before. This is our core model of our value chain. So margins through the chain grow as products move closer to the customer, and volumes probably decrease the same way. This is how we do business.

Today we want to discuss with you some of the steps we've taken in this past year to improve the business and drive returns developing a clear strategy for each region and segment, implementing operational improvements around capital costs and cash management, and optimizing our asset portfolio. We also have maintained throughout a very strong balance sheet and are returning capital to shareholders.

Now let me show you how we plan to continue to leverage this model to capitalize on opportunities around the globe. We are aware, obviously, of demographic and socioeconomic trends which drive demand, and with land and water availability issues which drive supply. This helps us determine how and where to deploy capital.

Our global footprint, as you can see in this slide, give us a great deal of market access as well as insight that support our development of customized strategies by region. Let me go through some of them summarized here in this chart.

The top of this chart shows the regions where we're active. The left side highlights our business activities. The orange boxes represent strategic priorities for ADM. So in places like South America, Eastern Europe and China, we are focused on growth. In other regions, we are optimizing our operations. In short, we're making sure that our growing global network feeds a growing global population.

Now let's take a more detailed look by business. Here we have the oilseeds strategies by regions. So in oilseeds, we want to expand our global footprint, particularly in South America, Eastern Europe, and Asia. For example, we are now in the face of completing our new soybean crush plant in Paraguay that will be online for the next harvest.

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In the more mature markets of North America and Western Europe, we are focused on improving existing assets and businesses. And we're maximizing the number of fully integrated assets, including crushing, refining, and bottling, and growing downstream higher-margin businesses that follow health trends, like protein concentrates, isolates, or our newly launched product, Clarisoy.

As we look at corn, our corn business is primarily located in the US, as such we're focused on driving cost improvements through process enhancements and developing higher-value products to provide a complete portfolio to meet needs of global customers. We also plan to grow the East Starch joint venture in Europe that produces value-added starches for food and industrial uses.

In our ag services business or origination and transportation, we want to expand our networks in key production regions like North and South America as well as Eastern Europe. We will also grow our inputs business and other adjacencies such as specialty agricultural chemicals. You might have seen our press release this morning announcing our expanded global distribution agreement with HAF for the distribution of products under the HAF and Alfredo Inesta brands.

So these are our strategies by business. I would like to show you what happened to our portfolio as we've been implementing those strategies during the last year.

So in oilseeds, as we said, we are consolidating some of our facilities in the US, and we shut down the Galesburg, Illinois, soybean plant. But we also acquired plants in India and have formed a tropical oilseeds refining joint venture with our partner, Wilmar.

In corn, we terminated the bioplastics JV, PHA. We shut an ethanol dry mill at Walhalla that was not competitive to our standards. We ended some small specialty feed ingredient JVs, and we launched the first value-based USP for propylene glycol in the world.

In origination and transportation, we established an ocean freight and fertilizer JV with Wilmar. We continue to add efficiency improvements to our logistics, especially in Argentina in Bahia Blanca. We're adding a shuttle train loader elevator in the US, and we continue to expand our distribution of specialty agrichemicals globally. In milling, we also closed the Plainview facility in Texas.

So let me provide now a more detailed update on several other projects in our portfolio. They are in different stages, but all meeting our expectations, and they speak about our capital discipline going forward.

Elstar Oils we announced the acquisition of the Polish oilseed processing in August 2011. This has been integrated into the ADM European network of assets, and we are capturing synergies with each business unit across our supply chain--origination, crushing, refining, oils and fats, packaging, and biodiesel. Synergies are in the areas of operational costs, efficiencies, asset product streamlining, headcount reduction, risk management, and freight savings, and they're all on pace to be delivered.

In the US, in September 2011 we announced the purchase of the Wisconsin Elevators. This is an area in Wisconsin where we were underrepresented from a footprint perspective. I'm happy to report that the integration is completed ahead of plan, all assets are fully operational, and grain procured at these elevators supply both domestic and export markets.

Last but not least, the Danube River Export Project, announced in August 2011. This project is on schedule. It has increased our grain origination, storage, and transportation along the river. Construction is complete already in three out of the six planned elevators. We also have a JV export elevator which is operating and has the ability to load Panamax vessels. This is an important part of the expansion of our origination network in Eastern Europe by ag services, as I've shown before.

In addition to managing our portfolio this last year, we have also spent a great deal of our energy concentrating on operational excellence. Here you see the key pillars of that capital, cost, and cash. Obviously, we started first with capital, so we're probably 90% complete there. We followed with the launch of our cost initiatives, where we're probably halfway through. And lastly, we have launched our cash enhancements initiative that are maybe 20% through.

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In capital, we've been very disciplined with our capital allocation. Capital, now, spending is tracking around $1.4 billion, with acquisitions tracking around $300 million per year, for a total of $1.7 billion for this fiscal year. Also, we're redirecting our effort to smaller investments as well as investments outside of the US to improve our risk return profile.

In costs, we have significantly reduced our overhead costs and become a leaner and flatter organization. And in cash, we have started our efforts to become more effective in managing our working capital to free up cash. As I said before, we have started this recently. For you to have an idea of progression here, we have gone through basically the cocoa business in terms of inventory, so we have a ways to go, as we need to go through the larger businesses. And in terms of the cash cycle, we have addressed only a small part of rail indicator, so we still have a long ways to go. But we are very encouraged by the results that we are finding.

This continued to support the very strong balance sheet that enables us growth as well as returning capital to shareholders. At the end of March, we had debt outstanding of $10 billion and an equity capital base of over $18 billion, with ample access to liquidity providing us with significant financial flexibility to handle commodity price spikes and capitalize upon strategic opportunities.

For several years, we have increased dividends along with earnings growth. We have also repurchased shares. Through Q3, we have already repurchased 29 million of the 44 million related to equity units issued in June 2011.

So at ADM, I'd refer to much of what I've discussed today as driving shareholder value through the five C's. I believe we must make capital decisions with rigor and discipline, utilize technology and processes to achieve cost leadership, enhance our cash flow from operations, drive our organization even closer to our customers, and do business the right way. And we have designed our variable compensation program to make sure all employees' goals are aligned to achieve this.

So in summary, we have the proven core model, scale, and strategies to meet the growing global demand. We are driving operational improvements and upgrading our asset portfolio to improve returns. And finally, we have the financial strength to grow and deliver returns for shareholders.

Thank you. Now I would like to take your questions.

QUESTIONS AND ANSWERS

Ken Zaslow - *BMO Capital Markets - Analyst*

We'll open up for questions, if there's anybody out there. Juan and Ray, you guys have gotten your hands around the business now for a while, and clearly, it's coming through. The word optimize has been used more by Archer lately than ever. And I just was hoping that maybe we'd get more insight into how you're starting to set financial goals that you can share with the investment community, maybe those that you're sharing with your employees in terms of the return on capital goals they have for variable pay performance. Can you just speak to, and ideally, speak to the three divisions on a long-term financial goal framework? Or if not now, when can you?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

Sure, yes. Thank you for the question. Can you hear me from this? So as I described before, and you said it, we are aligning everybody to financial goals. So our variable pay program, in which every employee is included, have a weight of about 55% to 60%, depending on the employee, on EPS and ROIC. The rest of the goals depends on some of these five C's and what they were impacts them. So we're trying to keep it simple for the employees to be aligned as much as possible with the shareholder care for, which are these C's.

In terms of long-term financial goals, we are at the moment finalizing our 2015 planning, so we have set up that for all the divisions. So we are in the process of reviewing that. We're going to finalize internally by the end of May or mid-June. We're going to review with the Board early July. That will be blessed, and will cascade down to all the employees through their variable pay programs, and then we can start making a little bit more public about that.

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Ray Young - *Archer Daniels Midland Co. - SVP, CFO*

In terms of returns, what we've disclosed to you already in terms of our targets, namely 200 basis points over WAC as our return target, that is consistent with how our compensation plans are set up. So there's alignment between what we've targeted with how we're compensated. And actually, there are ranges. You've got thresholds and you've got stretch, but our return targets that we publicly announced are tied to our compensation plans.

Ken Zaslow - *BMO Capital Markets - Analyst*

I want a question here. How far along are you on the optimization path, and will we see a material portfolio shift over the next six to 18 months?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

I would say the first thing we tackled with those businesses were negative impact in P&L. And there was a first round on businesses that we decided we couldn't improve, and you've seen all those actions having been taken over the past two quarters. All the other businesses, there are two that they were not meeting our returns, but we can improve and we're working on those. So in that sense, I would say not much from a portfolio perspective.

The thing that you probably see related to my fifth C, or fourth C, the customers, is we are changing our deployment of sales to become closer to our customers, and we have many technologies that we need to introduce that are value-added products, but actually it's useless to introduce if you don't have a good channel to market and a way to cash that. So I think that if any changes you will see in the future will probably be in that aspect of a little bit of a better cross-selling and introducing some more high value-added product to our customer base.

Unidentified Audience Member

Juan, I wanted to know, can you expand on global oilseeds processing capacity, and how do you see utilization trending the next few quarters, globally and then by region? Thanks.

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

I always said our ranking of profitability, if you will, at the moment is the US is best, South America is second, Europe is at the bottom. Maybe I should add, based on my partner's, you know, Wilmar's experience, maybe China is also at the bottom. I just came in from Beijing, and the industry is probably running there, although in numbers it looks like 50% effective capacity, it's more probably like 70% to 80%, but they are a little bit more restricted on their ability to pass price increases in edible oils in China. That's the situation.

I would say in the US, we're probably operating about 80% utilization. Same boast for our footprint in soybean and in canola. So we're at about 80%, low 80s.

In Europe, we have taken down some capacity, so we're probably operating high 70s to low 80s. We have shifted as much as possible from rapeseed crushing to soybean crushing. We have better margins in soybean crushing; the same with sun seed. So we're trying to do that. We have an ability to switch about 20% of our capacity in Europe, theoretical, so effectively, probably more like 16% to 17%. We have done that.

And South America is probably in the range of 70%, a little bit higher now that the harvest has been through and the farmer has been more (inaudible) centered in South America.

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Unidentified Audience Member

Can you discuss how logistic opportunities are developing around the world, where you're starting to see some dislocation opportunities developing?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

Sure. Well, I think the first thing that we see now is very different to when I joined ADM is that when I joined, I remember we had this huge South American soybean crop that basically created a very long tail of export from South America, especially to Asia and to Europe. And we suffered with that profitability for a while. Now we've seen traditionally North America will see exports ending by the end of April, and we have continued to export out of North America just because of the reduced South American crop.

So there is also some issues in exports of biodiesel from Argentina. Certainly, Repsol controls 60% of the imports of biodiesel into Spain, so they are not favored material coming from Argentina at the moment. So we've seen a little bit of extra pressure from Argentina on biodiesel going into Germany. That's kind of impacting our margins, because that's kind of our market. So we see a little bit of a benefit in North America and a little bit, maybe, of a detriment in the biodiesel part in Europe in Germany.

Unidentified Audience Member

I just had a question about your ethanol business. I mean, you're definitely the big player out there capacity-wise, not necessarily the lowest cost. I mean, do you see opportunities in terms of improving the cost basis within your ethanol operations? And if so, could you elaborate a bit on that?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

Sure, yes. I would say we are convinced that we are in the best cost position, so I'm surprised by your statement. But anyways, we can argue about that. I think, when I mentioned here we were about 50% through in our implementation of our cost initiatives, we've done everything that we were going to do in terms of people. Now we are launching the implementation of some our technology initiatives to improve that.

So in the case specifically of ethanol--we have technology plans for all the businesses--but specifically in ethanol, we have technology in terms of enzymes that can improve our ethanol yield significantly versus what they sell there in the market, and we have also some membranes technology that allows us to improve that. So we are very excited about that. Those projects are being implemented right now in our plants and continue to drive our cost leadership in the industry.

Unidentified Audience Member

Sticking with the ethanol side of the business, can you talk about your expectations on why exports should or should not accelerate from current levels, given the rapid spread between ethanol and gasoline prices? Also, the recent decline in gasoline prices--do you expect to see a volume pickup that would help ethanol margin structure?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

In export, I've been miserably failing in my forecast for the last couple of quarters, so I'm not sure I will continue with my bullish view on exports. We've been working on developing export programs, obviously. We have been successful in qualifying our products and work in Japan, and we continue to work with Brazil in order to do that. At the moment, exports are running about 200 million gallons per quarter, so it's still not to the level that we need.

In terms of what the industry goes through, as the industry is going through into the summer, that's the period in which we see margins expanding for ethanol for a variety of reasons. First of all, because plants in the summer tend to run at lower capacity utilization. These plants are very sensitive

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to extracting heat from them, so they run very hard in the winter. They run under nameplate in the summer. So in the summer, you have a little bit of less supply.

You also have people getting at the end of their corn crop, if you will, more difficult to get corn in the destination plants, so you have some plants coming down. And also you have the driving season, as you described, and normally come up. So it's a little bit of a better demand and a lower supply. So we expect margins in ethanol getting better by June or July this year.

Unidentified Audience Member

Yes. Basis between new crop and old crop is pretty extreme. I know last year it became an issue or was thought to be an issue. Can you talk about how you manage this extreme basis between new crop and old crop? And does this become an issue in terms of hitting the income statement? And how do we look at that?

Craig Huss - *Archer Daniels Midland Co. - SVP, Chief Risk Officer*

Well, the most obvious, when you've got a huge inverse, you want to get in a new crop with no inventory. And that's weighed against, very simply, keeping your supply chain active so you don't shut a plant down. So those are the two parameters.

And the industry this year, because so much of the corn crop is west of the Mississippi River, it's going to be more and more difficult for the eastern plants to manage that supply chain. We do it on a normal basis; it's a part of doing business. But we may, if the inverse gets too big and margins aren't large enough, you start to slow plants down. And you start with zero and you have to manage to that. But you don't want to slow a plant down with a margin, and the smaller the margin, the tighter you get on that inventory requirement.

Unidentified Audience Member

So do you expect it to be an issue?

Craig Huss - *Archer Daniels Midland Co. - SVP, Chief Risk Officer*

We hope it's an issue, actually. We've got a very strong supply chain and we've got a lot of elevators out there. And if it's an issue, it should be a margin enhancer for us, we would hope.

Unidentified Audience Member

Can you talk about which businesses you have begun to see an inflection point, broadly, and which businesses you think may still take a little bit more time to inflect?

Juan Luciano - *Archer Daniels Midland Co. - EVP, COO*

Okay, let's go by business, then. I think ag services is still in the low end of the range, and I think until we get the new crop, we're still managing very low volumes. So I expect the inflection point to come in maybe August or September timeframe for ag services.

Oilseeds, we've seen a slight improvement in crushing margins in, as I said before, in both Europe and North America. Traditionally, this quarter for us is where South America takes over, so we shouldn't see a sequential improvement. But overall, the industry is better than last year at this time.

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In corn, for our business, we see sweeteners continue to be very strong. The supply-demand fundamentals are there, and you see the price increases moving through our P&L. As I described before, ethanol is going to see margins improving through the summer. And then in order for us not to be making money in ethanol only half the year, but through the year, we need E15 implemented. And we think that's going to happen, we're going to start seeing it in the gas stations later in the spring or early summer. But it will have a meaningful impact for us probably next year.

What am I missing? Cocoa, we continue to have good press margins based on powder. We have a competitive advantage in ADM in terms of powder. We produce black powder that you make the Oreo cookies, which is a very famous product. We produce a very good red powder that is what gives the brown color of the milk. So those are products that there is a big demand for those to continue to grow very aggressively. So cocoa is having a good year.

And then the milling industry's a very stable industry, if you will. So we don't expect any significant changes. It's very solid contributors.

Ken Zaslow - *BMO Capital Markets - Analyst*

Let me just wrap up with one final question. For four years straight, you guys earned $3.00 of earnings, give or take a little bit. You sound like you're confident in the cost savings program. You have a Wilmar revenue and opportunity there. You have maybe a payback on your CapEx, and you seemingly have improving fundamentals kind of putting it all together. Can you put together a framework for which we should think about an earnings power for an ADM in terms of that? It seems like it could be in the mid-3's, or can you put some context to it? Are we thinking about it the right way?

Ray Young - *Archer Daniels Midland Co. - SVP, CFO*

Let me try this one, Ken. Clearly, our priority is, one, make sure we generate an adequate return on invested capital and a return for our shareholders. So that's why we spend a lot of time focusing on issues such as cap allocation costs, now on the issue of cash. And so getting our returns to at least 200 basis points over WAC over the cycle is a high priority from our perspective.

Setting that aside, we do want to continue to grow the company. Growth is important. Earnings growth is very important, also, to generate shareholder returns. And so as we lay in the new capital investments into this company and focus on driving returns on these capital investments, that will boost earnings power in this company as we focus on extracting as much value from the existing asset base, because we have invested a lot of assets in the past. For example, in the corn segment, we've invested a lot in the corn segment. We need to extract as much returns on these assets before deploying more capital in that segment. That, we believe, will enhance earnings power at this company.

Bringing our cost base down, taking advantage of, really, a difficult year that we've had this year in our lower structural cost base so that when the industry cycle turns favorable, we can then leverage that benefit in terms of earnings power. That will also enhance earnings power.

So, again, we're not going to provide guidance in terms of where our fundamental long-term earnings EPS will be. I totally recognize, Ken, we look at the last four years, look at two-year moving averages, we've been stuck at the $3.00 range. The management is committed to drive that number significantly higher, and the actions that we're taking, we're confident we're going to move the earnings power up to a higher level.

Ken Zaslow - *BMO Capital Markets - Analyst*

Thank you very much.

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