# Second Quarter FY2011 Earnings Conference Call

***February 1, 2011***


**Patricia Woertz**
**Chairman & CEO**

**John Rice**
**Vice Chairman,**
**Office of the Chairman**

**Ray Young**
**SVP & CFO**

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**Sr. EVP**

**Dwight Grimestad**
**VP, Investor Relations**

# Safe Harbor Statement

Some of our comments constitute forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, Company performance and financial results.

The statements are based on many assumptions and factors, including availability and prices of raw materials, market conditions, operating efficiencies, access to capital and actions of governments. Any changes in such assumptions or factors could produce significantly different results. To the extent permitted under applicable law, the Company assumes no obligation to update any forward-looking statements as a result of new information or future events.

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# Chairman's Perspective

- Safety
- Financial results
- Strategic update
- Market overview

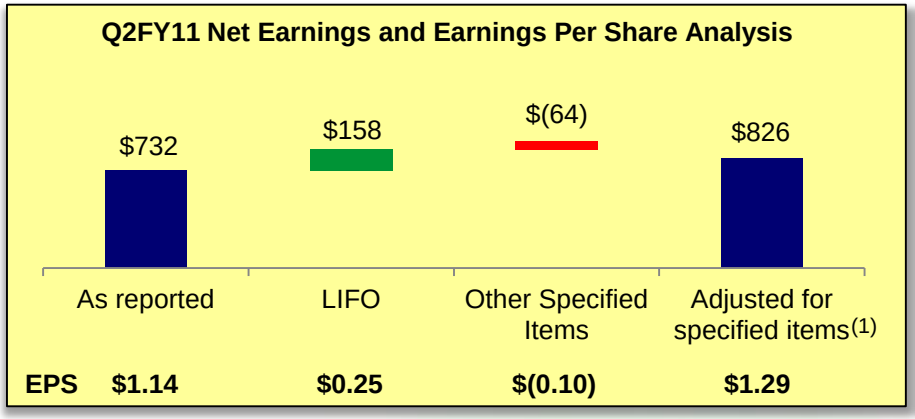
*The ADM team delivered outstanding performance across the board, resulting in record operating profit. Amid strong demand and regional dislocations, we used our vast global network to deliver for our customers and shareholders.*

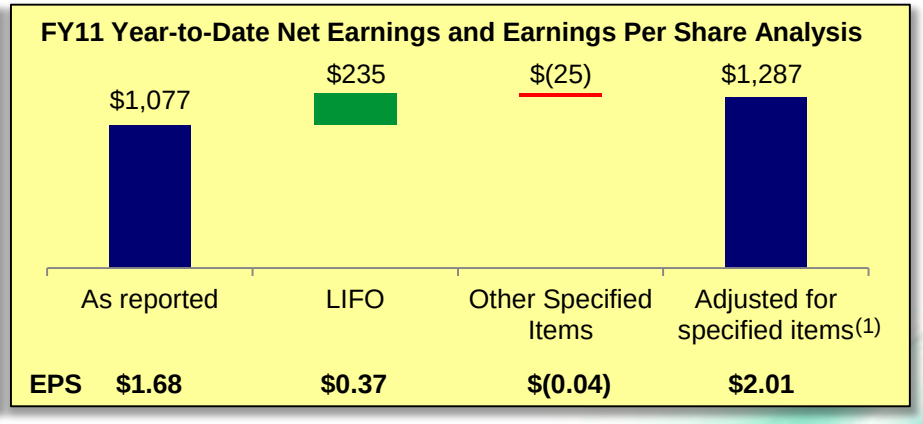
*Looking ahead, global markets remain dynamic. In this environment, we use ADM's exceptional capabilities, our unique global asset base and the insights of our team to drive value and to serve vital needs.*

# Financial Highlights

*(Amounts in millions, except per share data and percentages)*

| | Quarter Ended December 31 | | | Six Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Segment operating profit[1] | $ 1,362 | $ 970 | $ 392 | $ 2,127 | $ 1,744 | $ 383 |
| Net earnings attributable to ADM | $ 732 | $ 567 | $ 165 | $ 1,077 | $ 1,063 | $ 14 |
| Earnings per share | $ 1.14 | $ 0.88 | $ 0.26 | $ 1.68 | $ 1.65 | $ 0.03 |
| Effective tax rate | 27.0% | 28.4% | | 26.6% | 29.5% | |
| LIFO impact per share (net of tax)[1] | $ (0.25) | $ (0.05) | $ (0.20) | $ (0.37) | $ 0.02 | $ (0.39) |




*(1)Non-GAAP measure - see notes on page 23*

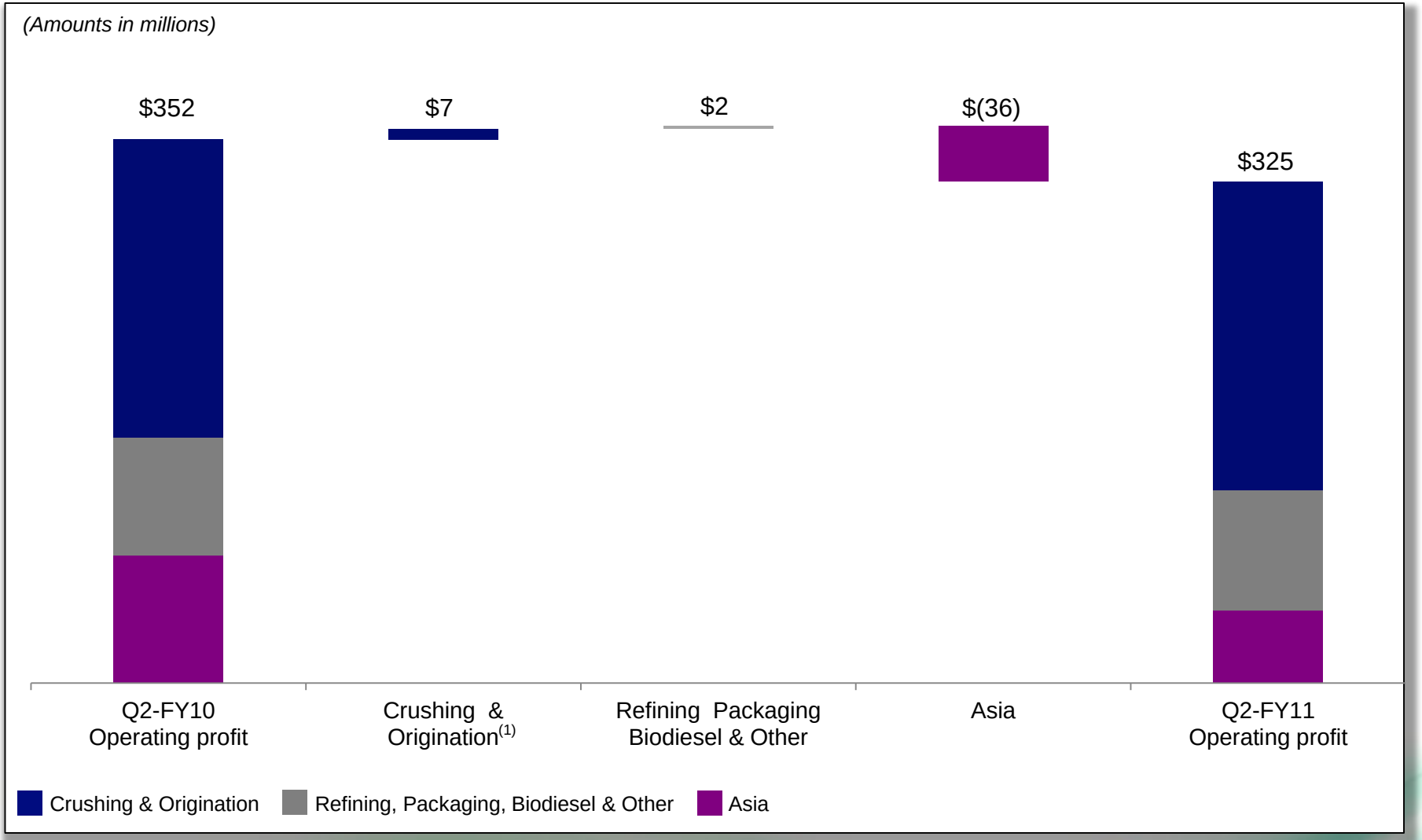
# Segment Operating Profit Summary

*(Amounts in millions)*

| | Quarter Ended December 31 | | | Six Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| **Oilseeds Processing** | | | | | | |
| Crushing & Origination | $ 200 | $ 193 | | $ 376 | $ 328 | |
| Refining, Packaging, Biodiesel & Other | 78 | 76 | | 154 | 146 | |
| Asia | 47 | 83 | | 103 | 162 | |
| | 325 | 352 | $ (27) | 633 | 636 | $ (3) |
| **Corn Processing** | | | | | | |
| Sweeteners & Starches | 119 | 171 | | 265 | 365 | |
| Bioproducts | 280 | 119 | | 475 | 113 | |
| | 399 | 290 | 109 | 740 | 478 | 262 |
| **Agricultural Services** | | | | | | |
| Merchandising & Handling | 376 | 103 | | 479 | 260 | |
| Transportation | 50 | 47 | | 79 | 65 | |
| | 426 | 150 | 276 | 558 | 325 | 233 |
| **Other** | | | | | | |
| Processing | 160 | 159 | | 186 | 266 | |
| Financial | 52 | 19 | | 10 | 39 | |
| | 212 | 178 | 34 | 196 | 305 | (109) |
| **Total Segment Operating Profit** [(1)] | $ 1,362 | $ 970 | $ 392 | $ 2,127 | $ 1,744 | $ 383 |

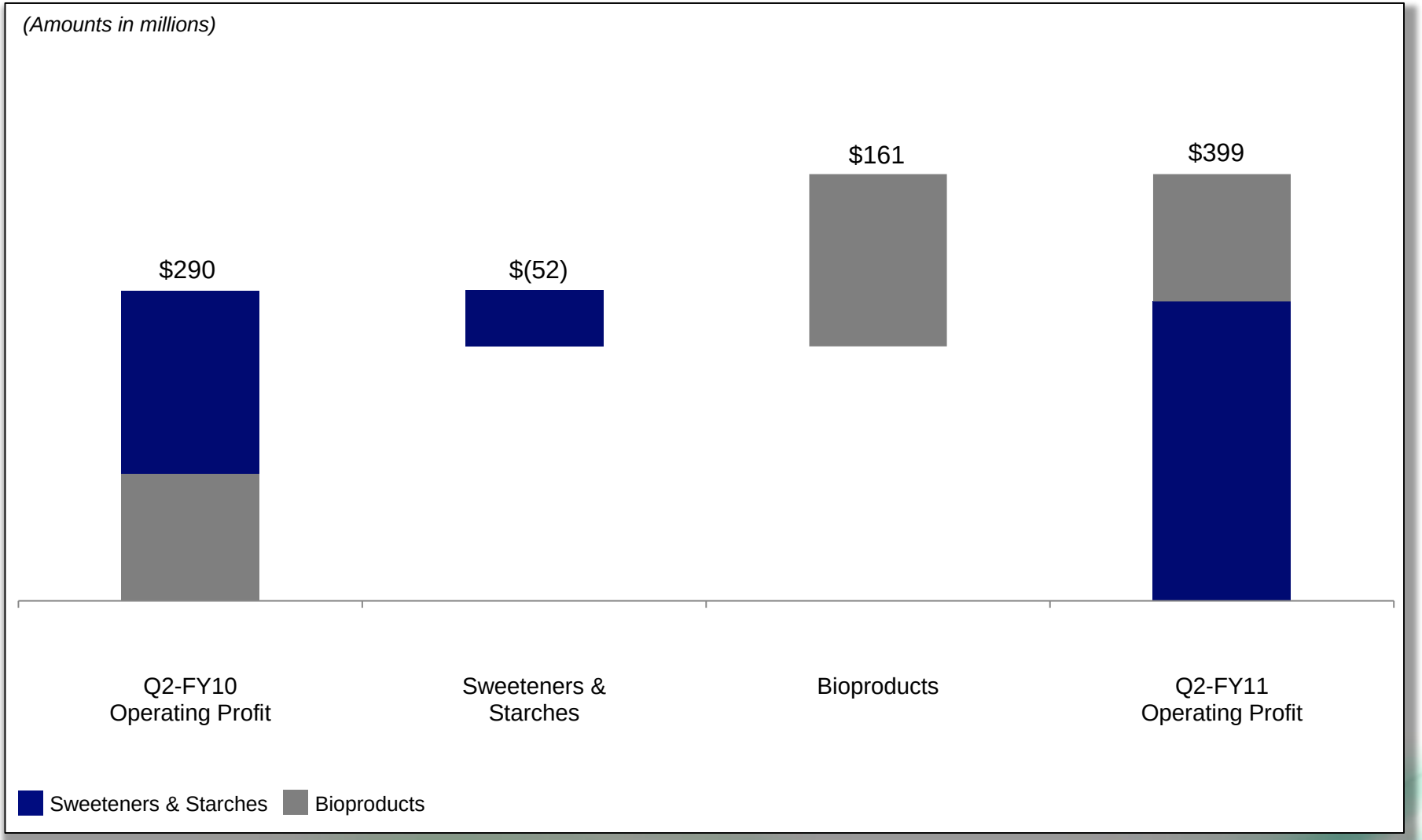
[(1)] *Non-GAAP measure - see notes on page 23*

# Segment Operating Profit – Oilseeds Processing

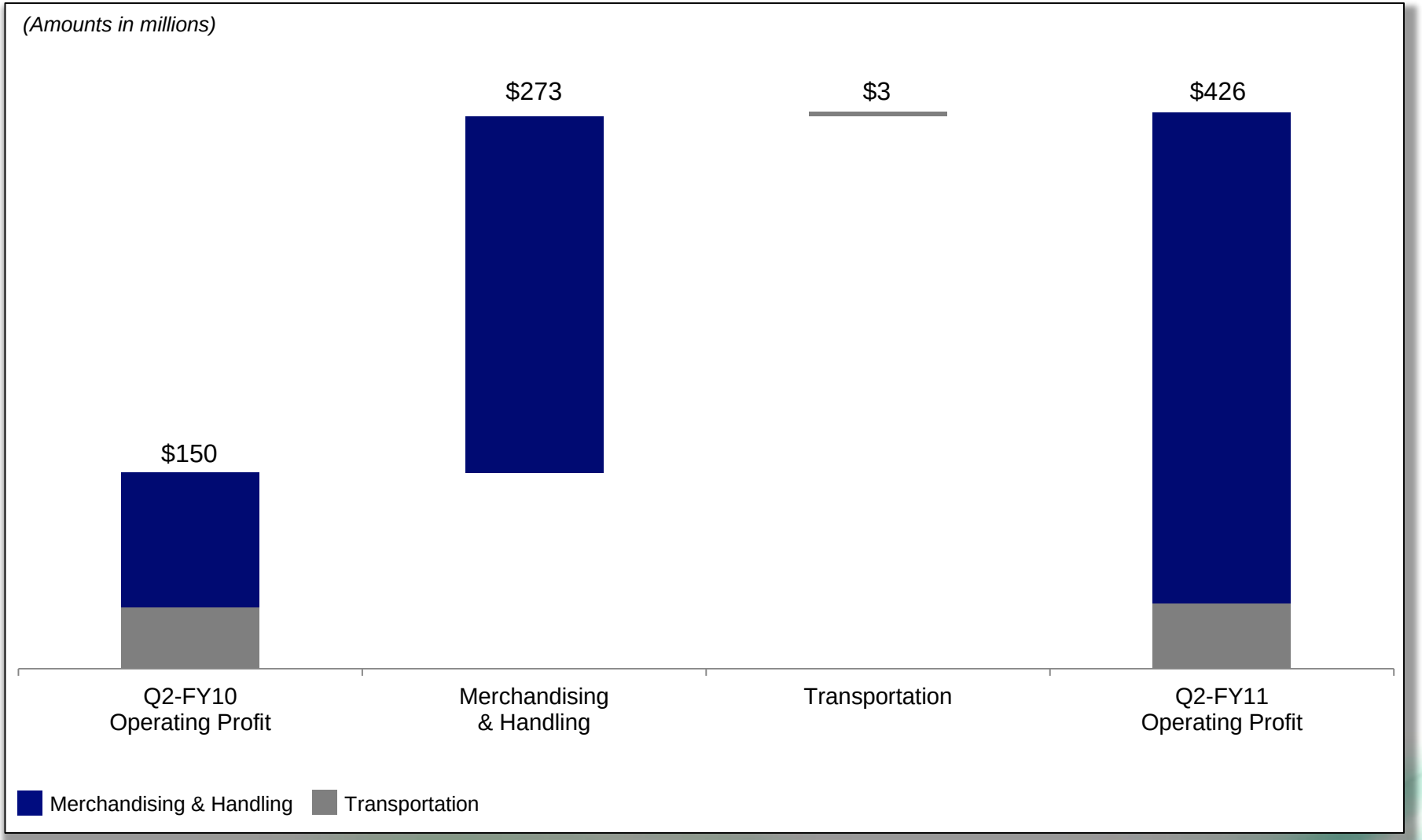



(1) *Includes $71M gain on Golden Peanut Acquisition*

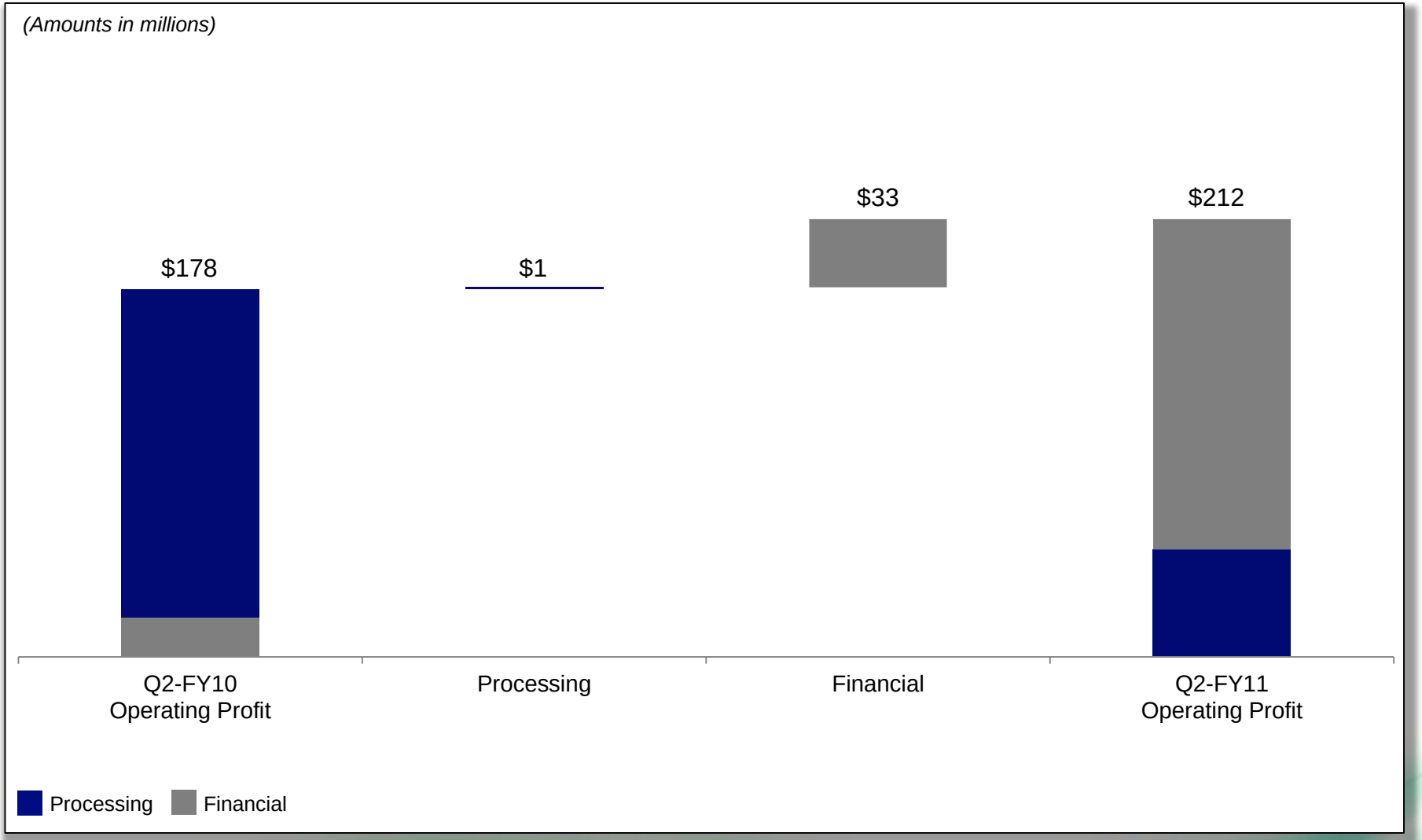
# Segment Operating Profit – Corn Processing



# Segment Operating Profit – Ag Services



# Segment Operating Profit – Other



# Corporate Highlights

*(Amounts in millions)*

| | Quarter Ended December 31 | | | Six Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| LIFO credit (charge) | $ (254) | $ (54) | $ (200) | $ (377) | $ 22 | $ (399) |
| Interest expense - net | (83) | (71) | (12) | (172) | (136) | (36) |
| Gains on interest rate swaps | 55 | - | 55 | 24 | - | 24 |
| Corporate costs & other | (82) | (61) | (21) | (142) | (129) | (13) |
| Total Corporate | $ (364) | $ (186) | $ (178) | $ (667) | $ (243) | $ (424) |

# Statement of Earnings Summary

| *(Amounts in millions, except per share data and percentages)* | Quarter Ended December 31 | | | Six Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Net sales and other operating income | $ 20,930 | $ 15,913 | $ 5,017 | $ 37,729 | $ 30,834 | $ 6,895 |
| Gross profit | 1,234 | 1,053 | 181 | 2,042 | 2,026 | 16 |
| Selling, general and administrative expenses | 412 | 358 | 54 | 793 | 712 | 81 |
| Other (income) expense - net | (176) | (89) | (87) | (211) | (187) | (24) |
| Earnings before taxes | 998 | 784 | 214 | 1,460 | 1,501 | (41) |
| Income taxes | 269 | 223 | 46 | 389 | 443 | (54) |
| Net earnings including noncontrolling interests | 729 | 561 | 168 | $ 1,071 | $ 1,058 | 13 |
| Less: Net earnings (losses) attributable to noncontrolling interests | (3) | (6) | 3 | (6) | (5) | (1) |
| Net earnings attributable to ADM | $ 732 | $ 567 | $ 165 | 1,077 | 1,063 | $ 14 |
| Earnings per share | $ 1.14 | $ 0.88 | $ 0.26 | $ 1.68 | $ 1.65 | $ 0.03 |

# Balance Sheet Highlights

*(Amounts in millions)*

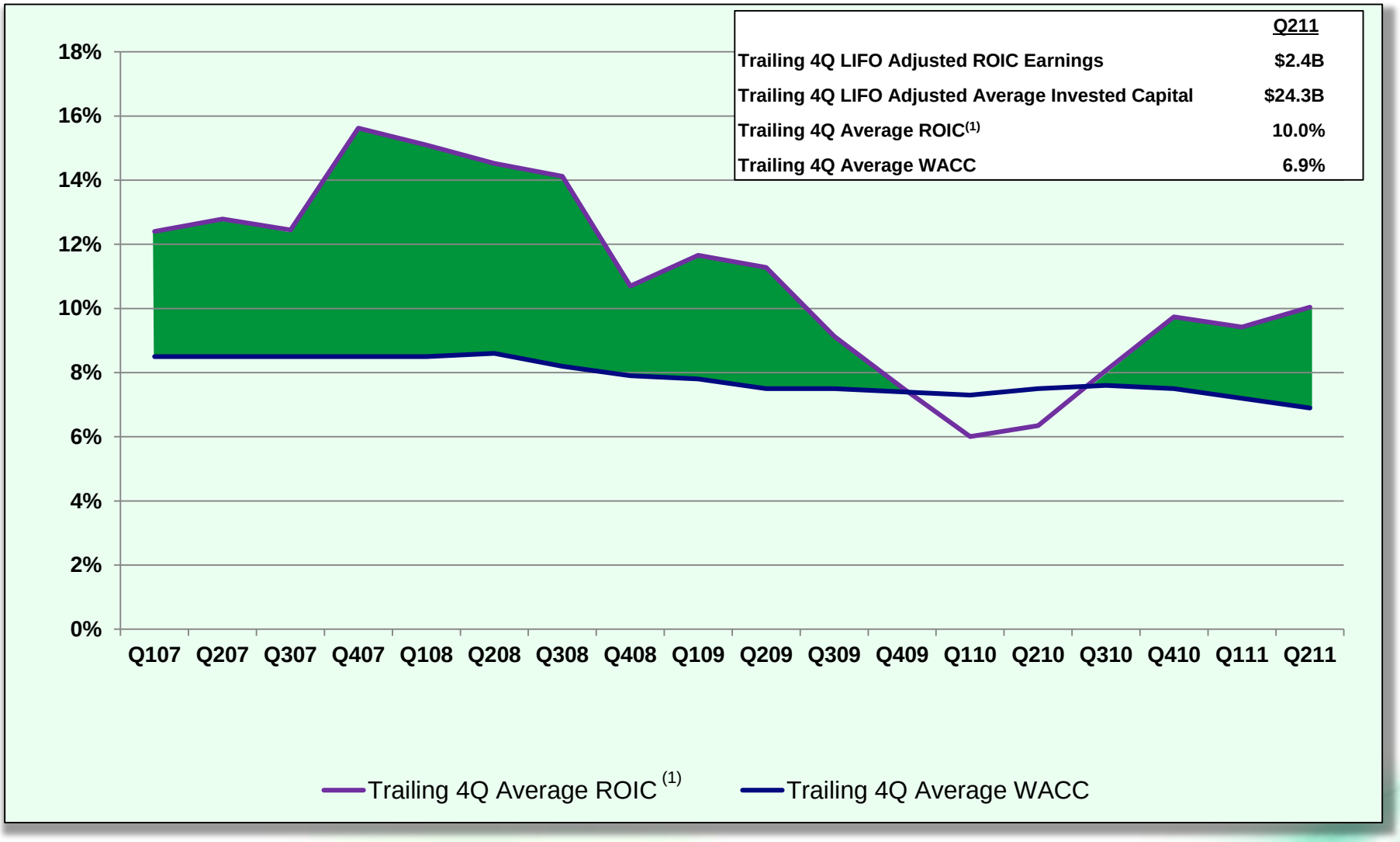
| | December 31 2010 | June 30 2010 |
|---|---|---|
| **Cash[1]** | **$ 1,159** | **$ 1,440** |
| **Net property, plant and equipment** | **9,194** | **8,712** |
| **Operating working capital[2]** | **14,972** | **8,839** |
| - Total inventories | 12,654 | 7,611 |
| **Total debt** | **12,685** | **7,548** |
| - CP outstanding | 4,298 | - |
| **Shareholders' equity** | **15,904** | **14,631** |

*[1]Cash = cash and cash equivalents and short-term marketable securities*
*[2]Current assets (excluding cash and cash equivalents and short-term marketable securities) less current liabilities (excluding short-term debt and current maturities of long-term debt)*

# Cash Flow Summary

| *(Amounts in millions)* | Six Months Ended December 31 | |
|---|---|---|
| | **2010** | **2009** |
| Cash from operations before working capital changes | $ 1,510 | $ 1,660 |
| Changes in working capital | (5,593) | (280) |
| Purchases of property, plant and equipment | (645) | (939) |
| Net assets of businesses acquired | (163) | (57) |
| Marketable securities | (358) | 198 |
| Debt increase/(decrease) - net | 4,977 | (166) |
| Dividends | (192) | (180) |
| Stock buyback | (86) | - |
| Other | 30 | 26 |
| **Increase/(decrease) in cash and cash equivalents** | **$ (520)** | **$ 262** |

# Historical ROIC and WACC Trend




*(1)Adjusted for LIFO*

# Q&A

# Upcoming Events

| | |
|---|---|
| Bank of America Merrill Lynch 2011 Consumer Conference | March 9, 2011 |
| Q3 FY2011 Earnings Release | May 3, 2011 |
| BMO Capital Markets 2011 Agriculture, Protein & Fertilizer Conference | May 18, 2011 |

# Appendix

# Return on Invested Capital

*(Amounts in millions)*

**LIFO Adjusted ROIC Earnings**

| | Quarter Ended | | | | Four Quarters Ended |
|---|---|---|---|---|---|
| | Mar 30, 2010 | Jun 30, 2010 | Sep 30, 2010 | Dec 31, 2010 | Dec 31, 2010 |
| Net earnings attributable to ADM | $ 421 | $ 446 | $ 345 | $ 732 | $ 1,944 |
| Adjustments | | | | | |
| Interest expense | 101 | 118 | 117 | 115 | 451 |
| Finance interest expense [3] | (3) | (5) | (5) | (5) | (18) |
| LIFO | (43) | 23 | 123 | 254 | 357 |
| Total adjustments | 55 | 136 | 235 | 364 | 790 |
| Tax on adjustments | (21) | (51) | (89) | (137) | (298) |
| Net adjustments | 34 | 85 | 146 | 227 | 492 |
| Total LIFO Adjusted ROIC Earnings | $ 455 | $ 531 | $ 491 | $ 959 | $ 2,436 |

**LIFO Adjusted Invested Capital**

| | Quarter Ended | | | | Trailing Four Quarter Average |
|---|---|---|---|---|---|
| | Mar 30, 2010 | Jun 30, 2010 | Sep 30, 2010 | Dec 31, 2010 | |
| Equity [1] | $ 14,744 | $ 14,609 | $ 15,368 | $ 15,886 | $ 15,152 |
| + Interest-bearing liabilities [2] | 7,421 | 7,548 | 8,903 | 12,685 | 9,139 |
| - Finance interest-bearing liabilities [2] [3] | (272) | (215) | (242) | (206) | (234) |
| + LIFO adjustment (net of tax) | 126 | 140 | 217 | 375 | 215 |
| Total LIFO Adjusted Invested Capital | $ 22,019 | $ 22,082 | $ 24,246 | $ 28,740 | $ 24,272 |

*[1] Excludes noncontrolling interests*

*[2] Includes short-term debt, current maturities of long-term debt and long-term debt*

*[3] Certain interest expense and interest-bearing liabilities of ADM's financial business units are excluded from the ROIC calculation*

# Summary of Specified Items

*(Amounts in millions)*

| | Oilseeds Processing | Corn Processing | Ag Services | Other | Corporate | Impact Before Tax | Impact After Tax |
|---|---|---|---|---|---|---|---|
| **Quarter ended December 31, 2010** | | | | | | | |
| LIFO charge | $ - | $ - | $ - | $ - | $ (254) | $ (254) | $ (158) |
| Start-up costs | $ - | $ (22) | $ - | $ - | $ - | $ (22) | $ (14) |
| Gain on Golden Peanut acquisition | $ 71 | $ - | $ - | $ - | $ - | $ 71 | $ 44 |
| Gains on interest rate swaps | $ - | $ - | $ - | $ - | $ 55 | $ 55 | $ 34 |
| **Quarter ended December 31, 2009** | | | | | | | |
| LIFO credit | $ - | $ - | $ - | $ - | $ (54) | $ (54) | $ (34) |
| Start-up costs | $ - | $ (32) | $ - | $ (1) | $ - | $ (33) | $ (20) |

# Summary of Specified Items

*(Amounts in millions)*

| | Oilseeds Processing | Corn Processing | Ag Services | Other | Corporate | Impact Before Tax | Impact After Tax |
|---|---|---|---|---|---|---|---|
| **Six Months Ended December 31, 2010** | | | | | | | |
| LIFO charge | $ - | $ - | $ - | $ - | $ (377) | $ (377) | $ (235) |
| Start-up costs | $ - | $ (54) | $ - | $ - | $ - | $ (54) | $ (34) |
| Gain on Golden Peanut acquisition | $ 71 | $ - | $ - | $ - | $ - | $ 71 | $ 44 |
| Gains on interest rate swaps | $ - | $ - | $ - | $ - | $ 24 | $ 24 | $ 15 |
| **Six Months Ended December 31, 2009** | | | | | | | |
| LIFO credit | $ - | $ - | $ - | $ - | $ 22 | $ 22 | $ 14 |
| Start-up costs | $ - | $ (42) | $ - | $ (2) | $ - | $ (44) | $ (27) |

# Processed Volumes

*Metric Tons Processed (000s)*

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Oilseeds Processing | 28,004 | 28,439 | 29,532 | 28,248 | 29,095 |
| Corn Processing | 17,918 | 18,043 | 17,666 | 17,833 | 19,618 |
| Wheat and Cocoa | 7,690 | 7,248 | 7,369 | 7,165 | 7,291 |
| | 53,612 | 53,730 | 54,567 | 53,246 | 56,004 |

| | FY10 | | | | FY11 | |
|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Oilseeds Processing | 6,372 | 7,799 | 7,740 | 7,184 | 7,075 | 7,834 |
| Corn Processing | 4,621 | 4,767 | 4,990 | 5,240 | 5,834 | 5,908 |
| Wheat and Cocoa | 1,910 | 1,874 | 1,764 | 1,743 | 1,885 | 1,819 |
| | 12,903 | 14,440 | 14,494 | 14,167 | 14,794 | 15,561 |

# Notes: Non-GAAP Reconciliation

**(1)** The Company uses certain "Non-GAAP" financial measures as defined by the Securities and Exchange Commission. These are measures of performance not defined by accounting principles generally accepted in the United States, and should be considered in addition to, not in lieu of, GAAP reported measures.

Earnings adjusted for specified items

Earnings adjusted for specified items is ADM's net earnings after removal of the effect on earnings of certain specified items. Management believes that earnings adjusted for specified items represents a useful measure of ADM's performance. Earnings adjusted for specified items is a Non-GAAP financial measure and is not intended to replace net earnings, the most directly comparable GAAP financial measure, and should not be considered as an alternative to net earnings or any other measure of operating results under GAAP.

Total segment operating profit

Total segment operating profit, which is the consolidated segment operating profit of all of ADM's operating segments, is ADM's consolidated income from operations before income tax that includes interest income and expense of each segment relating to financing operating working capital. Total segment operating profit is a Non-GAAP financial measure and is not intended to replace earnings before income tax, the most directly comparable GAAP financial measure. Total segment operating profit is not a measure of consolidated operating results under U.S. GAAP and should not be considered as an alternative to income before income taxes or any other measure of consolidated operating results under U.S. GAAP.

LIFO impact per share (net of tax)

The Company values certain inventories using the lower of cost, determined by either the first-in, first-out (FIFO) or last-in, first-out (LIFO) methods, or market. This document contains Non-GAAP financial measures, including the after tax impact of LIFO on diluted earnings per share and LIFO adjusted return on net assets. We believe the inclusion of the impact of changes in the LIFO reserve, net of tax, in this document helps investors gain a meaningful understanding of operating results, and is consistent with how management measures the Company's performance, especially when comparing such results to prior periods.


ADM