

ARCHER DANIELS MIDLAND CO  
Form 10-KT  
February 28, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FORM 10-K

“ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from July 1, 2012 to December 31, 2012

Commission file number 1-44  
ARCHER-DANIELS-MIDLAND COMPANY  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

41-0129150  
(I. R. S. Employer  
Identification No.)

4666 Faries Parkway Box 1470  
Decatur, Illinois  
(Address of principal executive offices)

62525  
(Zip Code)

217-424-5200  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class        | Name of each exchange on which registered           |
|----------------------------|---|
| Common Stock, no par value | New York Stock Exchange<br>Frankfurt Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No “

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  
" No x

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer   
Non-accelerated Filer

Accelerated Filer   
Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Common Stock, no par value--\$17.6 billion  
(Based on the closing sale price of Common Stock as reported on the New York Stock Exchange  
as of December 31, 2012)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, no par value—658,592,500 shares  
(January 31, 2013)

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual meeting of stockholders to be held May 2, 2013, are incorporated by reference into Part III.

#### SAFE HARBOR STATEMENT

This Form 10-K contains forward-looking information that is subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, expressed, or implied by such forward-looking information. In some cases, you can identify forward-looking statements by our use of words such as "may, will, should, anticipates, believes, expects, plans, future, intends, could, estimate, predict, potential or contingent," the negative of these terms or other similar expressions. The Company's actual results could differ materially from those discussed or implied herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in

this Form 10-K for the transition period ended December 31, 2012. Among these risks are legislative acts; changes in the prices of food, feed, and other commodities, including gasoline; and macroeconomic conditions in various parts of the world. 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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## PART I

### Item 1. BUSINESS

#### Company Overview

Archer-Daniels-Midland Company (the Company) was incorporated in Delaware in 1923, successor to the Daniels Linseed Co. founded in 1902. The Company is one of the world's largest processors of oilseeds, corn, wheat, cocoa, and other agricultural commodities and is a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol, and other value-added food and feed ingredients. The Company also has an extensive global grain elevator and transportation network to procure, store, clean, and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, and barley, as well as processed agricultural commodities. The Company has significant investments in joint ventures. The Company expects to benefit from these investments, which typically aim to expand or enhance the Company's market for its products or offer other benefits including, but not limited to, geographic or product line expansion.

The Company's vision is to be the most admired global agribusiness while creating value and growing responsibly. The Company's strategy involves expanding the volume and diversity of crops that it merchandises and processes, expanding the global reach of its core model, and expanding its value-added product portfolio. The Company seeks to serve vital needs by connecting the harvest to the home and transforming crops into food and energy products. The Company desires to execute this vision and these strategies by conducting its business in accordance with its core values of operating with integrity, treating others with respect, achieving excellence, being resourceful, displaying teamwork, and being responsible.

During the past five years, the Company has significantly expanded its agricultural commodity processing and handling capacity through construction of new plants, expansion of existing plants, and the acquisition of plants and transportation equipment. There have been no significant dispositions during the last five years.

The Company's prior fiscal years ended annually on June 30. On May 3, 2012, the Board of Directors of the Company determined, in accordance with its Bylaws and upon the recommendation of the Audit Committee, that the Company's fiscal year shall begin on January 1 and end on December 31 of each year, starting January 1, 2013. The required transition period of July 1, 2012 to December 31, 2012 is included in this Form 10-K transition report.

#### Segment Descriptions

The Company's operations are classified into three reportable business segments: Oilseeds Processing, Corn Processing, and Agricultural Services. Each of these segments is organized based upon the nature of products and services offered. The Company's remaining operations are not reportable business segments, as defined by the applicable accounting standard, and are classified as Other. Financial information with respect to the Company's reportable business segments is set forth in Note 18 of "Notes to Consolidated Financial Statements" included in Item 8 herein, "Financial Statements and Supplementary Data."

Item 1. BUSINESS (Continued)

Oilseeds Processing

The Oilseeds Processing segment includes global activities related to the origination, merchandising, crushing, and further processing of oilseeds such as soybeans and soft seeds (cottonseed, sunflower seed, canola, rapeseed, and flaxseed) into vegetable oils and protein meals. Oilseeds products produced and marketed by the Company include ingredients for the food, feed, energy, and industrial products industries. Crude vegetable oils produced by the segment's crushing activities are sold "as is" or are further processed by refining, blending, bleaching, and deodorizing into salad oils. Salad oils are sold "as is" or are further processed by hydrogenating and/or interesterifying into margarine, shortening, and other food products. Partially refined oils are used to produce biodiesel or are sold to other manufacturers for use in chemicals, paints, and other industrial products. Oilseed protein meals are principally sold to third parties to be used as ingredients in commercial livestock and poultry feeds. In Europe and South America, the Oilseeds Processing segment includes origination and merchandising activities as adjuncts to its oilseeds processing assets. These activities include a network of grain elevators, port facilities, and transportation assets used to buy, store, clean, and transport grains and oilseeds. The Oilseeds Processing segment produces natural health and nutrition products and other specialty food and feed ingredients. In North America, cottonseed flour is produced and sold primarily to the pharmaceutical industry and cotton cellulose pulp is manufactured and sold to the chemical, paper, and filter markets. In South America, the Oilseeds Processing segment operates fertilizer blending facilities.

The Company has a 16.4% ownership interest in Wilmar International Limited (Wilmar), a Singapore publicly listed company. Wilmar, a leading agribusiness group in Asia, is engaged in the businesses of oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleo chemicals, biodiesel and fertilizers manufacturing, and grains processing.

The Oilseeds Processing segment also includes activities related to the procurement, transportation and processing of cocoa beans into cocoa liquor, cocoa butter, cocoa powder, chocolate, and various compounds in North America, South America, Europe, Asia, and Africa for the food industry.

Golden Peanut Company LLC (Golden Peanut), a wholly owned subsidiary of the Company, is a major supplier of peanuts and peanut-derived ingredients to both the U.S. and export markets and operator of a peanut shelling facility in Argentina. The Company began consolidating the operating results of Golden Peanut in the third quarter of fiscal 2011.

Stratas Foods LLC, a joint venture between the Company and ACH Jupiter, LLC, a subsidiary of Associated British Foods, procures, packages, and sells edible oils in North America. The Company has a 50% ownership interest in this joint venture.

The Company has a 50% interest in Edible Oils Limited, a joint venture between the Company and Princes Limited to procure, package, and sell edible oils in the United Kingdom. The Company also formed a joint venture with Princes Limited in Poland to procure, package, and sell edible oils in Poland, Czech Republic, Slovakia, Hungary, and Austria.

The Company is a major supplier of agricultural commodity raw materials to Wilmar, Stratas Foods LLC, and Edible Oils Limited.





Item 1. BUSINESS (Continued)

Corn Processing

The Company's Corn Processing segment is engaged in corn wet milling and dry milling activities, with its asset base primarily located in the central part of the United States. The Corn Processing segment converts corn into sweeteners and starches, and bioproducts. Its products include ingredients used in the food and beverage industry including sweeteners, starch, syrup, glucose, and dextrose. Dextrose and starch are used by the Corn Processing segment as feedstocks for its bioproducts operations. By fermentation of dextrose, the Corn Processing segment produces alcohol, amino acids, and other specialty food and animal feed ingredients. Ethyl alcohol is produced by the Company for industrial use as ethanol or as beverage grade. Ethanol, in gasoline, increases octane and is used as an extender and oxygenate. The Corn Processing segment also includes amino acids such as lysine and threonine that are vital compounds used in swine feeds to produce leaner animals and in poultry feeds to enhance the speed and efficiency of poultry production. Corn gluten feed and meal, as well as distillers' grains, are produced for use as animal feed ingredients. Corn germ, a by-product of the wet milling process, is further processed into vegetable oil and protein meal. Other Corn Processing products include citric and lactic acids, lactates, sorbitol, xanthan gum, and glycols which are used in various food and industrial products. The Corn Processing segment includes the activities of a propylene and ethylene glycol facility and the Company's Brazilian sugarcane ethanol plant and related activities.

In fiscal 2012, the Company ended its commercial alliance with Metabolix, Inc. As a result of this decision, Telles LLC, the sales and marketing commercial alliance created to commercialize Mirel™, a bio-based plastic, will be dissolved and the production of Mirel™ on behalf of Telles LLC has ended.

Almidones Mexicanos S.A., in which the Company has a 50% interest, operates a wet corn milling plant in Mexico.

Eaststarch C.V. (Netherlands), in which the Company has a 50% interest, owns interests in companies that operate wet corn milling plants in Bulgaria, Hungary, Slovakia, and Turkey.

Red Star Yeast Company, LLC produces and sells fresh and dry yeast in the United States and Canada. The Company has a 40% ownership interest in this joint venture.

Agricultural Services

The Agricultural Services segment utilizes its extensive U.S. grain elevator, global transportation network, and port operations to buy, store, clean, and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, rice, and barley, and resells these commodities primarily as food and feed ingredients and as raw materials for the agricultural processing industry. Agricultural Services' grain sourcing, handling, and transportation network provides reliable and efficient services to the Company's customers and agricultural processing operations. Agricultural Services' transportation network capabilities include barge, ocean-going vessel, truck, and rail freight services.

The Company has a 45% interest in Kalama Export Company, a grain export elevator in Washington.

Alfred C. Toepfer International (Toepfer), in which the Company has an 80% interest, is a global merchandiser of agricultural commodities and processed products. Toepfer consists of a headquarters in Hamburg, Germany and 36 sales offices worldwide. Toepfer operates inland, river, and export facilities in Argentina, Hungary, Romania, Ukraine, and the United States.

The Agricultural Services segment also includes the activities related to the origination and processing of wheat into wheat flour, the processing and distribution of formula feeds and animal health and nutrition products, and the

procurement, processing, and distribution of edible beans.

Prior to December 2012, the Company had a 23.2% interest in Gruma S.A.B. de C.V. (Gruma), the world's largest producer and marketer of corn flour and tortillas. Additionally, the Company had joint ventures in corn flour and wheat flour mills with and through Gruma. In December 2012, the Company sold its 23.2% interest in Gruma and the Gruma-related joint ventures.

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Item 1. BUSINESS (Continued)

Other

Other includes the Company's remaining operations, primarily its financial business units, related principally to futures commission merchant activities and captive insurance.

ADM Investor Services, Inc., a wholly owned subsidiary of the Company, is a registered futures commission merchant and a clearing member of all principal commodities exchanges in the U.S. ADM Investor Services International, Ltd., a member of several commodity exchanges and clearing houses in Europe, ADMIS Hong Kong Limited, and ADMIS Singapore Pte. Limited, are wholly owned subsidiaries of the Company offering broker services in Europe and Asia. ADMISI Commodities Private Limited, in which the Company owns 51% interest, and ADMISI Forex India Private Limited, a wholly owned subsidiary of the Company, offer broker services in India.

Captive insurance, which includes Agrinational Insurance Company (Agrinational), a wholly owned subsidiary of the Company, provides insurance coverage for certain property, casualty, marine, credit, and other miscellaneous risks of the Company and participates in certain third-party reinsurance arrangements. ADM Crop Risk Services is a managing general agent which sells and services crop insurance policies to farmers. While Agrinational assumes some of the crop insurance risk, only an immaterial portion of this risk is retained by the Company after third-party reinsurance.

On September 30, 2011, the Company sold a majority ownership interest of Hickory Point Bank and Trust Company, fsb (Bank). The Bank was deconsolidated from the Company's consolidated financial statements in the first quarter of fiscal 2012. On December 12, 2012, the Company sold its remaining common equity interest in the Bank. The Bank continues to provide public banking and trust services, as well as cash management, transfer agency, and securities safekeeping services, for the Company.

Corporate

Compagnie Industrielle et Financiere des Produits Amylaces SA (Luxembourg) and affiliates, of which the Company has a 41.5% interest, is a joint venture which targets investments in food, feed ingredients and bioproducts businesses.

Methods of Distribution

Since the Company's customers are principally other manufacturers and processors, the Company's products are distributed mainly in bulk from processing plants or storage facilities directly to customers' facilities. The Company has developed a comprehensive transportation capability to efficiently move both commodities and processed products virtually anywhere in the world. The Company owns or leases large numbers of the trucks, trailers, railroad tank and hopper cars, river barges, towboats, and ocean-going vessels used to transport the Company's products to its customers.

## Item 1. BUSINESS (Continued)

## Concentration of Sales by Product

The following products account for 10% or more of net sales and other operating income for the following periods:

|              | % of Net Sales and Other Operating Income |      |                      |      |      |
|--------------|---|------|----------------------|------|------|
|              | Six Months Ended                          |      | Years Ended June 30, |      |      |
|              | December 31,                              |      | 2012                 | 2011 | 2010 |
|              | 2012                                      | 2011 | 2012                 | 2011 | 2010 |
| Soybeans     | 20%                                       | 17%  | 19%                  | 21%  | 22%  |
| Corn         | 10%                                       | 12%  | 11%                  | 12%  | 10%  |
| Soybean Meal | 11%                                       | 8%   | 9%                   | 9%   | 12%  |

## Status of New Products

The Company continues to expand the size and global reach of its business through the development of new products. The Company does not expect any of the following products to have a significant impact on the Company's net sales and other operating income in 2013.

The Company continues to broaden its portfolio of high stability low trans fats with the introduction of high oleic soy oil. This new high oleic soy oil is now being sold on a commercial basis.

The Company has begun commercial production of Clarisoy®, a unique transparent soy protein under an agreement with Burcon Technologies to exclusively manufacture, market, and sell the product. Clarisoy® is being used in low pH beverage applications as well as dairy replacement applications at a neutral pH.

New fiber products are also being developed that extend the current Fibersol® soluble fiber products as well as new insoluble fiber products from soybeans.

The Company, along with Phillips 66, is piloting a technology to produce renewable transportation biofuels from biomass and has successfully produced quantities of liquid transportation fuels. The Company is continuing to evaluate the economic viability of the technology.

The Company has developed a number of new biosurfactants for several new markets. Additional new products have been introduced in the agricultural adjuvant market that are used to emulsify herbicides and mineral nutrients in water for spray application on corn and soybean crops. Additional new products have also been developed for inks, paints, and coatings to serve as dispersants for pigments.

The Company has developed a feed product utilizing distillers dried yeast from corn wet mill stillage that will be introduced to customers in the aquaculture market in 2013. Efforts are underway to produce this product in early-stage commercial quantities. The feed product is a plant-based alternative to other protein sources such as fish meal or poultry meal.

The Company is producing commercial volumes of propylene glycol and semi-commercial quantities of isosorbide under its Evolution Chemicals™ line. The Company's propylene glycol is an industrial ingredient made from glycerin or sorbitol that is a drop-in replacement to petroleum-based propylene glycol. Derived from corn, isosorbide is a versatile chemical building block with wide ranging uses including the production of polyesters, polyurethanes,

polycarbonates, epoxy resins, detergents, surfactants, and additives for personal care and consumer products.

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Item 1. BUSINESS (Continued)

Source and Availability of Raw Materials

Substantially all of the Company's raw materials are agricultural commodities. In any single year, the availability and price of these commodities are subject to factors such as changes in weather conditions, plantings, government programs and policies, competition, changes in global demand, changes in standards of living, and global production of similar and competitive crops. The Company's raw materials are procured from thousands of growers, grain elevators, and wholesale merchants in North America, South America, Europe, Asia, Australia, and Africa, pursuant primarily to short-term (less than one year) agreements or on a spot basis. The Company is not dependent upon any particular grower, elevator, or merchant as a source for its raw materials.

Patents, Trademarks, and Licenses

The Company owns valuable patents, trademarks, and licenses but does not consider any segment of its business dependent upon any single or group of patents, trademarks or licenses.

Seasonality, Working Capital Needs, and Significant Customers

Since the Company is widely diversified in global agribusiness markets, there are no material seasonal fluctuations in overall global processing volumes and the sale and distribution of its products and services. There is a degree of seasonality in the growing cycles, procurement, and transportation of the Company's principal raw materials: oilseeds, corn, wheat, cocoa beans, sugarcane, and other grains.

The price of agricultural commodities, which may fluctuate significantly and change quickly, directly affects the Company's working capital requirements. Because the Company has a higher portion of its operations in the northern hemisphere, principally North America and Europe, relative to the southern hemisphere, primarily South America, inventory levels typically peak after the northern hemisphere fall harvest and are generally lower during the northern hemisphere summer months. Working capital requirements have historically trended with inventory levels. No material part of the Company's business is dependent upon a single customer or very few customers. The Company has seasonal financing arrangements with farmers in certain countries around the world. Typically, advances on these financing arrangements occur during the planting season and are repaid at harvest.

Competition

The Company has significant competition in the markets in which it operates based principally on price, quality, and alternative products, some of which are made from different raw materials than those utilized by the Company. Given the commodity-based nature of many of its businesses, the Company, on an ongoing basis, focuses on managing unit costs and improving efficiency through technology improvements, productivity enhancements, and regular evaluation of the Company's asset portfolio.

Research and Development Expenditures

The Company's research and development expenditures are focused on responding to demand from customers' product development or formulation needs, improving processing efficiency, and developing food, feed, fuel, and industrial products from renewable agricultural crops. Research and development expense during the six months ended December 31, 2012 and 2011 and the years ended June 30, 2012, 2011, and 2010, net of reimbursements of government grants, was approximately \$28 million, \$29 million, \$56 million, \$60 million, and \$56 million, respectively. The Company does not expect these research and development expenses to have a significant effect on

net sales and other operating income in the next year.

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Item 1. BUSINESS (Continued)

The Company is working with the U.S. Department of Energy's National Energy Technology Laboratory and other key academic and corporate partners on projects to demonstrate carbon capture and sequestration as a viable option for reducing carbon dioxide emissions from manufacturing operations. The first project, Illinois Basin Decatur Project led by Midwest Geological Sequestration Consortium, has finished construction and started operations in the first quarter of fiscal year ended June 30, 2012. The second project, the Illinois Industrial Carbon Capture & Sequestration, has met the milestone for completing the front end engineering designs and commenced construction in the fourth quarter of fiscal year ended June 30, 2012. This facility is expected to be operational in the third quarter of calendar year 2013.

The Company is continuing to invest in research to develop a broad range of industrial chemicals with an objective to produce key chemical building blocks that serve as a platform for producing a variety of commodity chemicals. The key chemical building blocks are derived from the Company's starch and oilseed-based feedstocks. Conversion technologies include utilizing expertise in both fermentation and catalysis. The chemicals pipeline includes the development of chemicals and intermediates that are currently produced from petrochemical resources as well as new-to-the-market bio-based products. The Company's current portfolio includes products that are in the early development phase and those that are close to pilot plant demonstration. In an effort to further advance the development of bio-based chemical technologies, the Company has partnered with the Center for Environmentally Beneficial Catalysis and has added research capabilities at the University of Kansas.

Environmental Compliance

During the six months ended December 31, 2012, \$36 million was spent specifically to improve equipment, facilities, and programs for pollution control and compliance with the requirements of various environmental agencies.

There have been no material effects upon the earnings and competitive position of the Company resulting from compliance with federal, state, and local laws or regulations enacted or adopted relating to the protection of the environment.

The Company's business could be affected in the future by national and global regulation or taxation of greenhouse gas emissions. In the United States, the U.S. Environmental Protection Agency (EPA) has adopted regulations requiring the owners of certain facilities to measure and report their greenhouse gas emissions, and the U.S. EPA has begun a process to regulate these emissions under the Clean Air Act. The U.S. EPA has also adopted rules regarding the construction and operation of new boilers that could greatly limit the construction of new coal-fired boilers. California is also moving forward with various programs to reduce greenhouse gases. Globally, a number of countries that are parties to the Kyoto Protocol have instituted or are considering climate change legislation and regulations. Most notable is the European Union Greenhouse Gas Emission Trading System. The Company has several facilities in Europe that participate in this system. It is difficult at this time to estimate the likelihood of passage, or predict the potential impact, of any additional legislation. Potential consequences could include increased energy, transportation and raw material costs and may require the Company to make additional investments in its facilities and equipment.

Number of Employees

The number of full-time employees of the Company was approximately 30,600 at December 31, 2012 and 30,200 at June 30, 2012. The net increase in the number of full-time employees is primarily related to business combinations and expansions.



Financial Information About Foreign and U.S. Operations

Item 1A, "Risk Factors," and Item 2, "Properties," includes information relating to the Company's foreign and U.S. operations. Geographic financial information is set forth in Note 18 of "Notes to Consolidated Financial Statements" included in Item 8 herein, "Financial Statements and Supplementary Data".

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Item 1. BUSINESS (Continued)

Available Information

The Company's internet address is <http://www.adm.com>. The Company makes available, free of charge, through its website, the Company's annual reports on Form 10-K; quarterly reports on Form 10-Q; current reports on Form 8-K; Directors and Officers Forms 3, 4, and 5; and amendments to those reports, as soon as reasonably practicable after electronically filing such materials with, or furnishing them to, the Securities and Exchange Commission (SEC).

In addition, the Company makes available, through its website, the Company's Business Code of Conduct and Ethics, Corporate Governance Guidelines, and the written charters of the Audit, Compensation/Succession, Nominating/Corporate Governance, and Executive Committees.

References to our website address in this report are provided as a convenience and do not constitute, or should not be viewed as, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website which contains reports, proxy and information statements, and other information regarding issuers that file information electronically with the SEC. The SEC's internet address is <http://www.sec.gov>.

Item 1A. RISK FACTORS

The availability and prices of the agricultural commodities and agricultural commodity products the Company procures, transports, stores, processes, and merchandises can be affected by weather conditions, disease, government programs, competition, and various other factors beyond the Company's control and could adversely affect the Company's operating results.

The availability and prices of agricultural commodities are subject to wide fluctuations due to changes in weather conditions, crop disease, plantings, government programs and policies, competition, changes in global demand, changes in standards of living, and global production of similar and competitive crops. These factors have historically caused volatility in the availability and prices of agricultural commodities and, consequently, in the Company's operating results and working capital requirements. Reduced supply of agricultural commodities due to weather-related factors or other reasons could adversely affect the Company's profitability by increasing the cost of raw materials and/or limiting the Company's ability to procure, transport, store, process, and merchandise agricultural commodities in an efficient manner. For example, the drought in North America in 2012 reduced the availability of corn and soybean inventories while prices increased. If the drought persists through 2013, the availability of agricultural commodities could be further diminished and prices could continue to be higher. High and volatile commodity prices can adversely affect the Company's ability to meet its liquidity needs.