ARCHER DANIELS MIDLAND CO
Form DEF 14A
March 22, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

ARCHER-DANIELS-MIDLAND COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ARCHER-DANIELS-MIDLAND COMPANY

4666 Faries Parkway, Decatur, Illinois 62526-5666

NOTICE OF ANNUAL MEETING

To All Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Archer-Daniels-Midland Company, a Delaware corporation, will be held at the JAMES R. RANDALL RESEARCH CENTER located at 1001 Brush College Road, Decatur, Illinois, on Thursday, May 2, 2013, **commencing at 8:30 A.M**., for the following purposes:

(1) To elect Directors to hold office until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified;

(2) To ratify the appointment by the Board of Directors of Ernst & Young LLP as independent auditors to audit the accounts of the Company for the fiscal year ending December 31, 2013;

(3) To consider an advisory vote on the compensation of our named executive officers; and

(4) To transact such other business as may properly come before the meeting.

By Order of the Board of Directors

M. I. SMITH, SECRETARY

March 22, 2013

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 2, 2013: THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT www.adm.com/proxy

ARCHER-DANIELS-MIDLAND COMPANY

4666 Faries Parkway, Decatur, Illinois 62526-5666

March 22, 2013

PROXY STATEMENT

General Matters

Our board of directors asks that you complete the accompanying proxy for the annual stockholders meeting. The meeting will be held at the time, place, and location mentioned in the Notice of Annual Meeting included in this mailing. We are first mailing our stockholders this proxy statement and a proxy form (included in this mailing) around March 22, 2013.

Although we have historically held our annual stockholders meeting in November, because of the recent change of our fiscal year end from June 30 to December 31, the scheduling of this year s annual meeting approximately six months after our 2012 annual meeting reflects our transition to a calendar year based financial reporting cycle. As a result, much of the information in this proxy statement, particularly information relating to executive compensation matters, relates to the six-month transitional period of July 1, 2012 to December 31, 2012. Throughout this proxy statement , we sometimes refer to such six-month transitional period as Fiscal Year 2012.5 or FY2012.5 .

We pay the costs of soliciting proxies from our stockholders. We have retained Georgeson Inc. to help us solicit proxies. We will pay Georgeson Inc. $24,000 plus reasonable expenses for its services. Our officers may solicit proxies by means other than mail. Our other employees or employees of Georgeson Inc. may also solicit proxies in person or by telephone, mail, or the internet at a cost we expect will be nominal. We will reimburse brokerage firms and other securities custodians for their reasonable expenses in forwarding proxy materials to their principals.

We have a policy of keeping confidential all proxies, ballots, and voting tabulations that identify individual stockholders. Such documents are available for examination only by the inspectors of election, our transfer agent and certain employees associated with processing proxy cards and tabulating the vote. We will not disclose any stockholder s vote except in a contested proxy solicitation or as may be necessary to meet legal requirements.

Our common stock stockholders of record at the close of business on March 11, 2013, are the only people entitled to notice of the annual meeting and to vote at the meeting. At the close of business on March 11, 2013, we had 658,791,626 outstanding shares of common stock, each share being entitled to one vote on each of the twelve director nominees and on each of the other matters to be voted on at the meeting. Our stockholders are the only people entitled to attend the annual meeting. We reserve the right to direct stockholder representatives with the proper documentation to an alternative room to observe the meeting.

All stockholders will need a form of photo identification to attend the annual meeting. If you are a stockholder of record and plan to attend, please detach the admission ticket from the top of your proxy card and bring it with you to the meeting. The number of people we will admit to the meeting will be determined by how the shares are registered, as indicated on the admission ticket. If you are a stockholder whose shares are held by a broker, bank, or other nominee, please request an admission ticket by writing to our office at Archer-Daniels-Midland Company, Shareholder Relations, 4666 Faries Parkway, Decatur, Illinois 62526-5666. Your letter to our office must include evidence of your stock ownership. You can obtain evidence of ownership from your broker, bank, or nominee. The number of tickets sent will be determined by the manner in which shares are registered. If your request is received by April 18, 2013, an admission ticket will be mailed to you. Entities, such as a corporation or limited liability company, that are stockholders may send one representative to the annual meeting and the representative should have a pre-existing relationship with the entity represented. All other admission tickets can be obtained at the registration table located at the James R. Randall Research Center lobby beginning at 7:30 A.M. on the day of the meeting. Stockholders who do not pre-register will only be admitted to the meeting upon verification of stock ownership.

The use of cameras, video or audio recorders or other recording devices in the James R. Randall Research Center is prohibited. The display of posters, signs, banners or any other type of signage by any stockholder in the James R. Randall Research Center is prohibited.

Any request to deviate from the admittance guidelines described above must be in writing, addressed to our office at Archer-Daniels-Midland Company, Secretary, 4666 Faries Parkway, Decatur, Illinois 62526-5666 and received by us by April 18, 2013. We will also have personnel in the lobby of the James R. Randall Research Center beginning at 7:30 A.M. on the day of the meeting to consider special requests.

If you properly execute the enclosed proxy form, your shares will be voted at the meeting. You may revoke your proxy form at any time prior to voting by:

(1) delivering written notice of revocation to our Secretary;

(2) delivering to our Secretary a new proxy form bearing a date later than your previous proxy; or

(3) attending the meeting and voting in person (attendance at the meeting will not, by itself, revoke a proxy).

Under our bylaws, directors are elected by a majority vote in an uncontested election (one in which the number of nominees is the same as the number of directors to be elected) and by a plurality vote in a contested election (one in which the number of nominees exceeds the number of directors to be elected). Because this year s election is an uncontested election, each director nominee receiving a majority of votes cast will be elected (the number of shares voted for a director nominee must exceed the number of shares voted against that nominee). Approval of each other proposal presented in the proxy statement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock present in person or by proxy at the meeting and entitled to vote. Shares not present at the meeting and shares voting abstain have no effect on the election of directors. For the other proposals to be voted on at the meeting, abstentions are treated as shares present or represented and voting, and therefore have the same effect as negative votes. Broker non-votes (shares held by brokers who do not have discretionary authority to vote on the matter and have not received voting instructions from their clients) are counted toward a quorum, but are not counted for any purpose in determining whether a matter has been approved.

Principal Holders of Voting Securities

Based upon filings with the Securities and Exchange Commission (SEC), we know that the following stockholders are beneficial owners of more than 5% of our outstanding common stock shares:

Name and Address of Beneficial Owner	Amount	Percent of Class
State Farm Mutual Automobile Insurance Company and related entities One State Farm Plaza Bloomington, IL 61710	56,596,782(1)	8.59
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	33,286,944(2)	5.05

(1) Based on a Schedule 13G filed with the SEC on February 17, 2013, State Farm Mutual Automobile Insurance Company and related entities have shared voting and dispositive power with respect to 302,040 shares and sole voting and dispositive power with respect to 56,294,742 shares.

(2) Based on a Schedule 13G/A filed with the SEC on February 22, 2013, The Vanguard Group has sole voting power with respect to 1,122,981 shares, sole dispositive power with respect to 32,170,018 shares, and shared dispositive power with respect to 1,116,926 shares.

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Proposal No. 1 Election of Directors

Our board of directors has fixed the size of the board at twelve. Unless you provide different directions, we intend for board-solicited proxies (like this one) to be voted for the nominees named below.

All of the nominees proposed for election to the board of directors are presently members of the board and have previously been elected by our stockholders.

If elected, the nominees would hold office until the next annual stockholders meeting and until their successors are elected and qualified. If any nominee for director becomes unable to serve as a director, the persons named in the proxy may vote for a substitute who will be designated by the board of directors. Alternatively, the board of directors could reduce the size of the board. The board has no reason to believe that any nominee will be unable to serve as a director.

Our bylaws require that each director be elected by a majority of votes cast with respect to that director in an uncontested election (where the number of nominees is the same as the number of directors to be elected). In a contested election (where the number of nominees exceeds the number of directors to be elected), the plurality voting standard governs the election of directors. Under the plurality standard, the number of nominees equal to the number of directors to be elected who receive more votes than the other nominees are elected to the board, regardless of whether they receive a majority of the votes cast. Whether an election is contested or not is determined as of the day before we first mail our meeting notice to stockholders. This year s election was determined to be an uncontested election, and the majority vote standard will apply. If a nominee who is serving as a director is not elected at the annual meeting, Delaware law provides that the director would continue to serve on the board as a holdover director. However, under our Corporate Governance Guidelines, each director annually submits an advance, contingent, irrevocable resignation that the board may accept if the director fails to be elected through a majority vote in an uncontested election. In that situation, the Nominating/Corporate Governance Committee would make a recommendation to the board about whether to accept or reject the resignation. The board will act on the Nominating/Corporate Governance Committee s recommendation and publicly disclose its decision and the rationale behind it within 90 days after the date the election results are certified. The board will nominate for election or re-election as director, and will elect as directors to fill vacancies and new directorships, only candidates who agree to tender the form of resignation described above. If a nominee who was not already serving as a director fails to receive a majority of votes cast at the annual meeting, Delaware law provides that the nominee does not serve on the board as a holdover director.

The table below lists the nominees, their ages, positions with our company, principal occupations, current directorships of other publicly-owned companies, directorships of other publicly-owned companies held within the past five years, the year in which each first was elected as a director, and the number of shares of common stock beneficially owned as of March 11, 2013, directly or indirectly. Unless otherwise indicated in the footnotes to the following table, and subject to community property laws where applicable, we believe that each nominee named in the table below has sole voting and investment power with respect to the shares indicated as beneficially owned. Unless otherwise indicated, all of the nominees have been executive officers of their respective companies or employed as otherwise specified below for at least the last five years.

Name, Age, Principal Occupation or Position, Directorships of Other Publicly-Owned Companies	**Year First Elected as Director**	**Common Stock Owned**	**Percent of Class**
Alan L. Boeckmann, 64 Non-Executive Chairman of Fluor Corporation (an engineering and construction firm) from February, 2011 February, 2012; Chairman and Chief Executive Officer of Fluor Corporation from February, 2002 February, 2011; Director of Sempra Energy; Director of BHP Billiton and Burlington Northern Santa Fe within the past five years.	2012	8,068(1)	*
George W. Buckley, 66 Chairman of Arle Capital Partners Limited (a private equity partnership) since February, 2012; Chairman of Expro International (an international oil field services company) since June, 2012; Chairman of 3M Company (a diversified technology company) from February, 2012 June, 2012; Chairman, President and Chief Executive Officer of 3M Company from December, 2005 February, 2012; Director of Hitachi, Ltd., PepsiCo. and Stanley Black & Decker, Inc.	2008	33,197(1)	*
Mollie Hale Carter, 50 Chairman, Chief Executive Officer and President, Sunflower Bank and Vice President, Star A, Inc. (a farming and ranching operation); Director of Westar Energy, Inc.	1996	12,101,779(2)	1.84
Terrell K. Crews, 57 Executive Vice President, Chief Financial Officer and Vegetable Business Chief Executive Officer of Monsanto Company (an agricultural company) from September, 2007 November, 2009; Executive Vice President and Chief Financial Officer of Monsanto Company from 2000 2007; Director of Rock-Tenn Company and Hormel Foods Corporation; Director of Smurfit-Stone Container Corporation within the past five years.	2011	8,212(3)	*
Pierre Dufour, 57 Senior Executive Vice President of Air Liquide Group (a leading provider of gases for industry, health and the environment) since November, 2007; Executive Vice President of Air Liquide Group since 2002; Director of Air Liquide S.A.	2010	17,347(4)	*
Donald E. Felsinger, 65 Executive Chairman of Sempra Energy (an energy services company) from June, 2011 December, 2012; Chairman and Chief Executive Officer of Sempra Energy from February, 2006 June, 2011; President and Chief Operating Officer of Sempra Energy beginning in January, 2005; Director of Northrup Grumman Corporation.	2009	30,136(1)	*
Antonio Maciel Neto, 55 Chief Executive Officer of CAOA Group (a Brazilian vehicle distributor and manufacturer) since March, 2013; Chief Executive Officer of Suzano Papel e Celulose (a Brazilian paper and pulp company) from June, 2006 January, 2013; President of Ford South America from October, 2003 April, 2006; President of Ford Brazil from July, 1999 October, 2003; Director of Marfrig Alimentos S.A.	2006	27,660(1)	*

Name, Age, Principal Occupation or Position, Directorships of Other Publicly-Owned Companies	Year First Elected as Director	Common Stock Owned	Percent of Class
Patrick J. Moore, 58 President and Chief Executive Officer of PJM Advisors, LLC (an investment and advisory firm) since June, 2011; Chief Executive Officer of Smurfit-Stone Container Corporation from June, 2010 May, 2011; Chairman and Chief Executive Officer of Smurfit-Stone Container Corporation from 2002 June, 2010; Director of ITT Exelis and Ralcorp Holdings, Inc.; Director of Smurfit-Stone Container Corporation within the past five years(5).	2003	45,733(1)	*
Thomas F. O Neill, 66 Chairman of the holding company of First Allied (a broker dealer) and Chairman of Ranieri Partners Financial Services Group (a company which acquires and manages financial services companies) since November, 2010; Principal, Sandler O Neill & Partners, L.P. from 1988 November, 2010; Director of The Nasdaq OMX Group, Inc. and Misonix, Inc.	2004	33,602(1)	*
Daniel Shih, 61 Deputy Chairman, Executive Director and Chief Strategy Officer of Stella International Holdings Limited (a developer and manufacturer of footwear) since May, 2008; Chairman of PepsiCo (China) Investment Ltd. and President, PepsiCo Beverages, China from October, 2006 April, 2008.	2012	763(1)	*
Kelvin R. Westbrook, 57 President and Chief Executive Officer of KRW Advisors, LLC (a consulting and advisory firm) since October, 2007; Chairman and Chief Strategic Officer of Millennium Digital Media Systems, L.L.C. (a broadband services company) (MDM)(6) from approximately September, 2006 October, 2007; President and Chief Executive Officer of Millennium Digital Media, L.L.C. from May 1997 October, 2006; Director of Stifel Financial Corp. and Trust Manager of Camden Property Trust; Director of Angelica Corporation within the past five years.	2003	47,058(1)	*
Patricia A. Woertz, 60 Chairman since February 2007; President and Chief Executive Officer since May 2006; previously Executive Vice President of Chevron Corporation (a diversified energy company); Director of The Procter & Gamble Company.	2006	2,243,796(7)	*

* Less than 1% of outstanding shares

(1) Includes only stock units allocated under our Stock Unit Plan for Nonemployee Directors that are deemed to be the equivalent of outstanding shares of common stock for valuation purposes.

(2) Includes 3,065,707 shares held in a family foundation or owned by or in trust for members of Ms. Carter s family, 8,918,000 shares held in a limited partnership and 118,072 stock units allocated under our Stock Unit Plan for Nonemployee Directors.

(3) Includes 760 shares owned individually and 7,452 stock units allocated under our Stock Unit Plan for Nonemployee Directors.

(4) Includes 5,700 shares owned individually and 11,647 stock units allocated under our Stock Unit Plan for Nonemployee Directors.

(5) Smurfit-Stone Container Corporation and its U.S. and Canadian subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January 2009.

(6) Broadstripe, LLC (formerly MDM) and certain of its affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January, 2009, approximately fifteen months after Mr. Westbrook resigned from MDM.

(7) Includes 915,261 shares owned individually or in trust, 1,327,875 shares that are unissued but are subject to stock options exercisable within 60 days and 660 shares allocated under our 401(k) and Employee Stock Ownership Plan.

The Board of Directors recommends a vote FOR the election of the twelve nominees named above as directors. Proxies solicited by the Board will be so voted unless stockholders specify a different choice.

Director Experiences, Qualifications, Attributes and Skills, and Board Diversity

In assessing an individual s qualifications to become a member of the board, the Nominating/Corporate Governance Committee may consider various factors including education, experience, judgment, independence,

integrity, availability, and other factors that the Nominating/Corporate Governance Committee deems appropriate. The Nominating/Corporate Governance Committee strives to recommend candidates that complement the current board members and other proposed nominees so as to further the objective of having a board that reflects a diversity of background and experience with the necessary skills to effectively perform the functions of the board and its committees. In addition, the Nominating/Corporate Governance Committee considers personal characteristics of nominees and current board members, including race, gender and geographic origin, in an effort to obtain a diversity of perspectives on the board.

The specific experience, qualifications, attributes and skills that qualify each of our directors to serve on our board are listed below:

Alan L. Boeckmann

Prior to retiring in February, 2012, Mr. Boeckmann served in a variety of engineering and executive management positions during his 35-plus year career with Fluor Corporation, including non-executive Chairman of the Board from 2011-2012, Chairman of the Board and Chief Executive Officer from 2002-2011, and President and Chief Operating Officer from 2001-2002. His tenure with Fluor Corporation included responsibility for global operations and multiple international assignments. Mr. Boeckmann currently serves as a director of Sempra Energy. He has previously served on the boards of BHP Billiton and Burlington-Northern Santa Fe. Mr. Boeckmann has been an outspoken business leader in promoting international standards for business ethics. His extensive board and executive management experience, coupled with his commitment to ethical conduct in international business activities, makes him a valuable addition to our board of directors.

George W. Buckley

Dr. Buckley is Chairman of Arle Capital Partners Limited, a private equity partnership with a portfolio of energy, industrial and service-sector businesses. Dr. Buckley is also currently Chairman of Expro International, an international oil field services company. Previously, Dr. Buckley served as Chairman of 3M Company from February 2012 to June 2012 and as Chairman, President and Chief Executive Officer of 3M Company from December 2005 to February 2012. He previously held executive positions at Brunswick Corp., Emerson Electric Co. and British Railways. Dr. Buckley s Bachelor of Science degree in Electrical and Electronic Engineering and his Doctoral degree in Engineering in joint study at Huddersfield and Southampton Universities, his service as Chairman of the Board, President and Chief Executive Officer of 3M Company, his leadership roles at the Brunswick Corporation, Emerson Electric Co. and British Railways, his skills in business and financial matters and his experience as a director of the public companies listed above, qualify him to serve as a director of the company.

Mollie Hale Carter

Ms. Carter has twenty-five years of business experience in the agricultural sector, including consulting, finance and operations. Ms. Carter also has served since 1995 as the Chairman and/or Chief Executive Officer of a regional financial institution based in Salina, Kansas. Ms. Carter s qualifications to serve as a director of the company include her substantial leadership experience as a chief executive officer, her financial expertise, her service as a director of Westar Energy, Inc., her previous service as a director of Premium Standard Farms, Inc., and her significant experience in the agricultural sector.

Terrell K. Crews

Mr. Crews retired from Monsanto Company in November 2009. He served as Executive Vice President, Chief Financial Officer and Vegetable Business CEO for Monsanto Company from September 2007 to November 2009, and Executive Vice President and Chief Financial Officer from 2000 to 2007. Mr. Crews brings to our board of directors extensive expertise in finance and related functions, as well as significant knowledge of corporate development, agri-business and international operations.

Pierre Dufour

Mr. Dufour is Senior Executive Vice President of Air Liquide Group, the world leader in gases for industry, health and the environment. Having joined Air Liquide in 1997, Mr. Dufour was named Senior Executive Vice President in November 2007. Since January 2010, he has supervised Air Liquide s operations in the Americas, Africa-Middle East and Asia-Pacific zones, while also overseeing, globally, Air Liquide s industrial World Business Lines, Engineering and Construction. Mr. Dufour was elected to the board of Air Liquide S.A. in May, 2012. Mr. Dufour s qualifications to serve as a director of our company include his substantial leadership, engineering, operations management and international business experience.

Donald E. Felsinger

Mr. Felsinger brings extensive experience as a board member, chair and CEO with Fortune 500 companies. Mr. Felsinger retired as Executive Chairman of Sempra Energy on December 1, 2012. His leadership roles at Sempra Energy and other energy companies have allowed him to provide our board of directors with his expertise in mergers and acquisitions, environmental matters, corporate governance, strategic planning, engineering, finance, human resources, compliance, risk management, international business and public affairs. Mr. Felsinger possesses in-depth knowledge of executive compensation and benefits practices and serves as a member of the Compensation/Succession Committee.

Antonio Maciel Neto

Mr. Maciel was named Chief Executive Officer of CAOA Group, a large Brazilian vehicle distributor and manufacturer, in March 2013. Mr. Maciel served as Chief Executive Officer of Suzano Papel e Celulose S/A, one of Latin America s largest vertically integrated producers of paper and eucalyptus pulp, from June 2006 to January 2013. From 1999 to May 2006, Mr. Maciel held various executive positions with Ford Motor Company, including Chief Executive Officer of Ford South America Operations. Mr. Maciel s qualifications to serve on our board of directors include his substantial leadership, international business, environmental and sustainability, engineering, product development and innovations and operations management experience.

Patrick J. Moore

Mr. Moore retired as Chief Executive Officer of Smurfit-Stone Container Corporation in 2011, and held positions of increasing importance at Smurfit-Stone and related companies since 1987. Prior to 1987, Mr. Moore served 12 years at Continental Bank in various corporate lending, international banking and administrative positions. Mr. Moore brings to our board of directors his substantial experience in leadership, banking and finance, strategy development, sustainability and operations management.

Thomas F. O Neill

Mr. O Neill has worked on Wall Street since 1972 and, as a founding principal of a nationally-recognized investment bank, he has broad experience in the areas of finance, mergers and acquisitions and business development. Mr. O Neill specializes in working with financial institutions and his substantial experience in the finance community contributes to his role as a member of the Audit Committee.

Daniel Shih

Mr. Shih has served as Deputy Chairman, Executive Director and Chief Strategy Officer of Stella International Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, since May, 2008. He previously held executive positions with PepsiCo (China) Investment Ltd. and Motorola (China) Electronic Ltd. Mr. Shih s qualifications to serve as a director of the company include his extensive business experience in Asia and his expertise in business strategy, leadership development, joint ventures and mergers and acquisitions.

Kelvin R. Westbrook

Mr. Westbrook brings legal, media and marketing expertise to the board of directors. He is a former partner of a national law firm, was the President, Chief Executive Officer and co-founder of two large cable television and broadband companies and was or is a member of the board of numerous high-profile companies, including the National Cable Satellite Corporation, better known as C-SPAN. Mr. Westbrook currently serves on the boards of two other public companies and a multi-billion dollar not-for-profit healthcare services company.

Patricia A. Woertz

Prior to joining the company, Ms. Woertz held positions of increasing importance at Chevron Corporation and its predecessor companies. Having started her career as a certified public accountant with Ernst & Ernst, and with a broad range of executive roles at Chevron Corporation and its predecessor companies, Ms. Woertz brings to the board of directors of our company a significant amount of leadership, strategy development, risk management, mergers and acquisitions, international business, marketing, finance and technology experience.

Board Leadership Structure

Our company s board of directors does not have a current requirement that the roles of Chief Executive Officer and Chairman of the Board be either combined or separated, because the board believes it is in the best interests of our company to make this determination based on the position and direction of our company and the constitution of the board and management team. The board regularly evaluates whether the roles of Chief Executive Officer and Chairman of the Board should be combined or separated. The board has determined that having our company s Chief Executive Officer serve as Chairman is in the best interest of our stockholders at this time. The Chief Executive Officer is responsible for the day-to-day management of our company and the development and implementation of our company s strategy, and has access to the people, information and resources necessary to facilitate board function. Therefore, the board believes that combining the roles of Chief Executive Officer and Chairman contributes to an efficient and effective board.

The non-management directors elect a Lead Director at the board s annual meeting. Ms. Carter is currently serving as Lead Director. The board believes that naming an independent Lead Director more accurately reflects the accountability and responsibilities that accompany a non-executive position and does not believe that our stockholders would benefit at this time by having the roles of Chief Executive Officer and Chairman of the Board filled by different individuals. Our Lead Director provides the board with independent leadership and facilitates the independence of the board from management. The duties and responsibilities of the Lead Director are set forth in our Corporate Governance Guidelines as follows: (i) organize, convene and preside over executive sessions of the non-management and independent directors and promptly communicate the messages and directives approved by such directors at each such meeting to the Chairman and Chief Executive Officer; (ii) preside at all meetings of the board at which the Chairman of the Board is not present; (iii) consult with the Chairman and Chief Executive Officer in establishing meeting schedules and agendas, and in determining the information to be forwarded to the directors both in conjunction with such meetings and otherwise; (iv) facilitate communication among the directors and between the board and the Chairman and Chief Executive Officer; (v) serve as an advisor to the board committees, chairmen of the board committees and other directors; and (vi) such other duties and responsibilities as assigned from time-to-time by the non-management directors consistent with the Lead Director s role.

In addition to appointing a Lead Director, our non-management directors facilitate the board s independence by meeting frequently as a group and fostering a climate of transparent communication. The high level of contact between our Lead Director and our Chairman between board meetings and the specificity contained in the board s delegation of authority parameters also serve to foster effective board leadership.

Board Role in Risk Oversight

Management is responsible for day-to-day risk assessment and mitigation activities, and our company s board of directors is responsible for risk oversight, focusing on our company s overall risk management strategy, our company s degree of tolerance for risk and the steps management is taking to manage our company s risks. While the board as a whole maintains the ultimate oversight responsibility for risk management, the committees of the board can be assigned responsibility for risk management oversight of specific areas. The Audit Committee currently maintains responsibility for overseeing our company s enterprise risk management process and regularly discusses our company s major risk exposures, the steps management has taken to monitor and control such exposures, and guidelines and policies to govern our company s risk assessment and risk management processes. The Audit Committee periodically reports to our board of directors regarding significant matters identified with respect to the foregoing. The Nominating/Corporate Governance Committee has the authority to assign oversight of risk areas to specific committees as the need arises.

Management has established an Integrated Risk Management Committee consisting of personnel representing multiple functional and regional areas within our company, with broad oversight of the risk management process. Such committee s responsibilities and objectives include:

- ensuring implementation and maintenance of a process to identify, evaluate and prioritize risks to achievement of our company s objectives;
- ensuring congruence of risk decisions with our company s values, policies, procedures, measurements, and incentives or disincentives;
- supporting the integration of risk assessment and controls into mainstream business processes and decision-making;
- clearly identifying roles and responsibilities across our company in regard to risk assessment and control functions;
- promoting consistency and standardization in risk identification and controls across our company;
- ensuring sufficient information capabilities and information flow to support risk identification and controls and alignment of technology assets;
- regularly evaluating the overall design and operation of the risk assessment and control process, including development of relevant metrics and indicators; and
- reporting regularly to senior management and our board regarding the above-described processes and the most significant risks to our company s objectives.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires our directors and executive officers to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Based on our review of Forms 3, 4 and 5 we have received from, or have filed on behalf of, our directors and executive officers, and on written representations from those persons that they were not required to file a Form 5, we believe that, during the six-month transition period ended December 31, 2012, our directors and executive officers complied with all Section 16(a) filing requirements.

Executive Stock Ownership Policy

The board of directors believes that it is important for each member of our senior management to acquire and maintain a significant ownership position in shares of our common stock to further align the interests of senior management with the stockholders interests. Accordingly, we have adopted a policy regarding ownership of shares of our common stock by senior management. The policy calls for members of senior management to own shares of common stock with a fair market value within a range of one to five times that individual s base salary, depending on each individual s level of responsibility with our company. The stock ownership guidelines applicable to the named executive officers (as defined herein) are set forth below.

Executive	Ownership Guideline as a Multiple of Salary
P. A. Woertz	5x
J. R. Luciano	3x
R. G. Young	3x
D. J. Smith(1)	
M. J. Jansen	1.5x

(1) Mr. Smith retired as an executive officer and employee of our company effective December 31, 2012.

Executive Officer Stock Ownership

The following table shows the number of shares of our common stock beneficially owned as of March 11, 2013, directly or indirectly, by each of the individuals named in the Summary Compensation Table herein.

Name	Common Stock Beneficially Owned(1)	Options Exercisable Within 60 Days	Percent of Class
P. A. Woertz	2,243,796	1,327,875	*
J. R. Luciano	357,917	38,802	*
R. G. Young	142,329	16,075	*
D. J. Smith(2)	670,852	318,506	*
M. J. Jansen.	198,480	70,417	*

* Less than 1% of outstanding shares

(1) Includes shares allocated to the accounts of the named individuals under our 401(k) and Employee Stock Ownership Plan and, pursuant to SEC rules, stock options exercisable within 60 days.

(2) Mr. Smith s information is reported as of December 31, 2012.

Common stock beneficially owned as of March 11, 2013 by all directors, director nominees and executive officers as a group, numbering 33 persons including those listed above, except for Mr. Smith, is 16,983,939 shares representing 2.58% of the outstanding shares, of which 363,388 shares represent stock units allocated under our Stock Unit Plan for Nonemployee Directors, 2,230,612 shares are unissued but are subject to stock options exercisable within 60 days and no shares are subject to pledge.

Independence of Directors

NYSE Independence

The listing standards of the New York Stock Exchange, or NYSE, require companies listed on the NYSE to have a majority of independent directors. Subject to certain exceptions and transition provisions, the NYSE standards generally provide that a director will qualify as independent if the board affirmatively determines that he or she has no material relationship with our company other than as a director, and will not be considered independent if:

(1) the director or a member of the director s immediate family is, or in the past three years has been, one of our executive officers or, in the case of the director, one of our employees;

(2) the director or a member of the director s immediate family has received during any 12-month period within the last three years more than $120,000 per year in direct compensation from us other than for service as a director, provided that compensation received by an immediate family member for service as a non-executive officer employee is not considered in determining independence;

(3) the director or an immediate family member is a current partner of one of our independent auditors, the director is employed by one of our independent auditors, a member of the director s immediate family is employed by one of our independent auditors and personally works on our audits, or the director or a member of the director s immediate family was within the last three years an employee of one of our independent auditors and personally worked on one of our audits;

(4) the director or a member of the director s immediate family is, or in the past three years has been, employed as an executive officer of a company where one of our executive officers at the same time serves or served on the compensation committee; or

(5) the director is a current employee of, or a member of the director s immediate family is an executive officer of, a company that makes payments to, or receives payments from, us in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues.

Bylaw Independence

Section 2.8 of our bylaws also provides that a majority of the board of directors be comprised of independent directors. Under our bylaws, an independent director means a director who:

(1) is not a current employee or a former member of our senior management or the senior management of one of our affiliates;

(2) is not employed by one of our professional services providers;

(3) does not have any business relationship with us, either personally or through a company of which the director is an officer or a controlling shareholder, that is material to us or to the director;

(4) does not have a close family relationship, by blood, marriage, or otherwise, with any member of our senior management or the senior management of one of our affiliates;

(5) is not an officer of a company of which our Chairman or Chief Executive Officer is also a board member;

(6) is not personally receiving compensation from us in any capacity other than as a director; and

(7) does not personally receive or is not an employee of a foundation, university, or other institution that receives grants or endowments from us, that are material to us, the recipient, or the foundation/university/institution.

The board of directors has reviewed business and charitable relationships between us and each non-employee director and director nominee to determine compliance with the NYSE and bylaw standards described above and to evaluate whether there are any other facts or circumstances that might impair a director s or nominee s independence. Based on that review, the board has determined that eleven of its twelve current members, Dr. Buckley, Messrs. Boeckmann, Crews, Dufour, Felsinger, Maciel, Moore, O Neill, Shih and Westbrook, and Ms. Carter, are independent. Ms. Woertz is not independent under the NYSE or bylaw standards because of her employment with us.

In determining that Mr. Boeckmann is independent, the board considered that, in the ordinary course of business, Sempra Energy, of which Mr. Boeckmann is a director, sold utility services to our company, on an arms-length basis during the six-month period ended December 31, 2012. The board determined that Mr. Boeckmann does not have a direct or indirect material interest in such transactions and that such transactions do not otherwise impair Mr. Boeckmann s independence.

In determining that Dr. Buckley is independent, the board considered that, during the six-month period ended December 31, 2012, Stanley Black & Decker, of which Dr. Buckley is a director, sold certain repair and maintenance supplies to our company, that Hitachi Ltd., of which Dr. Buckley is a director, sold certain parts and equipment to our company, and that Pepsico, of which Dr. Buckley is a director, purchased certain commodity products from, and sold certain soft drink products to, our company. All such transactions were in the ordinary course of business and on an arms-length basis. The board determined that Dr. Buckley does not have a direct or indirect material interest in such transactions and that such transactions do not impair Dr. Buckley s independence.

In determining that Ms. Carter is independent, the board considered that, during a portion of the six-month period ended December 31, 2012, Ms. Carter s brother was employed by our company in a non-executive officer capacity as a compliance auditor at total annual compensation less than $120,000. The board determined that Ms. Carter does not have a direct or indirect material interest in such employment relationship and that such employment relationship does not otherwise impair Ms. Carter s independence. Also in determining that Ms. Carter is independent, the board considered that, during the six-month period ended December 31, 2012, the company purchased utility services from Westar Energy Inc. in the ordinary course of business and on an arms-length basis. Ms. Carter is a director of Westar Energy Inc. The board determined that Ms. Carter does not have a direct or indirect material interest in such utility transactions, and that such utility transactions do not otherwise impair Ms. Carter s independence.

In determining that Mr. Crews is independent, the board considered that, in the ordinary course of business, Rock-Tenn Company, of which Mr. Crews is a director, purchased certain commodity products from our company and sold certain supplies to our company and that Hormel Foods Corporation, of which Mr. Crews is a director, purchased certain commodity products from our company, all on an arms-length basis during the six-month period ended December 31, 2012. The board determined that Mr. Crews does not have a direct or indirect material interest in such transactions and that such transactions do not otherwise impair Mr. Crews independence.

In determining that Mr. Dufour is independent, the board considered that, in the ordinary course of business, Air Liquide Group, of which Mr. Dufour is Senior Executive Vice President and a director, sold certain supplies and commodity products to our company on an arms-length basis during the six-month period ended December 31, 2012. The board determined that this arrangement did not exceed the NYSE s threshold of 2% of Air Liquide Group s consolidated gross revenues, that Mr. Dufour does not have a direct or indirect material interest in such transactions, and that such transactions do not otherwise impair Mr. Dufour s independence.

In determining that Mr. Felsinger is independent, the board considered that, in the ordinary course of business, Sempra Energy, of which Mr. Felsinger was Executive Chairman for a portion of the six-month period ended December 31, 2012, sold utility service to our company, on an arms-length basis during such period. The board determined that this arrangement did not exceed the NYSE s threshold of 2% of Sempra Energy s consolidated gross revenues, that Mr. Felsinger does not have a direct or indirect material interest in such transactions, and that such transactions do not otherwise impair Mr. Felsinger s independence.

In determining that Mr. Moore is independent, the board considered that, in the ordinary course of business, Ralcorp Holdings, Inc., of which Mr. Moore is a director, purchased certain commodity products from our company, on an arms-length basis during the six-month period ended December 31, 2012. The board determined that Mr. Moore does not have a direct or indirect material interest in such transactions, and that such transactions do not otherwise impair Mr. Moore s independence.

In determining that Mr. Westbrook is independent, the board considered that, in the ordinary course of business, Stifel Financial Corp., of which Mr. Westbrook is a director, provided certain brokerage services to our company and that BJC Healthcare, of which Mr. Westbrook is a director, provided certain medical services to our company, all on an arms-length basis during the six-month period ended December 31, 2012. The board determined that Mr. Westbrook does not have a direct or indirect material interest in such transactions and that such transactions do not otherwise impair Mr. Westbrook s independence.

Corporate Governance Guidelines

The board has adopted corporate governance guidelines that govern the structure and functioning of the board and set-out the board s policies on governance issues. The guidelines, along with the written charters of each of the committees of the board and our bylaws, are posted on our internet site, *www.adm.com,* and are available free of charge on written request to Secretary, Archer-Daniels-Midland Company, 4666 Faries Parkway, Decatur, Illinois 62526-5666.

Executive Sessions

In accordance with our corporate governance guidelines, the non-management directors meet in executive session at least quarterly. If the non-management directors include any directors who are not independent pursuant to the board s determination of independence, at least one executive session includes only independent directors. The Lead Director, or in his or her absence, the chairman of the Nominating/Corporate Governance Committee, presides at such meetings. The non-management directors met in executive session twice during Fiscal Year 2012.5.

Board Meetings and Attendance at Annual Meetings of Stockholders

During the six-month period ended December 31, 2012, our board of directors held five meetings. All incumbent directors, other than Dr. Buckley and Mr. O Neill, attended 75% or more of the combined total meetings of the board and the committees on which they served during such period. Dr. Buckley and Mr. O Neill were unable to attend 75% of such meetings due to travel and communications difficulties caused by Hurricane Sandy and due to the low number of meetings held during the six-month period ended December 31, 2012 as compared to the number of meetings held during a full fiscal year. With respect to the 2012 calendar year, each of Dr. Buckley and Mr. O Neill attended 75% or more of the combined total meetings of the board and the committees on which they served. We expect all director nominees to attend the annual stockholders meeting. All director nominees standing for election at our last annual stockholders meeting held on November 1, 2012, other than Dr. Buckley and Mr. O Neill, attended that meeting.

Information Concerning Committees and Meetings

The board s standing committees are the Audit, Compensation/Succession, Nominating/Corporate Governance, and Executive Committees. Each committee operates pursuant to a written charter adopted by the board, available on our internet site, *www.adm.com*.

Audit Committee

The Audit Committee consists of Mr. Crews, Chairman, Mr. Dufour, Mr. O Neill, Mr. Maciel and Mr. Moore. The Audit Committee met five times during the six-month period ended December 31, 2012. All of the members of the Audit Committee were determined by the board to be independent directors, as that term is defined in our bylaws, in the NYSE listing standards and in Section 10A of the Exchange Act. No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies unless the board determines that such service would not impair such director s ability to serve effectively on the Audit Committee. The Audit Committee reviews:

(1) the overall plan of the annual independent audit;

(2) financial statements;

(3) the scope of audit procedures;

(4) the performance of our independent auditors and internal auditors;

(5) the auditors evaluation of internal controls;

(6) matters of legal and regulatory compliance;

(7) the performance of our company s compliance function; and

(8) certain relationships and related transactions.

Compensation/Succession Committee

The Compensation/Succession Committee consists of Mr. Westbrook, Chairman, Mr. Boeckmann, Dr. Buckley, Ms. Carter, and Mr. Felsinger. The Compensation/Succession Committee met four times during the six-month period ended December 31, 2012. All of the members of the Compensation/Succession Committee were determined by the board to be independent directors, as that term is defined in our bylaws and in the NYSE listing standards. The Compensation/Succession Committee:

(1) establishes and administers a compensation policy for senior management;

(2) reviews and approves the compensation policy for all of our employees and our subsidiaries other than senior management;

(3) approves all compensation elements with respect to our executive officers and all employees with a base salary of $500,000 or more;

(4) reviews and monitors our financial performance as it affects our compensation policies or the administration of those policies;

(5) establishes and reviews a compensation policy for non-employee directors;

(6) reviews and monitors our succession plans;

(7) approves awards to employees pursuant to our incentive compensation plans; and

(8) approves modifications in the employee benefit plans with respect to the benefits salaried employees receive under such plans.

All of the Compensation/Succession Committee s actions are reported to the board of directors and, where appropriate, submitted to the board of directors for ratification. Members of management attend meetings of the committee and make recommendations to the committee regarding compensation for officers other than the Chief Executive Officer. In determining the Chief Executive Officer s compensation, the committee considers the evaluation prepared by the non-management directors.

In accordance with the General Corporation Law of Delaware, the committee may delegate to one or more officers the authority to grant stock options to other officers and employees who are not directors or executive officers, provided that the resolution authorizing this delegation specify the total number of options that the officer or officers can award. The charter for the Compensation/Succession Committee also provides that the committee may form subcommittees and delegate tasks to them.

For additional information on the responsibilities and activities of the Compensation/Succession Committee, including the committee s processes for determining executive compensation, see the section of this proxy statement entitled Compensation Discussion and Analysis .

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee consists of Mr. Maciel, Chairman, and Mr. Boeckmann, Mr. Felsinger Mr. Shih, and Mr. Westbrook. The Nominating/Corporate Governance Committee met twice during the six-month period ended December 31, 2012. All of the members of the Nominating/Corporate Governance Committee were determined by the board to be independent directors, as that term is defined in our bylaws and in the NYSE listing standards. The Nominating/Corporate Governance Committee:

(1) identifies individuals qualified to become members of the board, including evaluating individuals appropriately suggested by stockholders in accordance with our bylaws;

(2) recommends individuals to the board for nomination as members of the board and board committees;

(3) develops and recommends to the board a set of corporate governance principles applicable to the company; and

(4) leads the evaluation of the directors, the board and board committees.

The Nominating/Corporate Governance Committee will consider nominees recommended by a stockholder provided the stockholder submits the nominee s name in a written notice delivered to our Secretary at our principal executive offices not less than 60 nor more than 90 days prior to the anniversary date of the immediately preceding annual stockholders meeting. However, if the annual meeting is called for a date that is not within 30 days before or after such anniversary date, the notice must be received at our principal executive offices not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made (whichever first occurs). Different notice delivery requirements may apply if the number of directors to be elected at an annual meeting is being increased, and we do not make a public announcement naming all of the nominees or specifying the size of the increased board at least 100 days prior to the first anniversary of the preceding year s annual meeting. Any notice of a stockholder nomination must set forth the information required by Section 1.4(c) of our bylaws, and must be accompanied by a written consent from the proposed nominee to being named as a nominee and to serve as a director if elected, and a written statement from the proposed nominee as to whether he or she intends, if elected, to tender the contingent, irrevocable resignation that would become effective should the individual fail to receive the required vote for re-election at the next meeting of stockholders. All candidates, regardless of the source of their recommendation, are evaluated using the same criteria.

Executive Committee

The Executive Committee consists of Ms. Woertz, Chairman, Ms. Carter, Lead Director, and Mr. Moore. The Executive Committee met twice during the six-month period ended December 31, 2012. The Executive Committee acts on behalf of the board to determine matters which, in the judgment of the Chairman of the Board, do not warrant convening a special board meeting but should not be postponed until the next scheduled board meeting. The Executive Committee exercises all the power and authority of the board in the management and direction of our business and affairs except for matters which are expressly delegated to another board committee and matters that cannot be delegated by the board under applicable law, our certificate of incorporation, or our bylaws.

Communications with Directors

We have approved procedures for stockholders and other interested parties to send communications to individual directors or the non-employee directors as a group. You should send any such communications in writing addressed to the applicable director or directors in care of the Secretary, Archer-Daniels-Midland Company, 4666 Faries Parkway, Decatur, Illinois 62526-5666. All correspondence will be forwarded to the intended recipient(s).

Code of Conduct

The board has adopted a Code of Conduct that sets forth standards regarding matters such as honest and ethical conduct, compliance with law, and full, fair, accurate, and timely disclosure in reports and documents that we file with the SEC and in other public communications. The Code of Conduct applies to all of our employees, officers, and directors, including our principal executive officer, principal financial officer, and principal accounting officer. The Code of Conduct is available at our internet site, *www.adm.com,* and is available free of charge on written request to Secretary, Archer-Daniels-Midland Company, 4666 Faries Parkway, Decatur, Illinois 62526-5666. Any amendments to certain provisions of the Code of Conduct or waivers of such provisions granted to certain executive officers will be promptly disclosed on our internet site.

Compensation Discussion and Analysis

Introduction and Executive Summary

This Compensation Discussion and Analysis explains the process the Compensation/Succession Committee uses to determine compensation and benefits for our named executive officers (NEOs) and provides a detailed description of those programs.

In 2012, we made the decision to transition to a calendar fiscal year. As part of this transition, we implemented a six-month financial and compensation period from July 1, 2012 through December 31, 2012, hereinafter referred to as FY2012.5 . As such, FY2012.5 reflects a partial year when considering our company performance and NEO pay.

This discussion focuses on the compensation provided to our NEOs during FY2012.5, who were:

Name	Title
P.A. Woertz	Chairman, Chief Executive Officer and President (CEO)
J.R. Luciano	Executive Vice President and Chief Operating Officer (COO)
R.G. Young	Senior Vice President and Chief Financial Officer (CFO)
D.J. Smith	Executive Vice President (retired on December 31, 2012)
M.J. Jansen	Senior Vice President and President Global Oilseeds

How Pay is Tied to Company Performance

Our business objectives are the foundation for our compensation programs. We believe, and our compensation programs support, that as an employee s level in the organization or level of responsibility increases, so should the proportion of performance-based compensation. As such, our executive compensation programs closely tie pay to performance and will only deliver competitive levels of compensation if we achieve our goals and enhance shareholder value.

FY2012.5 Financial and Operating Performance

In FY2012.5, the Company delivered solid results in a challenging business environment. Our team managed well despite challenges from the U.S. drought and from persistent, negative margins in the ethanol industry. Our results in Oilseeds and Agricultural Services demonstrate the ability of our people to manage our global asset network, to prepare for and manage in a range of market conditions. We continue to focus on better aligning our portfolio of businesses and enhancing our efficiencies. Our specific performance highlights included:

- Adjusted EBITDA of $1.675 billion;
- Strong focus on returns, which resulted in $150M run rate savings from global workforce restructuring and unlocking $1 billion in working cash;
- Increased profits in Oilseeds Processing and Agricultural Services; and
- Reduction in net debt balances to their lowest levels since June 2010.

How Business Performance Determines Executive Compensation

The following charts illustrate the directional relationship between Company performance, based on three key metrics, and the compensation of our Chairman, Chief Executive Officer and President in FY2011, FY2012 and FY2012.5. These key metrics, Adjusted EBITDA, Adjusted ROIC and total shareholder return (TSR), were chosen because they correlate with and are reflective of long-term stockholder value.

1 Pay is defined as base salary paid in the year and annual and long-term incentives earned in the year (but granted the following year). All figures for FY2012.5 represent a six-month period.

FY2012.5 NEO Earned Incentive Compensation

In FY2012.5, we achieved financial performance of $1.675 billion of Adjusted EBITDA and Adjusted ROIC that was 90 basis points above our weighted average cost of capital. This performance, under our new, simpler incentive award formula led to a cash bonus award of 75.0% of target for the NEOs. The Compensation/Succession Committee subsequently can make adjustments to this award within a range of -20% to +20% based on its assessment of individual and group performance (the individual multiplier). For FY2012.5 performance, the Compensation/Succession Committee elected to award the CEO, COO and CFO the same individual multiplier in recognition of their collective efforts as an executive management team and their contribution to our success. The Compensation/Succession Committee incorporated its and the full Board s assessment of our CEO s performance and our full company performance when approving Ms. Woertz s individual multiplier. Mr. Jansen s individual multiplier reflects his contributions to the performance of his business unit. Mr. Smith received an individual multiplier of 1.0 due to his retirement in FY2012.5.

The individual multipliers for our NEOs for FY2012.5 are as follows:

P.A. Woertz	1.15
J.R. Luciano	1.15
R.G. Young	1.15
D.J. Smith	1.0
M.J. Jansen	1.2

The Compensation/Succession Committee granted long-term incentive (LTI) awards for FY2012.5 at a base level, reflecting its assessment of our relative performance for the three-year period ended December 31, 2012. The Committee considers multiple performance factors, including an assessment of our three-year TSR compared to the S&P 100 Industrials, as well as other comparators. These awards were granted in early 2013 and will appear in our next year s Summary Compensation Table. Because FY2012.5 was a partial year, these LTI awards were pro-rated to half of the full-year award value. The LTI awards granted in August 2012, which were based on three full fiscal years of performance ended June 30, 2012, are shown in this year s Summary Compensation Table.

Our change in fiscal year creates some fluctuations in comparing performance and pay levels across years. In our discussions of pay levels for FY2012.5, we have, as in prior fiscal years, identified the actual pay for the period as pay earned in the period, which was pro-rated for the six-month performance period.

In future years disclosures, as full fiscal year data are also reported and compared to this partial year, we will explain the volatility that is related to this timing shift, separate from the discussion of volatility that is inherent in our pay program due to its strong alignment with our financial performance. In the table below, we illustrate the fluctuations in reported compensation levels that we expect related to our change in fiscal year end. Because future pay decisions have not yet been made, the illustration uses award levels shown as a percent of annualized target values for a hypothetical individual and not a specific NEO.

CEO Realizable Pay

To further illustrate the alignment of our compensation program with business performance, with an emphasis on stockholder value creation, we considered the relationship between pay opportunity and realizable pay. While most of the required compensation disclosures represent the awards that *may be earned,* realizable pay considers actual earnings based on performance. For this purpose, realizable pay means the sum of salary, actual cash bonus paid for each fiscal year, the current in the money value of stock options granted in the year and the current market value of restricted stock granted in the year. For each year below, the equity awards granted in each fiscal year are presented at their current realizable value, which is based on the December 31, 2012 closing price.

The following graph shows the realizable pay of Ms. Woertz, our CEO, for each of the fiscal years ended June 30, 2009, 2010, 2011, 2012 and for the six-month period ended December 31, 2012, and the correlation with the indexed TSR of our common stock on these dates. As the chart indicates:

Ms. Woertz s awarded total direct compensation has declined during the past three years, based on our company performance, including our TSR with respect to relevant comparisons.

Ms. Woertz s *realizable pay* is only a portion of the granted award value. Because the largest portion of her compensation opportunity is provided in the form of equity, of which 50% has been in the form of stock options that have zero value if share price does not increase, Ms. Woertz s compensation has been directly aligned with the interests of our stockholders and stockholder value.

CEO Realizable Pay Is Aligned With Stock Price

Results of 2012 Advisory Vote to Approve Executive Compensation

At the 2012 Annual Meeting of Stockholders, we held our second advisory vote on executive compensation. Approximately 90% of the votes cast were in favor of this advisory proposal. The Compensation/Succession Committee considered this favorable outcome, and the favorable outcome of the prior, inaugural vote, and believed it conveyed our stockholders support of the Compensation/Succession Committee s decisions and the existing executive compensation programs. As a result, the changes the Compensation/Succession Committee made to the structure of our compensation programs were focused on further enhancing transparency and stockholder value. At the 2013 Annual Meeting of Stockholders, we will again hold an annual advisory vote to approve executive compensation. The Compensation/ Succession Committee will continue to consider the results from this year s and future advisory votes on executive compensation.

Program Design

The objectives of our executive compensation program are to:

- Attract and retain a strong executive team and motivate them to develop leadership and successors;
- Align the interests of the NEOs with those of our stockholders;
- Encourage a culture of pay-for-performance by requiring sufficient financial performance before awards may be earned and directly tying awards to quantifiable performance;
- Encourage and reward current business results through cash salaries and performance-based annual cash incentives;
- Reward sustained performance by granting equity and maintaining ownership guidelines; and
- In total, provide competitive total compensation opportunities.

Our executive compensation program is built on a structure that balances short and long term performance:

- Salaries generally target the median of companies of similar scope, complexity and business environment;
- Our annual cash incentive program is based on two key measures of financial performance; and
- The size of our long-term incentive program awards is based on our ability to drive stockholder value over a three-year period. The awards have generally been granted using a mix of stock options and restricted stock to continue the alignment of the interests of our NEOs and stockholders. Beginning with awards granted in 2013, we have added performance stock units to this mix.

We pay an annual cash incentive only if our company s overall performance warrants. Our annual cash incentive program emphasizes company-wide performance objectives to encourage the executives to focus on overall company success and leadership to generate the most value across the entire company. Our assessment of company performance is directly tied to stockholder expectations by ensuring the delivery of threshold levels of Adjusted EBITDA and Adjusted ROIC before awards may be earned (see Annex A Definition and Reconciliation of Non-GAAP Measures). Individual performance and the Compensation/Succession Committee s informed judgment are incorporated to ensure actual awards appropriately reflect our operating environment and individual executive contributions.

Our LTI program is designed to reward sustained performance based on a review of three years of performance. The Compensation/Succession Committee conducts a thorough assessment of multi-year performance incorporating perspective on company and market factors, including relative and absolute stockholder return and strategic, operating, and financial milestones, when determining the portion of an executive s target award that should be granted, but focuses largely on our TSR performance compared to the S&P 100 Industrials. The Compensation/Succession Committee, based on its assessment of the prior three years of performance, awarded LTI awards in August 2012 at the base award level upon completion of fiscal year 2012. These awards were granted in FY2012.5 and, as required by the SEC, appear in the FY2012.5 Summary Compensation Table. Pro-rated LTI awards were also granted for FY2012.5 to reflect one-half year of service and relative TSR performance from January 1, 2010 December 31, 2012. The Committee elected to award these grants at the base level to maintain alignment with stockholders and help to retain our executive talent.

However, these awards are below the targeted competitive compensation due to our below-median TSR. These adjusted FY2012.5 awards will appear in next year s proxy statement as grants made in 2013 even though they are reflective of prior performance.

Executive Compensation Best Practices

We annually review all elements of NEO pay and, where appropriate for our business objectives and our stockholders, may make changes to incorporate and maintain current best practices.

On-going Best Practices:

A clawback policy covering all cash and equity incentives of NEOs and certain other senior executives;

A clawback provision in agreements for long-term incentives that provides for the forfeiture or recovery of prior awards for a broad range of reasons for all employees;

A Compensation/Succession Committee comprised solely of independent directors;

A regular review of stockholder advisory groups guidelines and policies, including regular dialogue with these groups, to ensure executive pay programs appropriately consider stockholder interests;

A regular, independent review of our compensation programs by an outside consultant to assess risk;

A consistent, company-wide rewards strategy that utilizes the same company-wide performance metrics for all employees;

Stock ownership guidelines for NEOs and additional senior leaders;

An active, detailed role for the Compensation/Succession Committee in determining equity award grant structure and value;

An independent compensation consultant retained by, and which reports to, the Compensation/Succession Committee and has no other business with the company;

Regular briefings from the compensation consultant regarding key trends;

Annual reviews of our comparator groups;

An annual review of CEO performance;

An annual review of NEO performance;

No individual employment agreements for NEOs, with the exception of our CEO;

Non-compete provisions for retirees to be eligible to receive future equity award vesting;

No change-in-control tax gross-ups, with the exception of that provided in the original employment agreement with our CEO;

No dividends paid on unvested performance-based awards;

Limited perquisites no clubs, financial planning or tax reimbursement for perquisites, except for relocation expenses as applies to all employees. In FY2012, we eliminated most of our perquisites, with the exception of an executive physical, automobile benefit and limited personal use of company aircraft as approved by our CEO, although our CEO will continue to be required to utilize the company aircraft for travel, in addition to a home security system for personal security;

Eliminated for our CEO, COO and CFO, at their request, their automobile benefit[1];

A policy that prohibits executives and directors from hedging of the Company s securities; and

1 During FY2012.5, two NEOs received a company automobile. Mr. Jansen, like all Business Unit heads, was eligible during FY2012.5 for a company-provided automobile. Until his retirement on December 31, 2012, Mr. Smith also received a company automobile.

A policy that requires executives and directors to review any pledging of Company securities with the Company s General Counsel prior to engaging in such activity; and that prohibits pledging by executives and directors who have not met stock ownership guidelines.

Oversight of Executive Compensation

What is the Role of the Compensation/Succession Committee?

The Compensation/Succession Committee is composed solely of independent directors and is responsible to the board of directors and our stockholders for establishing our compensation philosophy and establishing and administering our compensation policies and programs consistent with this philosophy. The Compensation/Succession Committee s responsibilities are set forth in the Compensation/Succession Committee s charter, which is available on the investor relations section of our website. Additional information regarding the Compensation/Succession Committee s authority to determine compensation can be found herein under the caption Compensation/Succession Committee.

What is the Role of the Board?

The board approves the company s business plan, which is one of the factors used to set financial business objectives for the annual cash incentive plan. The non-management directors establish and approve all performance criteria for evaluating the CEO and annually evaluate the performance of the CEO based on these criteria. The non-management directors also ratify the CEO s compensation. When asked by the Compensation/Succession Committee, the board can also provide input and ratification on any additional compensation-related issues. The board also conducts an annual review of the company s performance.

What is the Role of the Compensation/Succession Committee Consultant?

The Compensation/Succession Committee retained Pay Governance LLC as its independent executive compensation consultant. Pay Governance provides no other services to the company. The independent compensation consultant reports directly to the Compensation/Succession Committee, and provides the Compensation/Succession Committee with objective and expert analyses and independent advice on executive and director compensation, and other matters in support of the Compensation/Succession Committee s responsibilities under its charter. Each Compensation/Succession Committee meeting includes an executive session where the Compensation/Succession Committee meets exclusively with the independent consultant; company management is not included in these meetings. Outside of these meetings, the independent consultant interacts with our management team solely on behalf of the Compensation/Succession Committee to assist the Compensation/Succession Committee in fulfilling its duties and responsibilities. The Compensation/Succession Committee will only retain consultants that it believes will provide independent advice. The Compensation/Succession Committee has assessed the independence of Pay Governance pursuant to the SEC s and NYSE s rules and concluded that the work Pay Governance has performed does not raise any conflict of interest.

What are the Roles of Executives?

To assist the Compensation/Succession Committee in determining compensation for the other NEOs, our CEO participates in discussions with the Compensation/Succession Committee regarding the officers performance and compensation. She provides the Compensation/Succession Committee with her assessment of the NEOs performance, both as individuals and with respect to the functions or business units they oversee. She also recommends to the Compensation/Succession Committee, but does not determine or vote on, the specific amount of compensation that should be paid to the other NEOs.

Our Senior Vice President of Human Resources administers all employee compensation and benefits programs, with oversight and supervision by the Compensation/Succession Committee. He prepares the majority of the materials for the Compensation/Succession Committee meetings and provides analyses that assist the

Compensation/Succession Committee with its decisions, such as summaries of competitive market practices, summaries of our succession planning actions, and reports regarding our company s performance. In addition, throughout the year, he facilitates meetings with management to help the Compensation/Succession Committee gain a better understanding of company performance. He ensures that the Compensation/Succession Committee is provided a rigorous assessment of year-to-date performance at each Compensation/Succession Committee meeting. At the direction of the Chairman, our Senior Vice President of Human Resources involves other members of management in portions of the Compensation/Succession Committee meetings to participate in discussions related to company and individual performance and our compensation and benefit programs. Our executives leave meetings during discussions of individual compensation actions affecting them personally and during all executive sessions, unless requested to attend by the Compensation/Succession Committee.

How Do the Committee s Decisions Incorporate Our Executive Compensation Objectives?

1. *Alignment of Executive and Stockholder Interests.* We believe that a substantial portion of total compensation should be delivered in the form of equity in order to align the interests of our NEOs with the interests of our stockholders. In FY2012.5, on average for our NEOs participating in our standard executive compensation programs for the full year, 65% of actual total direct compensation was in the form of equity. These awards were determined primarily based on our three-year TSR, compared to the S&P 100 Industrials. Restricted stock awards typically vest three years from the date of grant and stock options typically vest over five years. We also include a clawback provision in agreements for long-term incentive awards that not only enables us to recover awards if the recipient engages in prohibited conduct, but also makes awards subject to any clawback policy involving the restatement of our earnings.

2. *Enable Us to Attract and Retain Top Executive Talent.* Stockholders are best served when we can attract, retain and motivate talented executives with compensation packages that are competitive and fair. Our compensation program for NEOs delivers salary, annual cash incentive and long-term incentive generally targeted at the median of the market. The Compensation/Succession Committee used input from management and from its independent compensation consultant to select comparator groups of companies. The use of multiple comparator groups allows the Compensation/Succession Committee to understand compensation levels for talent across a broad marketplace. We utilize three comparator groups ranging from a broad general industry group based on revenue scope to a custom industry group. When selecting these groups, we considered industry, business complexity and size. We believe that these comparator groups, used together, provide a composite view of the competitive market in which our company competes for executive talent. In addition to the market data points gathered through this analysis, the Compensation/Succession Committee considers individual and corporate performance, roles and responsibilities, growth potential and other qualitative factors when establishing executive pay levels. Each year, management and the Compensation/Succession Committee evaluate the comparator groups to ensure each group remains applicable. Any changes are carefully assessed in an effort to maintain continuity from year to year. No changes in the identity of the comparator groups were made for FY2012.5. However, we clarified our rationale for utilizing these peer groups as well as their roles in determining compensation. In the future, we anticipate changes may be necessary to accommodate transaction activity among certain companies. The comparator groups are:

    Our primary comparator group is comprised of the constituents of the S&P 100 Industrials Index. As a large, global company engaged in multiple lines of business, our competition for talent, business and investment is broad. The S&P 100 Industrials companies provide a defined, broad sample of large companies facing business dynamics similar to our company. These companies, as of August 2012 when FY2012.5 pay decisions were made, are: 3M Co., Abbott Laboratories, Accenture plc, Aetna Inc., Alcoa, Inc., Amazon.com Inc., Amerisource Bergen, Apple Inc., AT&T, Inc., Baker Hughes Incorporated, Best Buy Co. Inc., Bristol-Myers Squibb, Cardinal Health, Inc., Caterpillar Inc., CenturyLink, Inc., Chevron Corporation, Cigna Corp., Cisco

Systems, Inc., Comcast Corporation, ConocoPhillips, Costco Wholesale Corporation, Cummins Inc., CVS Caremark Corporation, Deere & Company, Dell Inc., DIRECTV, E. I. du Pont de Nemours and Company, Eli Lilly & Co., EMC Corporation, Emerson Electric Co., Express Scripts Holding, Exxon Mobil Corporation, Fluor Corporation, Ford Motor Co., General Dynamics Corp., General Electric Company, Goodyear Tire & Rubber, Google Inc., Halliburton Company, Hess Corporation, Hewlett-Packard Company, Honeywell International Inc., Humana Inc., Intel Corporation, International Business Machines Corporation, International Paper Company, Johnson & Johnson, Johnson Controls Inc., Kimberly-Clark Corporation, Kohl s Corp., Kraft Foods Inc.[1], Lockheed Martin, Lowe s Companies Inc., LyondellBasell Industries, Macy s, Inc., Marathon Petroleum, McDonald s Corp., McKesson Corporation, Merck & Co. Inc., Microsoft Corporation, Murphy Oil Corporation, News Corp., Nike Inc., Northrop Grumman, Nucor Corporation, Occidental Petroleum, Oracle Corporation, Pepsico Inc., Pfizer Inc., Philip Morris International, Phillips 66, Procter & Gamble Co., Raytheon Co., Safeway Inc., Schlumberger Limited, Sprint Nextel Corp., Staples, Inc., Sunoco, Inc., Sysco Corporation, Target Corp., Tesoro Corporation, The Boeing Company, The Coca Cola Company, The Dow Chemical Company, The Home Depot, Inc., The Kroger Co., The TJX Companies, Inc., Time Warner Cable Inc., Time Warner Inc., Tyson Foods Inc., United States Steel Corp., United Technologies Corp., UnitedHealth Group, Inc., Valero Energy Corporation, Verizon Communications, Walgreen Co., Wal-Mart Stores Inc., Walt Disney Co., WellPoint Inc., Xerox Corp.

We also utilize a custom industry group comprised of 19 companies that operate in one or more of the same industries or lines of business as our company. We believe these comparisons provide industry-specific insight into pay levels and practices differences within our industries. These 19 companies are: Altria Group Inc., Bunge Ltd., Caterpillar Inc., ConAgra Foods, Inc., Deere & Co., Dow Chemical, DuPont (E.I.) De Nemours, General Mills, Hess Corp., International Paper Company, Kraft Foods Inc.[1], Marathon Oil Corp., PepsiCo, Sara Lee Corp.[2], Sunoco Inc., Tesoro Corp., Tyson Foods Inc., Valero Energy Corp., Weyerhaeuser.

Finally, to provide a broad market context across all industries, we utilize data from all nonfinancial companies participating in the Towers Watson Executive Compensation Database with revenue of $20 billion or greater.

1. Kraft Foods Inc. spun off its North America foods division, which is now publicly traded as Mondelez International, which we anticipate to be a future comparator group company.
2. Sara Lee Corp. officially split into two companies in June 2012. Its U.S. meat business is publicly traded Hillshire Brands Co., which as a stand-alone entity, is too small to be considered a comparator company in the future.

We do not use these comparator groups to assess company performance. Company performance is assessed using the two key financial performance metrics of Adjusted EBITDA and Adjusted ROIC. In seeking to provide a competitive target total direct compensation package, the Compensation/Succession Committee reviews comparator group compensation data, both with respect to total direct compensation and compensation elements, as a general reference to make compensation decisions, but does not establish specific compensation parameters based on such data. In this regard, the Compensation/Succession Committee considers target total direct compensation to be competitive if it is within a range of 80-130% of total direct compensation of the market 50th percentile for comparable positions and responsibilities among comparator groups described above. While positioning to the comparator market data is considered, other factors ultimately determine how a named executive officer is paid, including individual responsibilities, an executive s experience and tenure, individual performance, and business objectives.

3. *NEO Compensation Should Reflect Our Results.* Our executive compensation program emphasizes variable, performance-based pay and is targeted and assessed in the aggregate, although the Compensation/Succession Committee reviews each component independently as well. Base salary is reviewed annually and adjusted based on a variety of factors including a subjective evaluation of each NEO s overall performance and tenure. The CEO provides the Compensation/Succession Committee with a recommendation of annual base salary adjustments, individual and group performance factors

and short and long-term incentive award target levels for all officers, other than the CEO. The Compensation/Succession Committee takes the CEO s recommendations, along with information provided by the compensation consultant and management into consideration when making annual base salary adjustments, individual and group performance factor adjustments and any adjustments to annual cash incentive award opportunity levels. The annual cash incentive plan for FY2012.5 targeted awards at 65% to 150% of each NEO s base salary, but actual awards may range from zero to 240% of the target level depending on performance against the specific goals. Annual cash incentives are paid if, and to the extent that, corporate goals approved by the Compensation/Succession Committee are attained. Equity compensation is also assessed in a similar manner and is designed to reward measurable results.

Elements of Compensation

Executive Compensation Elements

Element	Purpose	Characteristics
Base Salary	Fixed pay to recognize an individual s role and responsibilities	Reviewed annually and set based on competitiveness versus the external market, individual performance and internal equity
Annual Cash Incentive	Paid upon achievement of pre- defined, operational and financial goals	Performance-based award opportunity that varies based on company and individual achievements
Long-Term Incentive	Create current and future alignment with stockholders	Typically a mix of stock options and restricted stock Award level based on prior 3 years performance, largely based on our TSR compared to the S&P 100 Industrials and other relevant benchmarks in any given year
Benefits	Provide for basic health, welfare and income security needs Supplemental retirement benefits provided to employees whose benefits under broad-based retirement plan are limited under applicable tax law	NEOs participate in the broad-based health and welfare plans available to all employees. In addition, they are eligible to participate in the Supplemental Retirement Plan and the Deferred Compensation Plan (these plans are described herein under the captions Supplemental Retirement Plans and Non-Qualified Deferred Compensation Plans). NEOs are also eligible for limited perquisites as described above.

How are the Elements Used to Deliver Total Pay?

Our NEOs excluding Mr. D.J. Smith, received on average 81% of *actual* total direct compensation in variable pay and 65% of *actual* total direct compensation in equity awards for FY2012.5. Although the Compensation/Succession Committee has not adopted a policy for allocating the various elements of total direct compensation, we do place greater emphasis on variable pay for executives with more significant responsibilities, reflecting their greater capacity to affect our performance and results. The charts below present the mix of *actual* pay received for FY2012.51.

1. Pay is defined as FY2012.5 base salary plus cash incentive earned for FY2012.5 performance and LTI awards for FY2012.5 (granted in 2013). Mr. Smith s retirement was effective December 31, 2012, and, as such, he did not receive a FY2012.5 LTI award.

Base Salary

How are Base Salaries Determined?

Base salaries are established based on an NEO s position, skills, performance, experience, tenure and responsibilities. Competitiveness of base salary levels is assessed annually relative to salaries within the marketplace for similar executive positions. Increases may be considered for various factors such as individual performance, changes in responsibilities, and/or changes in competitive marketplace levels. Our company s historical emphasis on base salaries and its more recent emphasis on increasing the proportion of variable compensation elements have led the Compensation/Succession Committee to hold base salaries steady over the four fiscal years ended June 2012 for the CEO and NEOs, except with respect to certain promotions and role changes.

What Were the Base Salary Increases for Named Executives?

Based on FY2012 performance, the Compensation/Succession Committee determined to increase base salaries in September 2012 for the COO (5%), CFO (3.3%) and President Global Oilseeds (3.3%). For FY2012.5 performance the Compensation/Succession Committee determined to hold base salaries of the NEOs steady, with exception of the President Global Oilseeds who received a 2.0% increase, in order to recognize his individual and business performance.

Annual Cash Incentives

How Do We Calculate Annual Cash Incentives?

In 2012, we made the decision to transition to a calendar fiscal year. As part of this transition, we implemented a six-month financial and compensation period (FY2012.5). As such, July 1, 2012 through December 31, 2012 reflects a partial year. Compensation opportunity levels and related performance goals were established for this six-month period.

Beginning with the six-month transition period ended December 31, 2012, we adopted a new annual incentive program. The program is a significant shift from our prior program design in that it is a simple profit-sharing design. No awards can be earned if we do not achieve a threshold level of Adjusted EBITDA, which provides for the payment of dividends and after-tax interest expenses. Once the threshold level of Adjusted EBITDA is earned, 1.1% of Adjusted EBITDA *above that level* will be used to fund the annual incentive pool. This value will then be adjusted based on Adjusted ROIC performance; if our Adjusted ROIC is more than 2% below our weighted average cost of capital, the pool will be reduced by 10%, and if it is more than 2% above our weighted average cost of capital, the pool will be increased by 10%. Board of Directors discretion is no longer imbedded in the formula. The individual performance factor for NEOs continues to be 0.80 to 1.20 , and is assessed by the Compensation/Succession Committee incorporating elements such as safety, compliance with The ADM Way, and other individual and group factors.

Annual cash incentives are determined by the degree to which company financial performance expectations are achieved and the Compensation/Succession Committee s independent assessment of our company s performance. This outcome may then be adjusted within a range of -20% to +20% based on the Compensation/Succession Committee s assessment of individual and group performance. The formula used to calculate an annual cash incentive payout for NEOs can be expressed as follows:

1.1% of Adjusted EBITDA above $550M **$1.125B**	X	Adjusted ROIC Factor **1.043**	=	Total Bonus Pool **$12.9M**	÷	Total Challenge Award Level **$17.2M**	=	75.0%	X	Individual Multiplier **1.15**[1]	= 86.25%

1 For illustrative purposes, a 1.15 individual multiplier is used. Individual multipliers vary by NEO based on the Compensation/Succession Committee s assessment of individual performance and contribution to our company s success.

How is the Individual Performance Multiplier Determined?

For FY2012.5, the Compensation/Succession Committee elected to award the CEO, COO and CFO the same individual multiplier of 1.15 in recognition of their collective efforts as an executive management team and their contribution to achieving significant financial results for FY2012.5 and planning for future strategic initiatives to grow stockholder value. The Compensation/Succession Committee incorporated its and the full Board s assessment of our CEO s performance and our full company performance when approving Ms. Woertz s individual multiplier. Mr. Jansen s individual multiplier of 2.0 reflects his contributions to the performance of the global oilseeds business unit. Mr. Smith received an individual multiplier of 1.0 due to his retirement in FY2012.5.

What is the Resulting Annual Cash Incentive for Each NEO?

The purpose of the annual cash incentive program is to reward performance based on the achievement of company, business and individual objectives. At the start of each fiscal year, the Compensation/Succession Committee approves minimum, target, and maximum annual cash incentive levels for each NEO. Target annual cash incentive levels are expressed as a percentage of salary. Based on company and individual performance, annual cash incentive payouts can range between 0% and 240% of the target annual cash incentive. Based on the determination of the company and individual performance factors as described above, each NEO received an annual cash incentive for FY2012.5 equal to 75.0% of his or her target annual cash incentive, which was then adjusted by each NEOs individual multiplier and prorated to reflect the six-month transition period.

Executive	Target Cash Incentive Opportunity (% of Salary)	Minimum Cash Incentive Opportunity	Target Cash Incentive Opportunity	Maximum Cash Incentive Opportunity	Actual FY2012.5 Cash Award
P.A. Woertz	150.0%	$ 0	$ 975,000	$ 2,340,000	$ 840,938
J.R. Luciano	106.0%	$ 0	$ 500,000	$ 1,200,000	$ 431,250
R.G. Young	97.0%	$ 0	$ 375,000	$ 900,000	$ 323,438
D.J. Smith	58.8%	$ 0	$ 265,000	$ 636,000	$ 198,750
M.J. Jansen	65.0%	$ 0	$ 200,000	$ 480,000	$ 180,000

Equity-Based Long-Term Incentives

Our long-term incentive program (LTI Program) aligns the interests of executives with those of stockholders by rewarding the achievement of long-term stockholder value, supporting stock ownership, and encouraging long-term service with the company. In the following sections, we discuss the process for determining equity grants delivered under our LTI Program.

In terms of grant size and grant form, our LTI awards are determined based upon the Compensation/Succession Committee s assessment of performance during the prior three fiscal years. For example, equity grants made in early FY2012.5 (August 2012) reflected the Compensation/Succession Committee s assessment of FY2010-FY2012 performance. This concept of making grants based on the assessment of prior performance is similar in approach to our annual cash incentive plan. As such, our equity-based long-term incentive grants are performance based. The Compensation/Succession Committee s assessment of performance considers multiple performance factors as well as economic conditions, and is not strictly formulaic. Our equity grants reflect a historical three-year performance comparison. The August 2012 grants appear in the Grants of Plan-Based Awards table and are reflected in the Summary Compensation Table information for FY2012.5 because the SEC requires companies to report LTI awards for the fiscal year during which they were granted, even if they are based on performance during earlier fiscal years.

How Did We Determine LTI Awards Granted in August 2012?

For the awards granted in August 2012, we reduced the maximum LTI opportunity for all executives and eliminated target award levels. We made this change to: clarify the emphasis on three-year TSR as the key determinant of grant sizes, acknowledge that the performance against TSR would likely never require grants at the existing maximum opportunity levels, and reduce the overall impact that discretion may have on equity award values.

At the start of FY2012, base, challenge and premium LTI grant values were established for each NEO. Under this structure, competitive grants are only provided if our TSR is at or above median of the applicable market comparisons reviewed by the Compensation/Succession Committee. The Compensation/Succession Committee may grant base awards to maintain the appropriate alignment between management and stockholders through the opportunity to realize future equity value and to provide for necessary retention of our key executive talent.

Challenge awards are intended to result in competitive total direct compensation levels when combined with base salaries and annual target cash incentives. For the August 2012 awards, the Compensation/Succession Committee determined that the NEOs would receive a base award. These awards primarily reflect our three-year TSR, compared to the S&P 100 Industrials, but the Compensation/Succession Committee also considers our one-year, three-year and five-year relative TSR compared to the S&P 100 Industrials, our custom comparator group and the peer group identified by Institutional Shareholder Services Inc. in its review of our FY2012 executive compensation programs, as well as our challenges in delivering against our operating and financial goals and management s significant work in FY2012 to better position our company for future growth. The Compensation/Succession Committee also considers the awards to provide a strong alignment with stockholders, particularly the portion (50%) granted in stock options which have no value to the executive if stockholder value is not created, and the portion (50%) granted in restricted stock units (RSUs) to provide for the necessary retention of key talent.

Equity Grants Made in August 2012 (Reflecting FY2010-FY2012 Performance)

	FY2012 Long-Term Incentive				
Executive	**Minimum Award**	**Base Award**	**Challenge Award**	**Premium Award**	**August 2012 Award[1]**
P.A. Woertz	$ 0	$ 7,550,000	$ 9,000,000	$ 11,000,000	$ 7,550,000
J.R. Luciano	$ 0	$ 3,500,000	$ 3,700,000	$ 4,400,000	$ 3,500,000
R.G. Young	$ 0	$ 2,000,000	$ 2,200,000	$ 2,900,000	$ 2,000,000
D.J. Smith	$ 0	$ 1,500,000	$ 1,700,000	$ 2,400,000	$