

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2001
OR

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

For the transition period _____ TO _____

Commission file number 1-44

ARCHER-DANIELS-MIDLAND COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

62525
(Zip Code)

Registrant's telephone number, including area code

217-424-5200

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

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

Common Stock, no par value — 632,059,981 shares
(April 30, 2001)

PART I - FINANCIAL INFORMATION

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
	(In thousands, except per share amounts)	
Net sales and other operating income	\$5,130,346	\$4,473,763
Cost of products sold	4,760,694	4,138,787
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Gross Profit	369,652	334,976
Selling, general and administrative expenses	186,771	184,850
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Earnings From Operations	182,881	150,126
Other income (expense)	(44,883)	4,805
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Earnings Before Income Taxes	137,998	154,931
Income taxes	44,849	51,902
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Net Earnings	\$ 93,149	\$ 103,029
	=====	=====
Average number of shares outstanding	633,849	636,304
Basic and diluted earnings per common share	\$.15	\$.16
Dividends per common share	\$.05	\$.048

See notes to consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	NINE MONTHS ENDED MARCH 31,	
	2001	2000
	(In thousands, except per share amounts)	
Net sales and other operating income	\$14,706,129	\$13,700,450
Cost of products sold	13,636,261	12,686,881
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Gross Profit	1,069,868	1,013,569
Selling, general and administrative expenses	543,537	555,061
	<hr/>	<hr/>
Earnings From Operations	526,331	458,508
Other income (expense)	(87,541)	(95,628)
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Earnings Before Income Taxes	438,790	362,880
Income taxes	111,605	121,564
	<hr/>	<hr/>
Net Earnings	\$ 327,185	\$ 241,316
	=====	=====
Average number of shares outstanding	633,274	639,102
Basic and diluted earnings per common share	\$.52	\$.38
Dividends per common share	\$.148	\$.142

See notes to consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	MARCH 31, 2001	JUNE 30, 2000
	<hr/>	
	(In thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 580,583	\$ 477,226
Marketable securities	277,210	454,223
Receivables	2,155,583	2,139,896
Inventories	2,693,089	2,856,884
Prepaid expenses	335,225	234,138
	<hr/>	<hr/>
Total Current Assets	6,041,690	6,162,367
Investments and Other Assets		
Investments in and advances to affiliates	2,043,587	1,876,633
Long-term marketable securities	546,743	617,633
Other assets	512,352	489,386
	<hr/>	<hr/>
	3,102,682	2,983,652
Property, Plant and Equipment		
Land	156,886	163,722
Buildings	2,069,435	2,098,124
Machinery and equipment	8,731,893	8,702,639
Construction in progress	406,927	416,546
Less allowances for depreciation	(6,354,529)	(6,103,950)
	<hr/>	<hr/>
	5,010,612	5,277,081
	<hr/>	<hr/>
	\$14,154,984	\$14,423,100
	=====	=====

See notes to consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	MARCH 31, 2001	JUNE 30, 2000
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	(In thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	\$ 986,082	\$ 1,550,571
Accounts payable	1,706,658	2,139,744
Accrued expenses	783,379	610,735
Current maturities of long-term debt	20,292	31,895
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Total Current Liabilities	3,496,411	4,332,945
Long-term Debt	3,710,340	3,277,218
Deferred Credits		
Income taxes	577,079	560,772
Other	144,659	141,922
	<hr/>	<hr/>
	721,738	702,694
Shareholders' Equity		
Common stock	5,251,485	5,232,597
Reinvested earnings	1,558,752	1,325,323
Accumulated other comprehensive loss	(583,742)	(447,677)
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	6,226,495	6,110,243
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	\$14,154,984	\$14,423,100
	=====	=====

See notes to consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	NINE MONTHS ENDED MARCH 31,	
	2001	2000
	(In thousands)	
Operating Activities		
Net earnings	\$ 327,185	\$ 241,316
Adjustments to reconcile to net cash provided by operations		
Depreciation and amortization	432,869	455,128
Deferred income taxes	8,019	1,304
Amortization of long-term debt discount	36,487	31,955
(Gain) loss on marketable securities transactions	24,853	(12,677)
Other	(66,163)	29,668
Changes in operating assets and liabilities		
Receivables	(53,268)	(210,876)
Inventories	126,052	(378,705)
Prepaid expenses	(103,073)	16,625
Accounts payable and accrued expenses	(225,362)	215,922
Total Operating Activities	507,599	389,660
Investing Activities		
Purchases of property, plant and equipment	(213,141)	(342,552)
Net assets of businesses acquired	(3,129)	(22,726)
Investments in and advances to affiliates, net	(144,633)	(320,545)
Purchases of marketable securities	(365,001)	(873,072)
Proceeds from sales of marketable securities	602,791	738,545
Increase in other assets	-	(50,000)
Total Investing Activities	(123,113)	(870,350)
Financing Activities		
Long-term debt borrowings	429,124	108,477
Long-term debt payments	(34,862)	(48,961)
Net borrowings (payments) under line of credit agreements	(564,102)	521,136
Purchases of treasury stock	(17,502)	(196,070)
Cash dividends and other	(93,787)	(90,318)
Total Financing Activities	(281,129)	294,264
Increase (Decrease) in Cash and Cash Equivalents	103,357	(186,426)
Cash and Cash Equivalents Beginning of Period	477,226	681,378
Cash and Cash Equivalents End of Period	\$ 580,583	\$ 494,952
	=====	=====

See notes to consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the quarter and nine months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending June 30, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended June 30, 2000.

Note 2 New Accounting Standards

Effective July 1, 2000, the Company adopted Statement of Financial Accounting Standards Number 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes standards for recognition and measurement of derivatives and hedging activities. As a result of this adoption, the Company recorded in the first quarter of fiscal 2001 the cumulative effect of change in accounting principle to other comprehensive income (loss) of \$(32 million), net of a \$19 million tax benefit, for derivatives which hedge the variable cash flows of certain forecasted transactions. The fair value of these derivative instruments was previously classified in inventory.

Effective July 1, 2000, the Company adopted Emerging Issues Task Force Issue 99-19, "Reporting Revenue Gross as a Principal Versus Net as an Agent". The adoption of this issue results in the Company reporting the total sales value of grain merchandised, in lieu of net margins from grain merchandised, in the "Net sales and operating income" category. The "Gross profit" category is unchanged as costs related to the grain merchandised are now reported in the "Cost of products sold" category. Prior year amounts have been reclassified to conform to this change.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 3. Inventory and Related Contracts

To reduce price risk caused by market fluctuations, the Company generally follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Inventories of merchandisable agricultural commodities, which include amounts acquired under deferred pricing contracts, are stated at market value. Exchange-traded futures contracts, forward cash purchase contracts and forward cash sales contracts are valued at market price. Changes in the market value of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts and exchange-traded futures contracts are recognized in earnings immediately, resulting in cost of goods sold approximating FIFO cost. Unrealized gains on forward cash purchase contracts, forward cash sales contracts and exchange-traded futures contracts are classified on the Company's balance sheet as receivables. Unrealized losses on forward cash purchase contracts, forward cash sales contracts and exchange-traded futures contracts are classified on the Company's balance sheet as accounts payable.

In addition, the Company from time to time will hedge portions of its production requirements. The instruments used are readily marketable exchange-traded futures contracts, which are designated as cash flow hedges. The changes in the market value of such futures contracts has historically been, and is expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. Gains and losses arising from open and closed hedging transactions are deferred in other comprehensive income, net of applicable taxes, and recognized in the statement of earnings when the finished goods produced from the hedged item are sold.

The Company also values certain inventories using the last-in, first-out (LIFO) and first-in, first-out (FIFO) method.

Note 4. Per Share Data

All references to share and per share information have been adjusted for the 5 percent stock dividend paid September 25, 2000.

Note 5. Comprehensive Income

Comprehensive income (loss) was \$(138) million and \$(22) million for the quarters ended March 31, 2001 and 2000, respectively. Comprehensive income was \$223 million and \$39 million for the nine months ended March 31, 2001 and 2000, respectively.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 6. Other Income (Expense)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(In thousands)		(In thousands)	
Investment Income	\$ 35,469	\$ 35,109	\$115,201	\$ 97,193
Interest Expense	(100,761)	(94,421)	(301,431)	(279,379)
Net gain (loss) on marketable securities transactions	359	-	(24,789)	12,677
Equity in earnings of affiliates	5,052	61,544	100,466	67,018
Other	14,998	2,573	23,012	6,863
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	\$ (44,883)	\$ 4,805	\$ (87,541)	\$ (95,628)
	=====	=====	=====	=====

Note 7. Antitrust Investigation and Related Litigation

The Company, along with other domestic and foreign companies, was named as a defendant in a number of putative class action antitrust suits and other proceedings involving the sale of lysine, citric acid, sodium gluconate, monosodium glutamate and high-fructose corn syrup. These actions and proceedings generally involve claims for unspecified compensatory damages, fines, costs, expenses and unspecified relief. The Company intends to vigorously defend these actions and proceedings unless they can be settled on terms deemed acceptable by the parties. These matters have resulted and could result in the Company being subject to monetary damages, other sanctions and expenses.

The Company has made provisions to cover the fines, litigation settlements and costs related to certain of the aforementioned suits and proceedings. However, the ultimate outcome and materiality of the other putative class actions and proceedings described above, including those related to high fructose corn syrup, cannot presently be determined. Accordingly, no provision for any liability that may result therefrom has been made in the consolidated financial statements.

ARCHER DANIELS MIDLAND COMPANY AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

OPERATIONS

The Company is in one business segment - procuring, transporting, storing, processing and merchandising agricultural commodities and products. A summary of net sales and other operating income by classes of products and services is as follows:

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	2001	2000	2001	2000
	(in millions)		(in millions)	
Oilseed products	\$1,863	\$1,779	\$5,319	\$5,479
Grain Merchandised	1,745	1,423	5,075	4,137
Corn products	636	473	1,753	1,453
Wheat and other milled products	315	314	984	1,034
Other products and services	<u>571</u>	<u>485</u>	<u>1,575</u>	<u>1,597</u>
	<u>\$5,130</u>	<u>\$4,474</u>	<u>\$14,706</u>	<u>\$13,700</u>

Net sales and other operating income increased 15 percent to \$5.1 billion for the quarter and increased 7 percent to \$14.7 billion for the nine months due principally to increased average selling prices and increased volumes of grain merchandised. Sales of oilseed products increased 5 percent to \$1.9 billion for the quarter due primarily to increased average selling prices and, to a lesser extent, to increased sales volumes. These increases were principally a result of strong world-wide protein meal demand. For the nine months, sales of oilseed products decreased 3 percent to \$5.3 billion due primarily to decreased sales volumes. The decrease in sales volume is a result of permanently closing several oilseed crushing facilities as well as indefinitely closing several other facilities. Record vegetable oil stocks continue to put downward pressure on vegetable oil selling prices. Partially offsetting these decreases were strong world-wide protein meal demand due to meat and bone meal restrictions stemming from BSE concerns. Sales of merchandised grain increased 23 percent for the quarter to \$1.7 billion and increased 23 percent for the nine months to \$5.1 billion due principally to increased sales volumes attributable to South American operations and to newly-established Latin American merchandising offices. Sales of corn products increased 34 percent to \$636 million for the quarter and increased 21 percent to \$1.8 billion for the nine months due primarily to increased sales volumes and higher average selling prices of the Company's fuel alcohol arising from increased demand from existing sales markets, expansion into new markets and to higher gasoline prices. Average selling prices of the Company's amino acid products were also higher for the quarter and nine months due to the increase in competing protein meal prices. Sales of the Company's sweetener products were higher for the quarter due to higher average selling prices resulting from year over year sales price improvements from calendar year sales contracts. Sales of wheat and other milled products were virtually unchanged for the quarter at \$315 million and decreased 5 percent to \$984 million for the nine months. The decrease for the nine months was due to both decreased sales volumes and lower average selling prices relating to flat growth in the demand for the products, customer consolidations and industry production overcapacity. The increase in sales of other products and

services for the quarter was due primarily to increased sales volumes and higher average selling prices of the Company's cocoa products reflecting increased demand and the higher cost of raw materials.

Cost of products sold increased \$622 million to \$4.8 billion for the quarter and increased \$949 million to \$13.6 billion for the nine months due primarily to increased volumes of grain merchandised and to higher manufacturing costs due principally to increases in energy and fuel related costs.

Gross profit increased \$35 million to \$370 million for the quarter and increased \$56 million to \$1.1 billion for the nine months due primarily to increased average selling prices and increased grain merchandising margins. These increases in gross profit were partially offset by higher manufacturing costs due principally to increases in energy and fuel related costs.

Selling, general and administrative expenses increased \$2 million for the quarter to \$187 million and decreased \$12 million for the nine months to \$544 million. These changes reflect increased advertising and promotional expenses, decreased bad debt expense and decreased salary-related costs associated with prior year's facility closures and consolidations.

Other income (expense) decreased \$50 million to \$(45) million for the quarter due principally to decreased equity in earnings of unconsolidated affiliates resulting primarily from lower valuations of the Company's private equity fund investments. This decrease was partially offset by \$7 million of fee income received upon the breakup of the IBP, Inc. acquisition transaction. Other income (expense) decreased \$8 million for the nine months to \$(88) million due principally to realized losses on marketable securities transactions and to increased interest expense due to higher average borrowing rates and reduced capitalized interest. These decreases were partially offset by increased equity in earnings of unconsolidated affiliates and by increased investment income. The increase in earnings of unconsolidated affiliates resulted primarily from a gain of \$95 million representing the Company's equity share of the gain reported by the Company's unconsolidated affiliate, Compagnie Industrielle et Financiere des Produits Amylaces SA ("CIP"), upon the sale of its interests in wet corn milling and wheat starch production businesses. This increase was partially offset by decreased equity in earnings of unconsolidated affiliates resulting primarily from lower valuations of the Company's private equity fund investments. The increase in investment income was due primarily to an interest refund related to IRS settlements.

Income taxes decreased for the quarter primarily due to lower pretax earnings and, to a lesser extent, to a lower effective income tax rate. For the nine months, income taxes decreased due to lower pretax earnings, excluding the gain from the aforementioned CIP transaction, and to a lower effective income tax rate. No taxes have been provided on the gain related to the CIP transaction as CIP is a corporate joint venture and the intent is to permanently reinvest the proceeds from the sale. The Company's effective income tax rate for the quarter and nine months, excluding the effect of the CIP transaction, was 32.5% compared to an effective rate of 33.5% for the comparable periods of a year ago.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2001, the Company continued to show substantial liquidity with working capital of \$2.5 billion. Capital resources remained strong as reflected in the Company's net worth of \$6.2 billion. During the quarter, the Company issued \$400 million of 7% debentures due in 2031. The Company's ratio of long-term debt to total capital at March 31, 2001 is approximately 35%.

As described in Note 7 to the consolidated financial statements, the Company has made provisions to cover fines, litigation settlements and costs related to certain putative class action antitrust suits and other proceedings. The ultimate outcome and materiality of the other putative class actions and proceedings described in Note 7, including those related to high fructose corn syrup, cannot presently be determined. Accordingly, no provision for any liability that may result therefrom has been made in the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the quarter ended March 31, 2001.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

ENVIRONMENTAL MATTERS

In 1993, the State of Illinois Environmental Protection Agency (“Illinois EPA”) brought administrative enforcement proceedings arising out of the Company’s alleged failure to obtain proper permits for certain pollution control equipment at one of the Company’s processing facilities in Illinois. In 1998, the Illinois EPA filed an administrative enforcement proceeding arising out of certain alleged permit exceedances relating to the same facility. Also, in 1998 the Company voluntarily reported to the Illinois EPA certain other permit exceedances related to other processes at that same facility, and in 1999 Illinois EPA issued a Notice of Violation relating to those exceedances. In 2000 the Company voluntarily disclosed certain other permit exceedances at the same facility. In 1998, the State of Illinois filed a civil administrative action alleging violations of the Illinois Environmental Protection Act, and regulations promulgated thereunder, arising from a one time release of denatured ethanol at one of its Illinois distribution facilities. The Company is in discussions with the Illinois EPA to settle all of the pending matters with the State. In January 2000, U.S. EPA issued a Notice of Violation to the Company for another Illinois facility regarding alleged emissions violations and the failure to obtain proper permits for various equipment at that facility. That matter has been referred to the Department of Justice (“DOJ”), and the Company has met with the United States Environmental Protection Agency and Department of Justice regarding settlement of that matter. In management’s opinion, the settlements and the remaining proceedings, all seeking compliance with applicable environmental permits and regulations, will not, either individually or in the aggregate, have a material adverse affect on the Company’s financial condition or results of operations.

On July 31, 2000, the federal environmental authorities in Brazil (“IBAMA”) issued an Administrative Notice upon the Company requiring payment of approximately \$5.6 million for the discharge of an industrial wastewater from its facility located in Rondonopolis. The Company has appealed this penalty. The federal authorities recently indicated that they will reduce the fine to between \$250,000 and \$500,000. The Company is unwilling to pay a penalty within that range and will pursue the appeal. Also, in December 2000 the federal Brazilian authorities notified the Company that it had not fulfilled certain agreements its predecessor had entered into regarding tree farming required to allow the harvesting of wood for use as fuel. A penalty of approximately \$750,000 was proposed based on the wood growth shortfall. The Company submitted evidence that the growth shortfall was approximately one-third of that estimated by the government and IBAMA has generally accepted that figure. The Company is currently considering its settlement options and researching its predecessor’s liability for this matter.

The Company is involved in approximately 25 administrative and judicial proceedings in which it has been identified as a potentially responsible party (“PRP”) under the federal Superfund law and its state analogs for the study and clean-up of sites contaminated by material discharged into the environment. In all of these matters, there are numerous PRPs. Due to various factors such as the required level of remediation and participation in the clean-up effort by others, the Company’s future clean-up costs at these sites cannot

be reasonably estimated. However, in management's opinion, these proceedings will not, either individually or in the aggregate, have a material adverse affect on the Company's financial condition or results of operations.

LITIGATION REGARDING ALLEGED ANTICOMPETITIVE PRACTICES

The Company is currently a defendant in various lawsuits related to alleged anticompetitive practices by the Company as described in more detail below. The Company intends to vigorously defend the actions unless they can be settled on terms deemed acceptable to the parties.

GOVERNMENTAL INVESTIGATIONS

Federal grand juries in the Northern Districts of Illinois, California and Georgia, under the direction of the DOJ, have been investigating possible violations by the Company and others with respect to the sale of lysine, citric acid and high fructose corn syrup, respectively. In connection with an agreement with the DOJ in fiscal 1997, the Company paid the United States fines of \$100 million. This agreement constitutes a global resolution of all matters between the DOJ and the Company and brought to a close all DOJ investigations of the Company. The federal grand juries in the Northern Districts of Illinois (lysine) and Georgia (high fructose corn syrup) have been closed.

The Company has received notice that certain foreign governmental entities were commencing investigations to determine whether anticompetitive practices occurred in their jurisdictions. Except for the investigations being conducted by the Commission of the European Communities, the Mexican Federal Competition Commission and the Brazilian Department of Protection and Economic Defense as described below, all such matters have been resolved as previously reported. In June 1997, the Company and several of its European subsidiaries were notified that the Commission of the European Communities had initiated an investigation as to possible anticompetitive practices in the amino acid markets, in particular the lysine market, in the European Union. On October 29, 1998, the Commission of the European Communities initiated formal proceedings against the Company and others and adopted a Statement of Objections. The reply of the Company was filed on February 1, 1999 and the hearing was held on March 1, 1999. On August 8, 1999, the Commission of the European Communities adopted a supplementary Statement of Objections expanding the period of involvement as to certain other companies. On June 7, 2000, the Commission of the European Communities adopted a decision imposing a fine against the Company in the amount of EUR 47.3 million. The Company has appealed this decision. In September 1997, the Company received a request for information from the Commission of the European Communities with respect to an investigation being conducted by that Commission into the possible existence of certain agreements and/or concerted practices in the citric acid market in the European Union. On March 28, 2000, the Commission of European Communities initiated formal proceedings against the Company and others and adopted a Statement of Objections. The reply of the Company was filed on June 9, 2000. In November 1998, a European subsidiary of the Company received a request for information from the Commission of the European Communities with respect to an investigation being conducted by that Commission into the possible existence of certain agreements and/or concerted practices in the sodium gluconate market in the European Union. On May 17, 2000, the Commission of European Communities initiated formal proceedings against the

Company and others and adopted a Statement of Objections. The reply of Company was filed on September 1, 2000. On February 11, 1999 a Mexican subsidiary of the Company was notified that the Mexican Federal Competition Commission had initiated an investigation as to possible anticompetitive practices in the citric acid market in Mexico. On November 22, 2000, the Company received an Official Letter of Responsibility from the Mexican Federal Competition Commission relative to this investigation. The reply of the Company was filed on January 30, 2001. On May 8, 2000, a Brazilian subsidiary of the Company was notified of the commencement of an administrative proceeding by the Department of Protection and Economic Defense relative to possible anticompetitive practices in the lysine market in Brazil. On July 3, 2000, the Brazilian subsidiary of the Company filed a Statement of Defense in this proceeding. The ultimate outcome and materiality of the proceedings of the Commission of the European Communities and the Brazilian Department of Protection and Economic Defense cannot presently be determined. The Company may become the subject of similar antitrust investigations conducted by the applicable regulatory authorities of other countries.

HIGH FRUCTOSE CORN SYRUP ACTIONS

The Company, along with other companies, has been named as a defendant in thirty-one antitrust suits involving the sale of high fructose corn syrup in the United States. Thirty of these actions have been brought as putative class actions.

FEDERAL ACTIONS. Twenty-two of these putative class actions allege violations of federal antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup, and seek injunctions against continued alleged illegal conduct, treble damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative classes in these cases comprise certain direct purchasers of high fructose corn syrup during certain periods in the 1990s. These twenty-two actions have been transferred to the United States District Court for the Central District of Illinois and consolidated under the caption *In Re High Fructose Corn Syrup Antitrust Litigation*, MDL No. 1087 and Master File No. 95-1477. On April 3, 2001, the Company and the other defendants filed motions for summary judgment. The Court has set a trial date of September 4, 2001 for this matter.

On January 14, 1997, the Company, along with other companies, was named a defendant in a non-class action antitrust suit involving the sale of high fructose corn syrup and corn syrup. This action which is encaptioned *Gray & Co. v. Archer Daniels Midland Co., et al*, No. 97-69-AS, and was filed in federal court in Oregon, alleges violations of federal antitrust laws and Oregon and Michigan state antitrust laws, including allegations that defendants conspired to fix, raise, maintain and stabilize the price of corn syrup and high fructose corn syrup, and seeks treble damages, attorneys' fees and costs of an unspecified amount. This action was transferred for pretrial proceedings to the United States District Court for the Central District of Illinois.

STATE ACTIONS. The Company, along with other companies, also has been named as a defendant in seven putative class action antitrust suits filed in California state court involving the sale of high fructose corn syrup. These California actions allege violations of the California antitrust and unfair competition laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup, and seek treble damages of an unspecified amount, attorneys

fees and costs, restitution and other unspecified relief. One of the California putative classes comprises certain direct purchasers of high fructose corn syrup in the State of California during certain periods in the 1990s. This action was filed on October 17, 1995 in Superior Court for the County of Stanislaus, California and encaptioned *Kagome Foods, Inc. v Archer-Daniels-Midland Co. et al.*, Civil Action No. 37236. This action has been removed to federal court and consolidated with the federal class action litigation pending in the Central District of Illinois referred to above. The other six California putative classes comprise certain indirect purchasers of high fructose corn syrup and dextrose in the State of California during certain periods in the 1990s. One such action was filed on July 21, 1995 in the Superior Court of the County of Los Angeles, California and is encaptioned *Borgeson v. Archer-Daniels-Midland Co., et al.*, Civil Action No. BC131940. This action and four other indirect purchaser actions have been coordinated before a single court in Stanislaus County, California under the caption, *Food Additives (HFCS) cases*, Master File No. 39693. The other four actions are encaptioned, *Goings v. Archer Daniels Midland Co., et al.*, Civil Action No. 750276 (Filed on July 21, 1995, Orange County Superior Court); *Rainbow Acres v. Archer Daniels Midland Co., et al.*, Civil Action No. 974271 (Filed on November 22, 1995, San Francisco County Superior Court); *Patane v. Archer Daniels Midland Co., et al.*, Civil Action No. 212610 (Filed on January 17, 1996, Sonoma County Superior Court); and *St. Stan's Brewing Co. v. Archer Daniels Midland Co., et al.*, Civil Action No. 37237 (Filed on October 17, 1995, Stanislaus County Superior Court). On October 8, 1997, Varni Brothers Corp. filed a complaint in intervention with respect to the coordinated action pending in Stanislaus County Superior Court, asserting the same claims as those advanced in the consolidated class action.

The Company, along with other companies, also has been named a defendant in a putative class action antitrust suit filed in Alabama state court. The Alabama action alleges violations of the Alabama, Michigan and Minnesota antitrust laws, including allegations that defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup, and seeks an injunction against continued illegal conduct, damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative class in the Alabama action comprises certain indirect purchasers in Alabama, Michigan and Minnesota during the period March 18, 1994 to March 18, 1996. This action was filed on March 18, 1996 in the Circuit Court of Coosa County, Alabama, and is encaptioned *Caldwell v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 96-17. On April 23, 1997, the court granted the defendants' motion to sever and dismiss the non-Alabama claims. On March 27, 2000, defendants moved for summary judgment in light of a recent Alabama Supreme Court case holding that the Alabama antitrust laws apply only to intrastate commerce. On June 28, 2000 and August 11, 2000, plaintiffs filed amended complaints. On September 6, 2000 defendants moved to dismiss or in the alternative to strike plaintiffs' amended complaints. These motions are currently pending.

LYSINE ACTIONS

The Company, along with other companies, had been named as a defendant in twenty-three putative class action antitrust suits involving the sale of lysine in the United States. Except for the actions specifically described below, all such suits have been settled, dismissed or withdrawn.

CANADIAN ACTIONS. The Company, along with other companies, has been named as a defendant in one putative class action antitrust suit filed in Ontario Court (General Division) in which the plaintiffs allege the defendants reached agreements with one another as to the price at which each of them would sell lysine to customers in Ontario and as to the total volume of lysine that each company would supply in Ontario in violation of Sections 45 (1)(c) and 61(1)(b) of the Competition Act. The putative class is comprised of certain indirect purchasers in Ontario during the period from June 1, 1992 to June 27, 1995. The plaintiffs seek C\$25 million for violations of the Competition Act, C\$10 million in punitive, exemplary and aggravated damages, interest and costs of the action. This action was served upon the Company on June 11, 1999 and is encaptioned *Rein Minnema and Minnema Farms Ltd. v. Archer-Daniels-Midland Company, et al.*, Court File No. G23495-99. The Company, along with other companies, has been named as a respondent in a motion seeking authorization to institute a class action filed in Superior Court in the Province of Quebec, District of Montreal, in which the applicants allege the respondents conspired, combined, agreed or arranged to prevent or lessen, unduly, competition with respect to the sale of lysine in Canada in violation of Section 45(1)(c) of the Competition Act. The putative class is comprised of certain indirect purchasers in Quebec after June 1992. The applicants seek at least C\$4.5 million, costs of investigation, attorneys' fees and interest. This motion is encaptioned *Option Consommateurs, et al v. Archer-Daniels-Midland Company, et al.*, Court No. 500-06-000089-991.

STATE ACTION. The Company has been named as a defendant, along with other companies, in one putative class action antitrust suit alleging violations of the Alabama antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of lysine, and seeking an injunction against continued alleged illegal conduct, damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative class in this action comprises certain indirect purchasers of lysine in the State of Alabama during certain periods in the 1990s. This action was filed on August 17, 1995 in the Circuit Court of DeKalb County, Alabama, and is encaptioned *Ashley v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 95-336. On March 13, 1998, the court denied plaintiff's motion for class certification. Subsequently, the plaintiff amended his complaint to add approximately 300 individual plaintiffs. On March 23, 2000, defendants filed a motion for summary judgment in light of a recent Alabama Supreme Court case holding that the Alabama antitrust laws apply only to intrastate commerce. On August 11, 2000, plaintiffs filed an amended complaint. On September 15, 2000, defendants moved to dismiss or in the alternative to strike plaintiffs' amended complaint. These motions are currently pending.

CITRIC ACID ACTIONS

The Company, along with other companies, had been named as a defendant in fourteen putative class action antitrust suits and two non-class action antitrust suits involving the sale of citric acid in the United States. Except for the action specifically described below, all such suits have been settled or dismissed.

CANADIAN ACTIONS. The Company, along with other companies, has been named as a defendant in three actions filed pursuant to the Class Proceedings Act, 1992, in which the plaintiffs allege that the defendants violated the Competition Act with respect to the sale of citric acid in Canada. One of these actions was filed in the Superior Court of

Justice, in Newmarket, Ontario, and encaptioned *Ashworth v. Archer-Daniels-Midland Company, et al.*, Court file No. 53510/99. The putative class is comprised of certain indirect purchasers in Ontario during the period from July 1, 1991 to June 27, 1995. The plaintiffs in this action seek general damages in the amount of C\$30 million and punitive and exemplary damages in the amount of C\$30 million, interest, costs and fees. The second action was filed in the Superior Court of Justice in London, Ontario, and encaptioned *Fairlee Fruit Juice Limited v. Archer-Daniels-Midland Company, et al.*, Court File No. 32562/99. The plaintiffs in this action seek general damages in the amount of C\$300 million, punitive and exemplary damages in the amount of C\$20 million, interest, costs and fees. The Company has become aware of, but has not yet been formally served with, a third action commenced in Barrie, Ontario in the (Ontario) Superior Court of Justice under the Class Proceedings Act. In that action, encaptioned *E. D. Smith & Sons, Limited v. Archer Daniels Midland Company et al.*, Court File No. 99-B673, the putative class is persons or corporations who were resident or carried on business in Ontario and who were direct and indirect purchasers of citric acid between July 1, 1991 and July 27, 1995. The action claims damages in the amount of C\$24 million for breach of the Competition Act, conspiracy and infliction of economic injury, plus C\$10 million for punitive, exemplary and aggravated damages, plus interest and costs. All three Ontario actions referred to above have now been transferred to Toronto, Ontario. The Company, along with other companies, has been named as a respondent in a motion seeking authorization to institute a class action filed in Superior Court in the Province of Quebec, District of Montreal, in which the applicants allege the respondents comprised, combined, agreed or arranged to prevent or lessen, unduly, competition with respect to the sale of citric acid in Canada in violation of Section 45(1)(c) of the Competition Act. The putative class is comprised of certain indirect purchasers in Quebec since July 1991. The applicants seek C\$3.1 million, the costs of investigation, attorneys' fees and interest. This motion is encaptioned *Option Consommateurs, et al. v. Archer-Daniels-Midland-Company, et al.*, Court No.500-06-000094-991.

HIGH FRUCTOSE CORN SYRUP/CITRIC ACID STATE CLASS ACTIONS

The Company, along with other companies, has been named as a defendant in five putative class action antitrust suits involving the sale of both high fructose corn syrup and citric acid. Two of these actions allege violations of the California antitrust and unfair competition laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup and citric acid, and seek treble damages of an unspecified amount, attorneys fees and costs, restitution and other unspecified relief. The putative class in one of these California cases comprises certain direct purchasers of high fructose corn syrup and citric acid in the State of California during the period January 1, 1992 until at least October 1995. This action was filed on October 11, 1995 in the Superior Court of Stanislaus County, California and is entitled *Gangi Bros. Packing Co. v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 37217. The putative class in the other California case comprises certain indirect purchasers of high fructose corn syrup and citric acid in the state of California during the period October 12, 1991 until November 20, 1995. This action was filed on November 20, 1995 in the Superior Court of San Francisco County and is encaptioned *MCFH, Inc. v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 974120. The California Judicial Council has bifurcated the citric acid and high fructose corn syrup claims in these actions and coordinated them with other actions in San Francisco County Superior Court and Stanislaus County Superior Court. As noted in prior filings, the Company accepted a settlement agreement with counsel for the citric acid plaintiff class. This settlement

received final court approval and the case was dismissed on September 30, 1998. The Company, along with other companies, also has been named as a defendant in at least one putative class action antitrust suit filed in West Virginia state court involving the sale of high fructose corn syrup and citric acid. This action also alleges violations of the West Virginia antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup and citric acid, and seeks treble damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative class in the West Virginia action comprises certain entities within the State of West Virginia that purchased products containing high fructose corn syrup and/or citric acid for resale from at least 1992 until 1994. This action was filed on October 26, 1995, in the Circuit Court for Boone County, West Virginia, and is encaptioned *Freda's v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 95-C-125. The Company, along with other companies, also has been named as a defendant in a putative class action antitrust suit filed in the Superior Court for the District of Columbia involving the sale of high fructose corn syrup and citric acid. This action alleges violations of the District of Columbia antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup and citric acid, and seeks treble damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative class in the District of Columbia action comprises certain persons within the District of Columbia that purchased products containing high fructose corn syrup and/or citric acid during the period January 1, 1992 through December 31, 1994. This action was filed on April 12, 1996 in the Superior Court for the District of Columbia, and is encaptioned *Holder v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 96-2975. On November 13, 1998, plaintiff's motion for class certification was granted. The Company, along with other companies, has been named as a defendant in a putative class action antitrust suit filed in Kansas state court involving the sale of high fructose corn syrup and citric acid. This action alleges violations of the Kansas antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup and citric acid, and seeks treble damages of an unspecified amount, court costs and other unspecified relief. The putative class in the Kansas action comprises certain persons within the State of Kansas that purchased products containing high fructose corn syrup and/or citric acid during at least the period January 1, 1992 through December 31, 1994. This action was filed on May 7, 1996 in the District Court of Wyandotte County, Kansas and is encaptioned *Waugh v. Archer-Daniels-Midland Co., et al.*, Case No. 96-C-2029. Plaintiff's motion for class certification is currently pending.

HIGH FRUCTOSE CORN SYRUP/CITRIC ACID/LYSINE STATE CLASS ACTIONS

The Company, along with other companies, has been named as a defendant in six putative class action antitrust suits filed in California state court involving the sale of high fructose corn syrup, citric acid and/or lysine. These actions allege violations of the California antitrust and unfair competition laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the prices of high fructose corn syrup, citric acid and/or lysine, and seek treble damages of an unspecified amount, attorneys fees and costs, restitution and other unspecified relief. One of the putative classes comprises certain direct purchasers of high fructose corn syrup, citric acid and/or lysine in the State of California during a certain period in the 1990s. This action was filed on December 18, 1995 in the Superior Court for Stanislaus County, California and is encaptioned *Nu Laid Foods, Inc. v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 39693. The other five putative classes comprise certain indirect purchasers of high

fructose corn syrup, citric acid and/or lysine in the State of California during certain periods in the 1990s. One such action was filed on December 14, 1995 in the Superior Court for Stanislaus County, California and is encaptioned *Batson v. Archer-Daniels-Midland Co., et al.*, Civil Action No. 39680. The other actions are encaptioned *Nu Laid Foods, Inc. v. Archer Daniels Midland Co., et al.*, No. 39693 (Filed on December 18, 1995, Stanislaus County Superior Court); *Abbott v. Archer Daniels Midland Co., et al.*, No. 41014 (Filed on December 21, 1995, Stanislaus County Superior Court); *Noldin v. Archer Daniels Midland Co., et al.*, No. 41015 (Filed on December 21, 1995, Stanislaus County Superior Court); *Guzman v. Archer Daniels Midland Co., et al.*, No. 41013 (Filed on December 21, 1995, Stanislaus County Superior Court) and *Ricci v. Archer Daniels Midland Co., et al.*, No. 96-AS-00383 (Filed on February 6, 1996, Sacramento County Superior Court). As noted in prior filings, the plaintiffs in these actions and the lysine defendants have executed a settlement agreement that has been approved by the court and the California Judicial Council has bifurcated the citric acid and high fructose corn syrup claims and coordinated them with other actions in San Francisco County Superior Court and Stanislaus County Superior Court.

MONOSODIUM GLUTAMATE ACTIONS

The Company, along with other companies, has been named as a defendant in twelve putative class action antitrust suits involving the sale of monosodium glutamate and/or other food flavor enhancers in the United States.

FEDERAL ACTIONS. Eight of these putative class actions allege violations of federal antitrust laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the price of monosodium glutamate, disodium inosinate and disodium guanylate, and seek various relief, including treble damages of an unspecified amount, attorneys fees and costs, and other unspecified relief. The putative classes in these cases comprise certain direct purchasers of monosodium glutamate, disodium inosinate and/or disodium guanylate during certain periods in the 1990's to the present. The Company has never produced or sold disodium inosinate or disodium guanylate. One such action was filed on October 27, 1999 in the United States District Court for the Northern District of California and is encaptioned *Thorp, Inc. v. Archer-Daniels-Midland Company, et al.*, NoC99 4752 (VRW). The second action was filed on October 27, 1999 in the United States District Court for the Northern District of California and is encaptioned *Premium Ingredients, Ltd. v. Archer-Daniels-Midland Co., et al.*, No. C 99 4742(MJJ). The third action was filed on October 28, 1999 in the United States District Court for the Northern District of California and is encaptioned *Felbro Food Products v. Archer-Daniels-Midland Company, et al.*, No.C99 4761(MJJ). The fourth action was filed on November 17, 1999 in the United States District Court for the Northern District of California and is encaptioned *First Spice Mixing Co., Inc. v. Archer Daniels Midland Co., et al.*, No. C 99 4977 (PJH). The fifth action was filed on November 23, 1999 in the United States District Court for the District of New Jersey and is encaptioned *Diversified Foods and Seasonings, Inc. v. Archer Daniels Midland Co., Inc. et al.*, No. 99 CV 5501. The sixth action was filed on December 16, 1999 in the United States District Court for the Eastern District of New York and is encaptioned *M. Phil Yen, Inc. v. Ajinomoto Co. Inc., et al.*, No. 99 Div 06514 (EK). The seventh action was filed on January 27, 2000 in the Northern District of California and is encaptioned *Chicago Ingredients, Inc. v. Archer-Daniels-Midland Co., et al.*, No. C 00 0308 (JL). The eighth action was filed on April 12, 2000 in the Eastern District of Pennsylvania and is

encaptioned *Heller Seasonings & Ingredients, Inc. v. Ajinomoto U.S.A., Inc., et al.*, No. 00-CV-1905. The Judicial Panel on Multidistrict Litigation has consolidated these actions for coordinated pretrial discovery in the United States District Court of the District of Minnesota. The plaintiffs have filed a motion for class certification and the defendants have opposed that motion.

STATE ACTION. The Company, along with at least one other company, also has been named as a defendant in four putative class action antitrust suits filed in California state court involving the sale of monosodium glutamate and/or other food flavor enhancers. These actions allege violations of California antitrust and unfair competition laws, including allegations that the defendants agreed to fix, stabilize and maintain at artificially high levels the price of monosodium glutamate and/or other food flavor enhancers, and seek treble damages of an unspecified amount, restitution, attorneys' fees and costs, and other unspecified relief. The putative classes in these actions comprise certain indirect purchasers of monosodium glutamate and/or other food flavor enhancers in the State of California during certain periods in the 1990's. The first action originally was filed on June 25, 1999 in the Superior Court of San Francisco County and is encaptioned *Fu's Garden Restaurant v. Archer-Daniels-Midland Company, et al.*, Civil Action No. 304471. The second action was filed on January 14, 2000 in the Superior Court of San Francisco County and is encaptioned *JMN Restaurant Management, Inc. v. Ajinomoto Co., Inc., et al.*, Civil Action No. 309236. The third action was filed on May 2, 2000 in the Superior Court of San Francisco County and is encaptioned *Tanuki Restaurant and Lilly Zapanta v. Archer Daniels Midland Co., et al.*, Civil Action No. 311871. The fourth action was filed on May 24, 2000 in the Superior Court of San Francisco County and is encaptioned *Tasty Sunrise Burgers v. Archer Daniels Midland Co., et al.*, Civil Action No. 312373. On June 19, 2000, the court consolidated all of these cases for pretrial and trial purposes.

OTHER

The Company has made provisions to cover certain legal proceedings and related costs and expenses as described in the notes to the consolidated financial statements and management's discussion of operations and financial condition. However, the ultimate outcome and materiality of the other putative class actions and proceedings described above, including those related to high fructose corn syrup, cannot presently be determined. Accordingly, no provision for any liability that may result therefrom has been made in the consolidated financial statements.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

(3)(i) Composite Certificate of Incorporation, as amended, filed as Exhibit (3)(i) to Form 10K for the year ended June 30, 1999 (File No.1-44) is incorporated herein by reference.

(ii) Bylaws, as amended and restated, filed on May 12, 2000 as Exhibit 3(ii) to Form 10-Q for the quarter ended March 31, 2000, are incorporated herein by reference.

b) A Form 8-K was not filed during the quarter ended March 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ARCHER DANIELS-MIDLAND
COMPANY

/s/ D. J. Schmalz
D. J. Schmalz
Vice President And Chief Financial
Officer

/s/ D. J. Smith
D. J. Smith
Vice President, Secretary and General
Counsel

Dated: May 9, 2001