

**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, 2005**

**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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 – 656,488,180 shares  
(April 30, 2005)

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

	<b>THREE MONTHS ENDED MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>
	(In thousands, except per share amounts)	
Net sales and other operating income	<b>\$8,484,171</b>	\$9,309,019
Cost of products sold	<b>7,909,315</b>	8,722,000
Gross Profit	<b>574,856</b>	587,019
Selling, general and administrative expenses	<b>280,395</b>	251,701
Other expense (income) – net	<b>(114,575)</b>	(3,143)
Earnings Before Income Taxes	<b>409,036</b>	338,461
Income taxes	<b>139,941</b>	111,692
Net Earnings	<b>\$ 269,095</b>	\$ 226,769
Average number of shares outstanding – basic	<b>656,163</b>	648,565
Average number of shares outstanding – diluted	<b>658,904</b>	650,962
Basic earnings per common share	<b>\$.41</b>	\$.35
Diluted earnings per common share	<b>\$.41</b>	\$.35
Dividends per common share	<b>\$.085</b>	\$.075

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF EARNINGS**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

	<b>NINE MONTHS ENDED</b>	
	<b>MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>
	(In thousands, except per share amounts)	
Net sales and other operating income	<b>\$26,520,108</b>	\$26,465,425
Cost of products sold	<b>24,613,112</b>	24,820,358
Gross Profit	<b>1,906,996</b>	1,645,067
Selling, general and administrative expenses	<b>801,645</b>	749,138
Other expense (income) – net	<b>(143,984)</b>	19,785
Earnings Before Income Taxes	<b>1,249,335</b>	876,144
Income taxes	<b>400,434</b>	278,373
Net Earnings	<b>\$ 848,901</b>	\$ 597,771
Average number of shares outstanding – basic	<b>654,476</b>	646,844
Average number of shares outstanding – diluted	<b>656,365</b>	649,241
Basic earnings per common share	<b>\$1.30</b>	\$.92
Diluted earnings per common share	<b>\$1.29</b>	\$.92
Dividends per common share	<b>\$.235</b>	\$.195

See notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

### Archer-Daniels-Midland Company and Subsidiaries

	<b>(Unaudited)</b>	
	<b>MARCH 31,</b>	<b>JUNE 30,</b>
	<b>2005</b>	<b>2004</b>
	(In thousands)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 661,883	\$ 540,207
Segregated cash and investments	1,001,259	871,439
Receivables	3,991,153	4,040,759
Inventories	3,966,730	4,591,648
Other assets	423,571	294,943
Total Current Assets	10,044,596	10,338,996
<b>Investments and Other Assets</b>		
Investments in and advances to affiliates	1,893,932	1,832,619
Long-term marketable securities	989,510	1,161,388
Goodwill	344,622	337,474
Other assets	460,277	443,606
	3,688,341	3,775,087
<b>Property, Plant, and Equipment</b>		
Land	209,863	190,136
Buildings	2,663,906	2,568,472
Machinery and equipment	10,973,962	10,658,282
Construction in progress	324,593	263,332
	14,172,324	13,680,222
Allowances for depreciation	(8,923,464)	(8,425,484)
	5,248,860	5,254,738
	\$18,981,797	\$19,368,821

See notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

### Archer-Daniels-Midland Company and Subsidiaries

	<b>(Unaudited)</b> <b>MARCH 31,</b> <b>2005</b>	<b>JUNE 30,</b> <b>2004</b>
	(In thousands)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 270,374	\$ 1,770,512
Accounts payable	3,651,851	3,238,230
Accrued expenses	1,356,058	1,580,700
Current maturities of long-term debt	182,595	160,795
Total Current Liabilities	<b>5,460,878</b>	6,750,237
<b>Long-Term Liabilities</b>		
Long-term debt	3,575,477	3,739,875
Deferred income taxes	756,709	653,834
Other	615,627	526,659
	<b>4,947,813</b>	4,920,368
<b>Shareholders' Equity</b>		
Common stock	5,492,809	5,431,510
Reinvested earnings	2,878,684	2,183,751
Accumulated other comprehensive income	201,613	82,955
	<b>8,573,106</b>	7,698,216
	<b>\$18,981,797</b>	\$19,368,821
	<b>\$18,981,797</b>	\$19,368,821

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

	NINE MONTHS ENDED MARCH 31,	
	2005	2004
	(In thousands)	
<b>Operating Activities</b>		
Net earnings	\$ 848,901	\$ 597,771
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation	507,599	513,293
Asset abandonments	1,896	40,184
Deferred income taxes	173,845	161,759
Stock contributed to employee benefit plans	17,581	17,623
(Gain) loss on marketable securities transactions	(113,261)	(11,697)
Equity in (earnings) of affiliates, net of dividends	(57,724)	(69,766)
Pension and postretirement payments in excess of accruals	(4,241)	(32,671)
Other – net	15,542	(34,161)
Changes in operating assets and liabilities		
Segregated cash and investments	(121,523)	(324,665)
Receivables	(50,074)	(605,594)
Inventories	762,976	(1,985,485)
Other assets	(95,891)	(26,367)
Accounts payable and accrued expenses	158,126	861,135
Total Operating Activities	2,043,752	(898,641)
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(451,223)	(365,752)
Proceeds from sales of property, plant and equipment	29,072	48,840
Net assets of businesses acquired	(4,670)	(53,616)
Investments in and advances to affiliates	(96,967)	(92,979)
Distributions from affiliates, excluding dividends	125,357	83,216
Purchases of marketable securities	(1,320,069)	(749,531)
Proceeds from sales of marketable securities	1,595,263	658,671
Other – net	18,567	28,078
Total Investing Activities	(104,670)	(443,073)
<b>Financing Activities</b>		
Long-term debt borrowings	8,547	2,646
Long-term debt payments	(174,018)	(26,731)
Net borrowings (payments) under lines of credit agreements	(1,520,661)	1,510,532
Purchases of treasury stock	(3,514)	(4,083)
Cash dividends	(153,967)	(126,615)
Proceeds from exercises of stock options	26,207	26,021
Total Financing Activities	(1,817,406)	1,381,770
Increase In Cash And Cash Equivalents	121,676	40,056
Cash And Cash Equivalents Beginning Of Period	540,207	764,959
Cash And Cash Equivalents End Of Period	\$ 661,883	\$ 805,015

See notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**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, 2005 are not necessarily indicative of the results that may be expected for the year ending June 30, 2005. 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, 2004.

**Last-in, First-out (LIFO) Inventories**

Interim period LIFO calculations are based on interim period costs and management's estimates of year-end inventory levels. Because the availability and price of agricultural commodity-based LIFO inventories are unpredictable due to factors such as weather, government farm programs and policies, and changes in global demand, quantities of LIFO-based inventories at interim periods may vary significantly from management's estimates of year-end inventory levels.

**Reclassifications**

Certain items in the prior period financial statements have been reclassified to conform to the current period's presentation.

**Note 2. New Accounting Standards**

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) Number 153 *Exchanges of Nonmonetary Assets – An Amendment of APB Opinion No. 29*. SFAS Number 153 eliminates the exception to fair value accounting for exchanges of similar productive assets contained in Accounting Principles Board (APB) Opinion Number 29 and replaces it with a general exception for exchange transactions that do not have commercial substance. The exception in APB Opinion Number 29 required certain nonmonetary asset exchanges to be recorded on a carryover basis with no gain/loss recognition. Under SFAS Number 153, exchange transactions with commercial substance are required to be accounted for at fair value with gain/loss recognition on assets surrendered in exchange transactions. The Company will be required to adopt SFAS Number 153 on July 1, 2005, and believes the adoption of this standard will not have a material impact on the Company's financial statements.

In December 2004, the Financial Accounting Standards Board issued SFAS Number 123 (revised 2004), *Share-Based Payment*, which is a revision of SFAS Number 123, *Accounting for Stock-Based Compensation*, and amends SFAS Number 95, *Statement of Cash Flows*. SFAS Number 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair value. Effective July 1, 2004, the Company adopted the fair value recognition provisions of SFAS Number 123. The adoption of SFAS Number 123(R) on July 1, 2005 will not have a material impact on the Company's financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**Note 3. Comprehensive Income**

The components of comprehensive income, net of related tax, are as follows:

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>MARCH 31,</b>		<b>MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	(In thousands)		(In thousands)	
Net earnings	<b>\$ 269,095</b>	\$ 226,769	<b>\$ 848,901</b>	\$ 597,771
Net change in unrealized gain (loss) on investments	<b>(68,771)</b>	49,900	<b>(15,948)</b>	92,358
Deferred gain (loss) on hedging activities	<b>7,401</b>	69,560	<b>(59,467)</b>	64,745
Minimum pension liability adjustment	<b>(1,566)</b>	32	<b>(4,020)</b>	(77)
Foreign currency translation adjustment	<b>(126,998)</b>	(43,367)	<b>198,093</b>	148,125
Comprehensive Income	<b><u>\$ 79,161</u></b>	<u>\$ 302,894</u>	<b><u>\$ 967,559</u></b>	<u>\$ 902,922</u>

**Note 4. Stock Compensation**

Effective July 1, 2004, the Company adopted the fair value recognition provisions of SFAS Number 123, *Accounting for Stock-Based Compensation*, for stock-based employee compensation. Prior to July 1, 2004, the Company accounted for stock-based employee compensation under the recognition and measurement provisions of APB Opinion Number 25, *Accounting for Stock Issued to Employees*, and related Interpretations. Under the modified prospective method of adoption selected by the Company under the provisions of SFAS Number 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*, stock-based employee compensation cost recognized for the quarter and nine months ended March 31, 2005, is the same as that which would have been recognized had the fair value recognition provisions of SFAS Number 123 been applied to all options granted after July 1, 1995. The effect of adopting SFAS Number 123 for stock options was immaterial for the quarter and nine months ended March 31, 2005, and is expected to be immaterial for the year ending June 30, 2005.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**Note 4. Stock Compensation (Continued)**

The following table illustrates the effect on net earnings and earnings per share as if the fair value method had been applied to all outstanding and unvested employee stock options and awards in each period.

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>MARCH 31,</b>		<b>MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	(In thousands, except per share data)			
Net earnings, as reported	<b>\$269,095</b>	\$226,769	<b>\$848,901</b>	\$597,771
Add: stock-based compensation expense reported in net earnings, net of related tax	<b>4,739</b>	1,357	<b>13,234</b>	3,366
Deduct: stock-based compensation expense determined under fair value method, net of related tax	<b>(4,739)</b>	(2,415)	<b>(13,234)</b>	(6,723)
Pro forma net earnings	<u><b>\$269,095</b></u>	<u>\$225,711</u>	<u><b>\$848,901</b></u>	<u>\$594,414</u>
Basic earnings per common share				
As reported	<b>\$.41</b>	\$.35	<b>\$1.30</b>	\$.92
Pro forma	<b>\$.41</b>	\$.35	<b>\$1.30</b>	\$.92
Diluted earnings per common share				
As reported	<b>\$.41</b>	\$.35	<b>\$1.29</b>	\$.92
Pro forma	<b>\$.41</b>	\$.35	<b>\$1.29</b>	\$.92

**Note 5. Other Expense (Income) - Net**

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>MARCH 31,</b>		<b>MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	(In thousands)		(In thousands)	
Interest expense	<b>\$ 80,293</b>	\$86,856	<b>\$ 241,903</b>	\$259,849
Investment income	<b>(36,300)</b>	(35,775)	<b>(91,756)</b>	(89,524)
Net (gain) loss on marketable securities transactions	<b>(113,820)</b>	(10,677)	<b>(113,261)</b>	(11,697)
Equity in (earnings) losses of affiliates	<b>(36,611)</b>	(44,804)	<b>(173,409)</b>	(141,453)
Other	<b>(8,137)</b>	1,257	<b>(7,461)</b>	2,610
	<u><b>\$(114,575)</b></u>	<u>\$ (3,143)</u>	<u><b>\$(143,984)</b></u>	<u>\$ 19,785</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**Note 6. Retirement Plan Expense**

The Company provides substantially all domestic employees and employees at certain international subsidiaries with pension benefits. The Company also provides substantially all domestic salaried employees with postretirement health care and life insurance benefits. Retirement plan expense for these pension and postretirement benefits for the quarter and nine months ended March 31, 2005 and 2004, is as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>THREE MONTHS ENDED</u>		<u>THREE MONTHS ENDED</u>	
	<u>MARCH 31,</u>		<u>MARCH 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(In thousands)		(In thousands)	
Service cost (benefits earned during the period)	\$ 13,361	\$ 11,534	\$ 1,616	\$ 1,530
Interest cost	19,297	15,502	1,925	1,928
Expected return on plan assets	(17,067)	(13,060)	-	-
Actuarial loss (gain)	8,143	4,943	22	15
Net amortization	1,140	916	(279)	(279)
Net periodic defined benefit plan expense	<u>\$ 24,874</u>	<u>\$ 19,835</u>	<u>\$ 3,284</u>	<u>\$ 3,194</u>
	<u>NINE MONTHS ENDED</u>		<u>NINE MONTHS ENDED</u>	
	<u>MARCH 31,</u>		<u>MARCH 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(In thousands)		(In thousands)	
Service cost (benefits earned during the period)	\$ 40,084	\$ 35,227	\$ 4,849	\$ 4,591
Interest cost	57,891	46,506	5,775	5,784
Expected return on plan assets	(51,199)	(39,181)	-	-
Actuarial loss (gain)	24,427	14,830	67	46
Net amortization	3,419	2,749	(837)	(837)
Net periodic defined benefit plan expense	<u>\$ 74,622</u>	<u>\$ 60,131</u>	<u>\$ 9,854</u>	<u>\$ 9,584</u>

**Note 7. Guarantees**

The Company has entered into debt guarantee agreements, primarily related to equity-method investees, which could obligate the Company to make future payments if the primary entity fails to perform its contractual obligation. The Company has not recorded a liability for these contingent obligations, as the Company believes the likelihood of any payments being made is remote. Should the Company be required to make any payments pursuant to these guarantees, the Company has, for a majority of these agreements, a security interest in the underlying assets of the primary entity. These debt guarantees totaled \$424 million at March 31, 2005. Outstanding borrowings under these guarantees were \$309 million at March 31, 2005.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**Note 8. Segment Information**

The Company is principally engaged in procuring, transporting, storing, processing, and merchandising agricultural commodities and products. The Company's operations are classified into three reportable business segments: Oilseeds Processing, Corn Processing, and Agricultural Services. Each of these segments is organized based upon the nature of products and services offered. The Company's remaining operations are aggregated and classified as Other.

The Oilseeds Processing segment includes activities related to processing oilseeds such as soybeans, cottonseed, sunflower seeds, canola, peanuts, and flaxseed into vegetable oils and meals principally for the food and feed industries. In addition, oilseeds may be resold into the marketplace as a raw material for other processors. Crude vegetable oil is sold "as is" or is further processed by refining, bleaching, and deodorizing into salad oils. Salad oils can be further processed by hydrogenating and/or interesterifying into margarine, shortening, and other food products. Partially refined oil is sold for use in chemicals, paints, and other industrial products. Oilseed meals are primary ingredients used in the manufacture of commercial livestock and poultry feeds.

The Corn Processing segment includes activities related to the production of sweeteners, starches, dextrose, and syrups for the food and beverage industry as well as activities related to the production, by fermentation, of bioproducts such as alcohol, amino acids, and other specialty food and feed ingredients.

The Agricultural Services segment utilizes the Company's extensive grain elevator and transportation network to buy, store, clean, and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, and barley, and resells these commodities primarily as feed ingredients and as raw materials for the agricultural processing industry. Agricultural Services' grain sourcing and transportation network provides reliable and efficient services to the Company's agricultural processing operations. Also included in Agricultural Services are the activities of A.C. Toepfer International, a global merchandiser of agricultural commodities and processed products.

Other includes the Company's remaining operations, consisting principally of food and feed ingredient businesses and financial activities. Food and feed ingredient businesses include Wheat Processing with activities related to the production of wheat flour; Cocoa Processing with activities related to the production of chocolate and cocoa products; the production of natural health and nutrition products; and the production of other specialty food and feed ingredients. Financial activities include banking, captive insurance, private equity fund investments, and futures commission merchant activities.

Intersegment sales have been recorded at amounts approximating market. Operating profit for each segment is based on net sales less identifiable operating expenses, including an interest charge related to working capital usage. Also included in operating profit are the related equity in earnings (losses) of affiliates based on the equity method of accounting. General corporate expenses, investment income, unallocated interest expense, marketable securities transactions, and FIFO to LIFO inventory adjustments have been excluded from segment operations and classified as Corporate.

For detailed information regarding the Company's reportable segments, see Note 13 to the consolidated financial statements included in the Company's annual report on Form 10-K for the year ended June 30, 2004.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**Archer-Daniels-Midland Company and Subsidiaries**

**Note 8. Segment Information (Continued)**

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>MARCH 31,</b>		<b>MARCH 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	(In thousands)		(In thousands)	
<b>Sales to external customers</b>				
Oilseeds Processing	<b>\$2,620,693</b>	\$2,907,903	<b>\$ 8,614,395</b>	\$ 8,796,193
Corn Processing	<b>1,093,949</b>	1,082,237	<b>3,291,771</b>	2,968,272
Agricultural Services	<b>3,654,129</b>	4,195,375	<b>11,137,261</b>	11,309,379
Other	<b>1,115,400</b>	1,123,504	<b>3,476,681</b>	3,391,581
Total	<b><u>\$8,484,171</u></b>	<u>\$9,309,019</u>	<b><u>\$26,520,108</u></b>	<u>\$26,465,425</u>
<b>Intersegment sales</b>				
Oilseeds Processing	<b>\$ 43,897</b>	\$ 47,039	<b>\$ 119,556</b>	\$ 126,977
Corn Processing	<b>75,354</b>	78,762	<b>214,202</b>	233,266
Agricultural Services	<b>269,531</b>	559,501	<b>828,825</b>	1,899,056
Other	<b>26,997</b>	26,971	<b>81,434</b>	80,858
Total	<b><u>\$ 415,779</u></b>	<u>\$ 712,273</u>	<b><u>\$ 1,244,017</u></b>	<u>\$ 2,340,157</u>
<b>Net sales</b>				
Oilseeds Processing	<b>\$2,664,590</b>	\$2,954,942	<b>\$ 8,733,951</b>	\$ 8,923,170
Corn Processing	<b>1,169,303</b>	1,160,999	<b>3,505,973</b>	3,201,538
Agricultural Services	<b>3,923,660</b>	4,754,876	<b>11,966,086</b>	13,208,435
Other	<b>1,142,397</b>	1,150,475	<b>3,558,115</b>	3,472,439
Intersegment elimination	<b>(415,779)</b>	(712,273)	<b>(1,244,017)</b>	(2,340,157)
Total	<b><u>\$8,484,171</u></b>	<u>\$9,309,019</u>	<b><u>\$26,520,108</u></b>	<u>\$26,465,425</u>
<b>Segment operating profit</b>				
Oilseeds Processing	<b>\$ 60,734</b>	\$ 117,510	<b>\$ 270,789</b>	\$ 306,223
Corn Processing	<b>177,873</b>	231,491	<b>412,954</b>	510,895
Agricultural Services	<b>54,644</b>	55,827	<b>193,779</b>	205,011
Other	<b>83,336</b>	96,880	<b>322,422</b>	271,265
Total segment operating profit	<b><u>376,587</u></b>	501,708	<b><u>1,199,944</u></b>	1,293,394
Corporate	<b>32,449</b>	(163,247)	<b>49,391</b>	(417,250)
Earnings before income taxes	<b><u>\$ 409,036</u></b>	<u>\$ 338,461</u>	<b><u>\$ 1,249,335</u></b>	<u>\$ 876,144</u>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### COMPANY OVERVIEW

The Company is principally engaged in procuring, transporting, storing, processing and merchandising agricultural commodities and products. The Company's operations are classified into three reportable business segments: Oilseeds Processing, Corn Processing, and Agricultural Services. Each of these segments is organized based upon the nature of products and services offered. The Company's remaining operations are aggregated and classified as Other.

The Oilseeds Processing segment includes activities related to processing oilseeds such as soybeans, cottonseed, sunflower seeds, canola, peanuts, and flaxseed into vegetable oils and meals principally for the food and feed industries. In addition, oilseeds may be resold into the marketplace as a raw material for other processors. Crude vegetable oil is sold "as is" or is further processed by refining, bleaching, and deodorizing into salad oils. Salad oils can be further processed by hydrogenating and/or interesterifying into margarine, shortening, and other food products. Partially refined oil is sold for use in chemicals, paints, and other industrial products. Oilseed meals are primary ingredients used in the manufacture of commercial livestock and poultry feeds.

The Corn Processing segment includes activities related to the production of syrups, starches, dextrose, and sweeteners for the food and beverage industry as well as activities related to the production, by fermentation, of bioproducts such as alcohol, amino acids, and other specialty food and feed ingredients.

The Agricultural Services segment utilizes the Company's extensive grain elevator and transportation network to buy, store, clean, and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, and barley, and resells these commodities primarily as feed ingredients and as raw materials for the agricultural processing industry. Agricultural Services' grain sourcing and transportation network provides reliable and efficient services to the Company's agricultural processing operations. Also included in Agricultural Services are the activities of A.C. Toepfer International, a global merchandiser of agricultural commodities and processed products.

Other includes the Company's remaining operations, consisting principally of food and feed ingredient businesses and financial activities. Food and feed ingredient businesses include Wheat Processing with activities related to the production of wheat flour; Cocoa Processing with activities related to the production of chocolate and cocoa products; the production of natural health and nutrition products; and the production of other specialty food and feed ingredients. Financial activities include banking, captive insurance, private equity fund investments, and futures commission merchant activities.

#### *Operating Performance Indicators and Risk Factors*

The Company is exposed to certain risks inherent to an agricultural-based commodity business. These risks are further described in the "Critical Accounting Policies" and "Market Risk Sensitive Instruments and Positions" sections of "Management's Discussion of Operations and Financial Condition," included in the Company's annual report on Form 10-K for the year ended June 30, 2004.

The Company's Oilseeds Processing, Agricultural Services, and Wheat Processing operations are principally agricultural commodity-based businesses where changes in segment selling prices move in relationship to changes in prices of the commodity-based agricultural raw materials. Therefore, agricultural commodity price changes have relatively equal impacts on both net sales and cost of products sold and minimal impact on the gross profit of underlying transactions. As a result, changes in net sales amounts of these business segments do not necessarily correspond to the changes in gross profit realized by these businesses.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

The Company's Corn Processing operations and certain other food and feed processing operations also utilize agricultural commodities (or products derived from agricultural commodities) as raw materials. In these operations, agricultural commodity price changes can result in significant fluctuations in cost of products sold and such price changes cannot necessarily be passed directly through to the selling price of the finished products. For products such as ethanol, selling prices bear no direct relationship to the raw material cost of the agricultural commodity from which it is produced.

The Company conducts its business in many foreign countries. For many of the Company's subsidiaries located outside the United States, the local currency is the functional currency. Revenues and expenses denominated in foreign currencies are translated into U.S. dollars at the weighted average exchange rates for the applicable periods. Fluctuations in the exchange rates of primarily the euro and British pound as compared to the U.S. dollar will result in corresponding fluctuations in the relative U.S. dollar value of the Company's revenues and expenses. The impact of these currency exchange rate changes, where significant, is discussed below.

The Company measures the performance of its business segments using key operating statistics such as segment operating profit and return on fixed capital investment. The Company's operating results can vary significantly due to changes in unpredictable factors such as weather conditions, plantings, government (domestic and foreign) farm programs and policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. Due to these factors, the Company does not provide forward-looking information in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Additionally, the Company's operating results for the current quarter and nine months are not necessarily indicative of the results that may be expected for the year ending June 30, 2005.

### **THREE MONTHS ENDED MARCH 31, 2005 COMPARED TO THREE MONTHS ENDED MARCH 31, 2004**

As an agricultural-based commodity business, the Company is subject to a variety of market factors which affect the Company's operating results. During the quarter ended March 31, 2005, oilseed crushing margins in North America were adversely affected by a limited near-term soybean supply resulting from strong export interest from China. Oilseed crushing margins in Europe improved due to increased biodiesel and vegetable oil demand and the large European rapeseed crop.

Ethanol experienced good demand and increased selling prices. Improved global oilseed crop conditions have resulted in adequate protein supply levels available for feeding livestock, which has adversely impacted lysine selling prices and related margins. The record United States corn and soybean crop resulted in increased demand for rail and barge transportation and provided favorable operating conditions for domestic grain origination and trading activities. The improved crop conditions in North America and Europe has balanced the supply and demand levels for agricultural commodities, which has adversely affected global grain merchandising opportunities. Additionally, improved global equity markets favorably impacted private equity fund investments.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Net earnings for the quarter increased principally due to \$114 million in realized securities gains from the sale of Tate & Lyle PLC shares and a \$99 million charge in the prior year quarter related to LIFO inventory valuations. These increases were partially offset by decreased operating profits of Oilseeds Processing and Corn Processing. Oilseeds Processing operating profits were lower due to lower oilseed crushing results in North America, partially offset by improved crushing results in Europe. Corn Processing operating profits were lower due to decreased lysine average selling prices, lower ethanol sales volumes, and higher energy costs.

**ANALYSIS OF STATEMENTS OF EARNINGS**

Net sales and other operating income decreased 9% for the quarter to \$8.5 billion principally due to lower average selling prices of commodity-based oilseeds finished products and merchandised agricultural commodities. These decreases were partially offset by increased sales volumes of merchandised agricultural commodities and currency exchange rate increases of \$214 million.

Net sales and other operating income by segment for the quarter are as follows:

	<b>THREE MONTHS ENDED</b>		
	<b>MARCH 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>Change</b>
		(In thousands)	
Oilseeds Processing	<b>\$2,620,693</b>	\$2,907,903	\$(287,210)
Corn Processing			
Sweeteners and Starches	<b>450,111</b>	440,083	10,028
Bioproducts	<b>643,838</b>	642,154	1,684
Total Corn Processing	<b>1,093,949</b>	1,082,237	11,712
Agricultural Services	<b>3,654,129</b>	4,195,375	(541,246)
Other			
Food and Feed Ingredients	<b>1,098,255</b>	1,104,654	(6,399)
Financial	<b>17,145</b>	18,850	(1,705)
Total Other	<b>1,115,400</b>	1,123,504	(8,104)
Total	<b>\$8,484,171</b>	\$9,309,019	\$(824,848)

Oilseeds Processing sales decreased 10% to \$2.6 billion primarily due to decreased average selling prices of protein meal and South American soybean exports. The impact of the record United States soybean crop and abundant European rapeseed crop has resulted in decreased average selling prices for oilseeds and commodity-based oilseed finished products. Corn Processing sales increased slightly primarily due to increased sales of Sweeteners and Starches and, to a lesser extent, increased sales of Bioproducts. Sweeteners and Starches sales increased primarily due to increased sales volumes and, to a lesser extent, increased average selling prices. Agricultural Services sales decreased 13% to \$3.7 billion principally due to lower average global commodity prices and lower sales volumes of corn in North America. These decreases were partially offset by increased sales volumes of soybeans in North America. Other sales decreased slightly primarily due to lower sales volumes of the Company's animal feed products.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Cost of products sold decreased 9% to \$7.9 billion for the quarter primarily due to lower prices of merchandised agricultural commodities. This decrease was partially offset by increased sales volumes of merchandised agricultural commodities, and currency exchange rate increases of \$207 million. Manufacturing costs increased \$107 million from prior year levels primarily due to increased energy and employee-related costs, including pensions. Last year's cost of products sold includes a \$12 million charge for abandonment and write-down of long-lived assets.

Selling, general, and administrative expenses increased \$29 million to \$280 million for the quarter principally due to increased litigation settlement costs, auditing fees, and employee-related costs, including pensions.

Other expense (income) improved \$111 million to income of \$115 million for the quarter due primarily to \$114 million of gains realized from the sale of Tate & Lyle PLC shares.

Operating profit by segment for the quarter is as follows:

	<b>THREE MONTHS ENDED</b>		
	<b>MARCH 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>Change</b>
	(In thousands)		
Oilseeds Processing	<b>\$ 60,734</b>	\$ 117,510	\$ (56,776)
Corn Processing			
Sweeteners and Starches	<b>79,817</b>	91,542	(11,725)
Bioproducts	<b>98,056</b>	139,949	(41,893)
Total Corn Processing	<b>177,873</b>	231,491	(53,618)
Agricultural Services	<b>54,644</b>	55,827	(1,183)
Other			
Food and Feed Ingredients	<b>43,544</b>	70,031	(26,487)
Financial	<b>39,792</b>	26,849	12,943
Total Other	<b>83,336</b>	96,880	(13,544)
Total Segment Operating Profit	<b>376,587</b>	501,708	(125,121)
Corporate	<b>32,449</b>	(163,247)	195,696
Earnings Before Income Taxes	<b>\$409,036</b>	\$ 338,461	\$ 70,575

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Oilseeds Processing operating profit decreased \$57 million to \$61 million for the quarter due principally to lower operating results of the Company's North American and Asian operations. Oilseed crush margins in North America decreased due to a near-term tight soybean supply in the United States which resulted in higher soybean price levels. Operating results in Asia decreased primarily due to lower capacity utilization resulting from decreased demand. These decreases were partially offset by improved operating results in Europe due to improved crop conditions and good biodiesel demand.

Corn Processing operating profits decreased 23% to \$178 million for the quarter primarily due to lower lysine average selling prices, lower ethanol sales volumes, and higher energy costs. These decreases were partially offset by lower net corn costs and increased ethanol average selling prices. Sweeteners and Starches operating profits last year included a \$15 million gain from an insurance related lawsuit pertaining to the flood of 1993. Excluding this gain, Sweeteners and Starches operating profits increased slightly due to lower net corn costs and improved selling prices, partially offset by higher energy costs. Bioproducts operating profits decreased \$42 million for the quarter primarily due to lower lysine average selling prices, lower ethanol sales volumes, and higher energy costs. Lysine average selling prices are impacted by the relationship between the price of protein meal and the price of corn, and are lower this quarter due to increased protein supply levels resulting from the improved oilseed crop conditions in North America and Europe. Ethanol sales volumes declined as last year's volume increases to meet new market introductions in the northeastern United States were not repeated in the current quarter. These decreases were partially offset by lower net corn costs and higher average ethanol selling prices. Last year's Bioproducts operating profits include a \$6 million charge for abandonment and write-down of long-lived assets.

Agricultural Services operating profits decreased slightly for the quarter due to lower global grain merchandising results partially offset by improved North American origination and transportation results. Global grain merchandising results decreased principally due to improved crop conditions in Europe, which resulted in decreased European demand for imported agricultural commodities and agricultural commodity products. The record United States corn crop and soybean crop provided the Company with the opportunity for solid storage, transportation, origination and marketing profits.

Other operating profits decreased 14% to \$83 million for the quarter. Other – Food and Feed Ingredient operating profits decreased \$26 million for the quarter principally due to lower sales volumes of Vitamin E products and increased marketing costs related to the introduction of Enova Oil by the Company's ADM Kao joint venture. In addition, reduced operating results of the Company's Cocoa Processing operations contributed to the decline. Other – Financial results increased \$13 million for the quarter due principally to improved valuations of the Company's private equity fund investments.

Corporate improved \$196 million to income of \$32 million for the quarter primarily due to \$114 million of realized securities gains from the sale of Tate & Lyle PLC shares. In addition, the prior year quarter includes a \$99 million charge related to LIFO inventory valuations.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Income taxes increased for the quarter due principally to higher pretax earnings and, to a lesser extent, an increase in the Company's effective tax rate. The Company's effective tax rate for the quarter was 34.2% as compared to 33.0% for the comparable period of a year ago. The increase in the Company's effective tax rate is principally due to changes in the jurisdictional mix of pretax earnings and the fixed benefits of the Company's tax planning initiatives.

### **NINE MONTHS ENDED MARCH 31, 2005 COMPARED TO NINE MONTHS ENDED MARCH 31, 2004**

As an agricultural-based commodity business, the Company is subject to a variety of market factors which affect the Company's operating results. During the nine months ended March 31, 2005, oilseed crushing margins in Europe improved due to increased biodiesel and vegetable oil demand and the large European rapeseed crop. Oilseed crushing margins in North America were adversely affected by a limited near-term soybean supply resulting from strong export interest from China. Oilseed crushing margins in South America continue to be weak as a result of industry overcapacity.

Ethanol experienced good demand and increased selling prices due to higher gasoline prices. The improved global oilseed crop conditions have resulted in an abundance of protein supply available for feeding livestock, which has adversely impacted lysine selling prices and related margins. The record United States corn and soybean crop resulted in increased demand for rail and barge transportation and provided favorable operating conditions for domestic grain origination and trading activities. The improved crop conditions in North America and Europe has balanced the supply and demand levels for agricultural commodities, which has adversely affected global grain merchandising opportunities.

Net earnings for the nine months increased principally due to a \$45 million gain 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 interest in Tate & Lyle PLC (the "CIP Gain"), \$135 million of income in the current year as compared to a \$160 million charge in the prior year from the effect of commodity price changes on LIFO inventory valuations, and \$114 million of realized securities gains from the sale of Tate & Lyle PLC shares. These increases were partially offset by decreased Corn Processing operating results. Corn Processing operating results declined as a result of higher net corn costs, higher energy costs, and lower lysine average selling prices. Last year's nine months included a \$41 million charge for abandonment and write-down of long-lived assets, which was partially offset by a \$21 million gain from an insurance related lawsuit pertaining to the flood of 1993.

### **ANALYSIS OF STATEMENTS OF EARNINGS**

Net sales and other operating income increased slightly for the nine months to \$26.5 billion principally due to currency exchange rate increases of \$769 million, higher sales volumes of merchandised agricultural commodities, and increased average selling prices of ethanol. These increases were partially offset by lower average selling prices of merchandised agricultural commodities.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Net sales and other operating income by segment for the nine months are as follows:

	<b>NINE MONTHS ENDED</b>		
	<b>MARCH 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>Change</b>
		(In thousands)	
Oilseeds Processing	<b>\$ 8,614,395</b>	\$ 8,796,193	\$(181,798)
Corn Processing			
Sweeteners and Starches	<b>1,412,269</b>	1,275,056	137,213
Bioproducts	<b>1,879,502</b>	1,693,216	186,286
Total corn Processing	<b>3,291,771</b>	2,968,272	323,499
Agricultural Services	<b>11,137,261</b>	11,309,379	(172,118)
Other			
Food and Feed Ingredients	<b>3,424,093</b>	3,338,548	85,545
Financial	<b>52,588</b>	53,033	(445)
Total Other	<b>3,476,681</b>	3,391,581	85,100
<b>Total</b>	<b>\$26,520,108</b>	\$26,465,425	\$ 54,683

Oilseeds Processing sales decreased 2% to \$8.6 billion for the nine months primarily due to decreased sales volumes of oilseed exports and vegetable oil, and lower average selling prices of protein meal. These decreases were partially offset by higher average selling prices of vegetable oil. Corn Processing sales increased 11% to \$3.3 billion for the nine months primarily due to increased Bioproducts sales and, to a lesser extent, increased sales of Sweeteners and Starches. Bioproducts sales increased primarily due to increased average selling prices of ethanol, which was partially offset by lower ethanol sales volumes and lower average selling prices of lysine. The increase in ethanol selling prices was primarily due to higher gasoline prices. Ethanol sales volumes declined as last year's volume increases to meet new market introductions in the northeastern United States were not repeated in the current year. Sweeteners and Starches sales increased primarily due to higher average selling prices and, to a lesser extent, increased sales volumes. Agricultural Services sales decreased 2% to \$11.1 billion for the nine months principally due to lower average commodity prices in North America, decreased sales volumes of global grain merchandising activities, and decreased sales volumes of wheat and corn in North America. These decreases were partially offset by increased sales volumes of soybeans in North America. Other sales increased 3% to \$3.4 billion for the nine months primarily due to increased average selling prices of wheat flour products.

Cost of products sold decreased 1% to \$24.6 billion for the nine months primarily due to lower average commodity prices of merchandised agricultural commodities, partially offset by higher sales volumes of merchandised agricultural commodities and currency exchange rate increases of \$735 million. Manufacturing costs increased \$214 million from prior year levels primarily due to increased energy and personnel-related costs. Last year's manufacturing costs included a \$41 million charge for abandonment and write-down of long-lived assets.

Selling, general, and administrative expenses increased \$53 million to \$802 million for the nine months principally due to increased employee-related costs, including pensions, and auditing fees, which were partially offset by reduced legal expenses and provisions for doubtful accounts.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Other expense (income) improved \$164 million to income of \$144 million for the nine months due primarily to \$114 million of realized securities gains from the sale of Tate & Lyle PLC shares and a \$32 million increase in equity in earnings of unconsolidated affiliates. The increase in equity in earnings of unconsolidated affiliates is primarily due to the CIP Gain. Interest expense for the nine months decreased \$18 million primarily due to lower average borrowing levels.

Operating profit by segment for the nine months is as follows:

	<b>NINE MONTHS ENDED</b>		
	<b>MARCH 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>Change</b>
	(In thousands)		
Oilseeds Processing	<b>\$ 270,789</b>	\$ 306,223	\$(35,434)
Corn Processing			
Sweeteners and Starches	<b>179,455</b>	256,214	(76,759)
Bioproducts	<b>233,499</b>	254,681	(21,182)
Total Corn Processing	<b>412,954</b>	510,895	(97,941)
Agricultural Services	<b>193,779</b>	205,011	(11,232)
Other			
Food and Feed Ingredients	<b>203,591</b>	202,598	993
Financial	<b>118,831</b>	68,667	50,164
Total Other	<b>322,422</b>	271,265	51,157
Total Segment Operating Profit	<b>1,199,944</b>	1,293,394	(93,450)
Corporate	<b>49,391</b>	(417,250)	466,641
Earnings Before Income Taxes	<b>\$1,249,335</b>	\$ 876,144	\$373,191

Oilseeds Processing operating profits decreased 12% to \$271 million for the nine months due primarily to lower operating results of the Company's North American, South American, and Asian operations. Oilseed crush margins in North America decreased due to a near-term tight soybean supply in the United States which resulted in higher soybean price levels. Operating results in Asia decreased primarily due to lower capacity utilization resulting from decreased demand. Industry overcapacity in South America continues to have an adverse affect on oilseed crushing margins. These decreases were partially offset by improved operating results in Europe due to improved crop conditions and good biodiesel demand.

Corn Processing operating profits decreased 19% to \$413 million for the nine months as higher net corn costs, higher energy costs, and lower lysine average selling prices negatively impacted operating results. Sweeteners and Starches operating profits decreased for the nine months due to higher net corn and energy costs. Last year's Sweeteners and Starches operating profits include a \$15 million gain from an insurance related lawsuit pertaining to the flood of 1993. Bioproducts operating profits decreased \$21 million for the nine months principally due to lower lysine operating results as a result of lower average selling prices. Lysine average selling prices are lower due to increased protein supply levels resulting from the improved oilseed crop conditions in North America and Europe. This decrease was partially offset by improved ethanol operating results due to higher ethanol selling prices. Ethanol selling prices remained strong and more than offset the effect of lower ethanol sales volumes and higher net corn and energy costs. Last year's Bioproducts operating profits include a \$16 million charge for abandonment and write-down of long-lived assets.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Agricultural Services operating profits decreased 5% to \$194 million for the nine months principally due to lower global grain merchandising results partially offset by improvements in North American origination and transportation operating results. Global grain merchandising results decreased principally due to improved crop conditions in Europe and North America, which resulted in lower European demand for imported agricultural commodities and agricultural commodity products. The record United States corn crop and soybean crop provided the Company with the opportunity for solid storage, transportation, origination and marketing profits.

Other operating profits increased 19% to \$322 million for the nine months. Other – Food and Feed Ingredient operating profits for the nine months were comparable to the prior year, while Other – Financial operating profits increased \$50 million for the nine months primarily due to improved valuations of the Company's private equity fund investments and improved results of the Company's captive insurance operations. Last year's captive insurance results included a loss incurred from a fire at a Company-owned cocoa finished products warehouse.

Corporate improved \$467 million to income of \$49 million for the nine months primarily due to the CIP Gain, \$135 million of income in the current year as compared to a \$160 million charge in the prior year from the effect of commodity price changes on LIFO inventory valuations, \$114 million of realized securities gains from the sale of Tate & Lyle PLC shares, and last year's \$14 million charge for abandonment and write-down of long-lived assets.

Income taxes increased due principally to higher pretax earnings and, to a lesser extent, an increase in the Company's effective tax rate. These increases were partially offset by the effect of the CIP Gain. No tax has been provided on the CIP Gain as CIP is a corporate joint venture of the Company, and intends to permanently reinvest the proceeds from the sale. The Company's effective tax rate for the nine months, excluding the effect of the CIP Gain, was 33.3% compared to 31.8% for the prior year. The increase in the Company's effective tax rate is principally due to changes in the jurisdictional mix of pretax earnings and the fixed benefits of the Company's tax planning initiatives.

### **LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2005, the Company continued to show substantial liquidity with working capital of \$4.6 billion and a current ratio, defined as current assets divided by current liabilities, of 1.8. Working capital increased \$1.0 billion during the nine months even after the \$400 million payment in July 2004 related to the fructose litigation settlement that had been accrued in fiscal 2004. In addition, as inventory levels declined \$625 million, due principally to lower commodity price levels, short-term debt was reduced by \$1.5 billion. Capital resources remained strong as reflected in the Company's net worth of \$8.6 billion. The Company's ratio of long-term debt to total capital (the sum of the Company's long-term debt and shareholders' equity) at March 31, 2005 was 29.4% a decline from 32.7% at June 30, 2004. This ratio is a measure of the Company's long-term liquidity and is an indicator of financial flexibility.

### **Contractual Obligations and Commercial Commitments**

There were no material changes in the Company's contractual obligations and commercial commitments during the nine months ended March 31, 2005.

### **Critical Accounting Policies**

There were no material changes in the Company's critical accounting policies during the nine months ended March 31, 2005.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in: commodity prices as they relate to the Company's net commodity position; marketable equity security prices; market prices of limited partnerships' investments; foreign currency exchange rates; and interest rates. Significant changes in market risk sensitive instruments and positions for the nine months ended March 31, 2005 are described below. There were no material changes during the nine months in the Company's potential loss arising from changes in market prices of limited partnerships' investments, marketable equity securities, foreign currency exchange rates, and interest rates.

For detailed information regarding the Company's market risk sensitive instruments and positions, see the "Market Risk Sensitive Instruments and Positions" section of "Management's Discussion of Operations and Financial Condition" in the Company's annual report on Form 10-K for the year ended June 30, 2004.

#### *Commodities*

The availability and price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. A sensitivity analysis has been prepared to estimate the Company's exposure to market risk of its commodity position. The Company's daily net commodity position consists of inventories, related purchase and sale contracts, and exchange-traded futures contracts, including those to hedge portions of production requirements. The fair value of such position is a summation of the fair values calculated for each commodity by valuing each net position at quoted futures prices. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 10 percent adverse change in such prices. Actual results may differ.

	MARCH 31, 2005		JUNE 30, 2004	
	Fair Value	Market Risk	Fair Value	Market Risk
	(in millions)			
Highest long position	\$226	\$23	\$754	\$75
Highest short position	944	94	506	51
Average position long (short)	(262)	(26)	31	3

The decrease in fair value of the average position was principally the result of a decrease in the daily net commodity position.

### ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2005, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rules 13a – 15(e) and 15d – 15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There was no change in the Company's internal controls over financial reporting during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

#### ENVIRONMENTAL MATTERS

The United States Environmental Protection Agency (“USEPA”) issued a Finding of Violation on March 3, 2005, regarding alleged violations of the National Emission Standards for Hazardous Air Pollutants for Pharmaceutical Production relating to the operation of the Company’s Vitamin E Plant in Decatur, Illinois. The alleged violations relate to compliance demonstrations for equipment testing and monitoring, recordkeeping and reporting, but do not allege any violations of applicable air emissions limitations. The Company met with representatives of USEPA on April 12, 2005, to discuss the allegations, and it is likely that USEPA will seek a civil penalty in excess of \$100,000. The Company intends to work cooperatively with USEPA to ensure that all applicable requirements are met. In management’s opinion, the civil penalty imposed will not have a material adverse effect on the Company’s financial condition or results of operations.

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. In management’s opinion, these proceedings will not, either individually or in the aggregate, have a material adverse effect on the Company’s financial condition or results of operations.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program (2)</u>	<u>Number of Shares Remaining that May be Purchased Under the Program (2)</u>
January 1, 2005 to January 31, 2005	13,352	\$ 23.81	250	99,999,750
February 1, 2005 to February 28, 2005	220,252	23.46	149,350	99,850,400
March 1, 2005 to March 31, 2005	<u>25,968</u>	<u>24.52</u>	<u>445</u>	<u>99,849,955</u>
Total	259,572	\$ 23.59	150,045	99,849,955

- (1) Total shares purchased represents those shares purchased as part of the Company’s publicly announced share repurchase program described below and shares received as payment of the exercise price for stock option exercises.
- (2) On November 4, 2004, the Company’s Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to 100,000,000 shares of the Company’s common stock during the period commencing January 1, 2005 and ending December 31, 2009.

## ITEM 6. EXHIBITS

- (3)(i) Composite Certificate of Incorporation, as amended, filed on November 13, 2001 as exhibit 3(i) to Form 10-Q for the quarter ended September 30, 2001 (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 (File No. 1-44), are incorporated herein by reference.
- (10.1) Management Compensation Arrangements
- (10.2) Form of Stock Option Agreement
- (10.3) Form of Restricted Stock Agreement
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a – 14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a – 14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- (32.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (32.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange 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  
Senior Vice President  
and Chief Financial Officer

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

Dated: May 6, 2005

**RULE 13a – 14(a)/15d-14(a) CERTIFICATION**

I, G. A. Andreas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Archer-Daniels-Midland Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2005

/s/ G. A. Andreas  
G. A. Andreas  
Chairman and Chief Executive

**RULE 13a – 14(a)/15d-14(a) CERTIFICATION**

I, D. J. Schmalz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Archer-Daniels-Midland Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2005

/s/ D. J. Schmalz  
D. J. Schmalz  
Senior Vice President and  
Chief Financial Officer

**SECTION 1350 CERTIFICATION**

In connection with the Quarterly Report of Archer-Daniels-Midland Company (the “Company”) on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, G. A. Andreas, Chairman and Chief Executive of the Company, certify that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ G. A. Andreas  
G. A. Andreas  
Chairman and Chief Executive  
May 6, 2005

**SECTION 1350 CERTIFICATION**

In connection with the Quarterly Report of Archer-Daniels-Midland Company (the “Company”) on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, D. J. Schmalz, Senior Vice President and Chief Financial Officer of the Company, certify that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. J. Schmalz  
D. J. Schmalz  
Senior Vice President and  
Chief Financial Officer  
May 6, 2005

**ARCHER-DANIELS-MIDLAND COMPANY**

**Management Compensation Arrangements**

**Base Salary and Cash Bonuses**

During the fiscal year ended June 30, 2004, the executive officers of Archer-Daniels-Midland Company (the "Company") who were named in the Summary Compensation Table included in the Company's most recent proxy statement received the base salaries included in that table. These officers and the Company's other officers are eligible for annual increases in their base salaries which have typically not exceeded 5% in any given year. No officer of the Company receives a cash bonus under the Company's current compensation policies.

**Long-Term Incentive Compensation Program**

Under the Company's long-term incentive compensation program, officers and certain other employees of the Company have the opportunity to receive annual incentive compensation awards in the form of stock options and restricted stock under the Company's 2002 Incentive Compensation Plan. The stock option awards are based upon each participant reaching annual individual performance objectives as determined by the person's supervisor(s) or, in the case of the Chief Executive, by the Board of Directors. The restricted stock awards are based on the Company achieving target levels of total business return, based on change in equity value calculated as a multiple of EBITDA (earnings before interest, taxes, depreciation and amortization) less debt, plus dividends, measured on a three-year rolling average. The amount of these awards are based on a combination of the participant's position within the Company and base salary.

Archer-Daniels-Midland Company  
2002 Incentive Compensation Plan

**Stock Option Agreement**

Stock Option Agreement (the “Agreement”), dated as of \_\_\_\_\_ (the “Date of Grant”), between Archer-Daniels-Midland Company, a Delaware corporation (the “Company”), and \_\_\_\_\_ (the “Optionee”), an Employee of the Company. This Agreement is pursuant to the terms of the Company’s 2002 Incentive Compensation Plan (the “Plan”). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan.

Section 1. Stock Option Award. The Company grants to the Optionee, on the terms and conditions hereinafter set forth, an Option with respect to \_\_\_\_\_ shares of the Company’s common stock (the “Option Shares”) under the Plan.

Section 2. Exercise Price. The exercise price per share of the Option Shares shall be \$ \_\_\_\_\_ per share (“Option Price”).

Section 3. Vesting.

(a) Vesting Schedule. Subject to the forfeiture provisions of Sections 6 and 10 hereof, this Option shall become vested and exercisable as to the Option Shares in installments in accordance with the following vesting schedule:

<u>Vesting Date</u>	<u>Number of Option Shares</u>

At times in this Agreement, when the vesting, exercise or cancellation of this Option (or portion thereof) and the corresponding right to acquire Option Shares thereunder is discussed, for ease of reference the document will refer to the vesting, exercise or cancellation, as applicable, of “Option Shares.”

(b) Accelerated Vesting. Notwithstanding the foregoing provisions of this Section 3, but subject to Section 10 hereof, all Option Shares shall become fully and immediately vested and exercisable upon the occurrence of a Change of Control of the Company (as defined in Appendix A hereto) or the death of Optionee.

Section 4. Nonqualified Stock Option. This Option shall be treated as a Nonqualified Stock Option under the Plan.

Section 5. Option Term. Option Shares that become exercisable pursuant to Section 3 hereof may be purchased at any time following vesting and prior to the expiration of the Option Term. For purposes hereof, the "Option Term" shall commence on the Date of Grant and shall expire on the day prior to the tenth anniversary thereof, unless earlier terminated as provided in Sections 6 or 10 hereof. Upon the expiration of the Option Term, any unexercised Option Shares shall be cancelled and shall be of no further force or effect.

Section 6. Effect of Termination of Service. Except as set forth below in this Section 6, if Optionee's service as an Employee is terminated for any reason prior to the occurrence of any otherwise applicable vesting date or event provided in Section 3 hereof, the Optionee shall (i) forfeit any interest in the Option Shares that have not yet become vested, which shall be cancelled and be of no further force or effect, and (ii) subject to Section 10 hereof, retain the right to exercise any Option Shares that have previously become vested until the expiration of three months after the effective date of such termination of service. Notwithstanding the foregoing, in the event that Optionee's employment terminates as a result of Optionee's Retirement or Disability then Optionee shall, subject to Section 10 hereof, (i) continue to vest in the Option Shares in accordance with the provisions of Section 3 hereof, and (ii) retain the right to exercise all vested Option Shares until the expiration of the full Option Term. In addition, in the event that Optionee's employment terminates as a result of Optionee's death then Optionee shall receive the accelerated vesting described in Section 3(b) and shall retain the right to exercise all vested Option Shares until the expiration of the full Option Term.

Section 7. Procedure for Exercise. The Option may be exercised, in whole or part (for the purchase of whole shares only), by delivery of a written notice in the form specified by the Company (the "Notice"), along with payment in full of the Option Price, from the Optionee to the Secretary of the Company at the Company's principal office, which Notice shall: (i) state the number of Option Shares being exercised; (ii) state the method of payment for the Option Shares and tax withholding pursuant to Section 8 hereof; (iii) include any representation of the Optionee required pursuant to Section 9 hereof; (iv) in the event that the Option shall be exercised by any person other than the Optionee pursuant to Section 13 hereof include appropriate proof of the right of such person to exercise the Option; and (v) comply with such further requirements consistent with the Plan as the Committee may from time to time prescribe.

Section 8. Payment of Exercise Price. Payment of the Option Price shall be made (i) in cash or by cash equivalent, (ii) by tendering, either by actual delivery of Shares or by attestation, previously acquired Shares that have been held by the Optionee for at least 6 months, valued at the Fair Market Value of such Shares on the trading date immediately preceding the date of exercise, (iii) by irrevocably authorizing a third party with which the Optionee has a brokerage or similar relationship to sell the Shares (or a sufficient portion of such Shares) acquired upon the exercise of the Option and remit to the Company a portion of the sale proceeds sufficient to pay the entire Option Price to the Company, or (iv) by a combination of the methods described above. Delivery of Shares upon such exercise shall be subject to payment by the

Optionee to the Company of any required withholding taxes. Optionee may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. Any such election shall be irrevocable, made in writing, signed by the Participant, and submitted to the Secretary of the Company.

Section 9. Securities Law Compliance. No Option Shares shall be purchased upon the exercise of the Option unless and until the Company and/or the Optionee shall have complied with all applicable federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction, unless the Committee has received evidence satisfactory to it that a prospective Optionee may acquire such shares pursuant to an exemption from registration under the applicable securities laws. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company reserves the right to legend any certificate for shares of Common Stock, conditioning sales of such shares upon compliance with applicable federal and state securities laws and regulations.

Section 10. Forfeiture Conditions. Notwithstanding any provision herein to the contrary, in the event of termination of the Optionee's employment for "cause" (as defined below), the breach of any non-competition or confidentiality restrictions applicable to the Optionee, or the Optionee's participation in an activity that is deemed by the Committee to be detrimental to the Company (including, without limitation, criminal activity or accepting employment with a competitor of the Company), (i) the Optionee's right to exercise any unexercised portion of the Option shall immediately terminate and all rights thereunder shall cease, (ii) the Optionee's right to receive an issuance of Option Shares upon settlement of the Option shall immediately terminate, and, (iii) if the Option has been exercised, in whole or in part, then either (A) the Option Shares issued upon exercise of the Option shall be forfeited and returned to the Company and the Optionee shall be repaid the lesser of (x) the then-current Fair Market Value per Share or (y) the Option Price paid for such Option Shares, or (B) the Optionee will be required to pay to the Company in cash an amount equal to the gain realized by the Optionee from the exercise of such Option (measured by the difference between the Fair Market Value of the Option Shares on the date of exercise and the Option Price paid by the Optionee).

For purposes hereof, "cause" shall have the meaning specified in such Optionee's employment agreement with the Company, or, in the case of an Optionee who is not employed pursuant to an employment agreement, "cause" shall mean any of the following acts by the Optionee: (i) embezzlement or misappropriation of corporate funds, (ii) any acts resulting in a conviction for, or plea of guilty or nolo contendere, a charge of commission of a felony, (iii) misconduct resulting in injury to the Company or any subsidiary, (iv) activities harmful to the reputation of the Company or any subsidiary, (v) a violation of Company or subsidiary operating guidelines or policies, (vi) willful refusal to perform, or substantial disregard of, the duties properly assigned to the Optionee, or (vi) a significant violation of any contractual, statutory or common law duty of loyalty to the Company or any subsidiary.

Section 11. No Rights as Stockholder or Employee.

(a) The Optionee shall not have any privileges of a stockholder of the Company with respect to any Option Shares subject to (but not acquired upon valid exercise of) the Option, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Option Shares, until the date of the issuance to the Optionee of a stock certificate evidencing such Shares.

(b) Nothing in this Agreement or the Option shall confer upon the Optionee any right to continue as an Employee of the Company or any Subsidiary or Affiliate or to interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the Optionee's employment at any time.

Section 12. Adjustments. If at any time while the Option is outstanding, the number of outstanding Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in Section 4.2 of the Plan, the number and kind of Option Shares and/or the Option Price of such Option Shares shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article 19 of the Plan, any outstanding Options granted hereunder may be replaced by substituted options or canceled in exchange for payment of cash in accordance with the procedures and provisions of Article 19 of the Plan.

Section 13. Restriction on Transfer of Option. The Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee, except by will or by the laws of descent and distribution. Except as provided below, this Option may be exercisable during the Optionee's lifetime only by the Optionee. In the event an Optionee becomes legally incapacitated, the Option shall be exercisable by the Optionee's legal guardian, committee or legal representative. If the Optionee dies, the Option shall thereafter be exercisable by the Optionee's executors or administrators. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

Section 14. Notices. Any notice hereunder by the Optionee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, Archer-Daniels-Midland Company, 4666 Faries Parkway, Decatur, Illinois 62526, or at such other address as the Company may designate by notice to the Optionee. Any notice hereunder by the Company shall be given to the Optionee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Optionee may have on file with the Company.

Section 15. Construction. The construction of this Agreement is vested in the Committee, and the Committee's construction shall be final and conclusive.

Section 16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without giving effect to the choice of law principles thereof.

Archer-Daniels-Midland Company

By: \_\_\_\_\_

Paul B. Mulhollem  
President & Chief Operating Officer

OPTIONEE

By: \_\_\_\_\_

## APPENDIX A

### Definition of Change in Control

For purposes of this Agreement, a "Change in Control" of the Company shall mean:

(i) an acquisition subsequent to the Date of Grant by any individual, entity or group (within the meaning of section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of either (A) the then outstanding shares of Common Stock or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (2) any acquisition by the Company and (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary;

(ii) during any period of two (2) consecutive years (not including any period prior to the Date of Grant), individuals who at the beginning of such period constitute the Board (and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was so approved) cease for any reason (except for death, disability or voluntary retirement) to constitute a majority thereof;

(iii) the consummation of a merger, consolidation, reorganization or similar corporate transaction which has been approved by the stockholders of the Company, whether or not the Company is the surviving company in such transaction, other than a merger, consolidation, or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization;

(iv) the approval by the stockholders of the Company of (A) the sale or other disposition of all or substantially all of the assets of the Company or (B) a complete liquidation or dissolution of the Company; or

(v) adoption by the Board of a resolution to the effect that any person has acquired effective control of the business and affairs of the Company.

Archer-Daniels-Midland Company  
Incentive Compensation Plan

**Restricted Stock Award Agreement**

This Restricted Stock Award Agreement (the “Agreement”), is made and entered into as of \_\_\_\_\_ (the “Date of Grant”), by and between Archer-Daniels-Midland Company, a Delaware corporation (the “Company”), and \_\_\_\_\_, an employee of the Company (the “Grantee”). This Agreement is pursuant to the terms of the Company’s 2002 Incentive Compensation Plan (the “Plan”). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan.

Section 1. Restricted Stock Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award with respect to \_\_\_\_\_ shares of the Company’s common stock under the Plan (the “Restricted Shares”). The Grantee’s rights with respect to the Restricted Shares shall remain forfeitable by the Grantee until satisfaction of the vesting conditions set forth in Section 3 hereof.

Section 2. Rights of Grantee. Except as otherwise provided in this Agreement, the Grantee shall be entitled, at all times on and after the Date of Grant, to exercise all rights of a shareholder with respect to the Restricted Shares (whether or not the restrictions thereon shall have lapsed), including the right to vote the Restricted Shares and the right to receive cash dividends thereon (subject to applicable tax withholding). Notwithstanding the foregoing, prior to the expiration of the Period of Restriction, the Grantee shall not be entitled to transfer, sell, pledge, alienate, hypothecate or assign the Restricted Shares. All rights with respect to the Restricted Shares shall be available only to the Grantee during his lifetime, and thereafter to the Grantee’s estate.

Section 3. Vesting and Lapse of Restrictions. Subject to the forfeiture provisions of Sections 6 and 7 hereof, any restrictions on the Restricted Shares shall lapse and the Restricted Shares granted hereunder shall vest on \_\_\_\_\_ (the period from the Date of Grant until \_\_\_\_\_, the “Period of Restriction”). Notwithstanding the foregoing provisions of this Section 3, but subject to Section 7 hereof, any restrictions on the Restricted Shares shall lapse and the Restricted Shares granted hereunder shall vest upon the occurrence of a Change in Control of the Company (as defined in Appendix A hereto) or upon the death of Grantee.

Section 4. Escrow and Delivery of Shares. Certificates representing the Restricted Shares shall be issued and held by the Company in escrow and shall remain in the custody of the Company until their delivery to the Grantee or his or her estate as set forth in Section 6 hereof, subject to the Grantee’s delivery of any documents which the Company in its discretion may require as a condition to the issuance of shares and the delivery of shares to the Grantee or his estate. While the certificates representing the Restricted Shares are held by the Company, and if so requested by the Company, the Grantee will provide to the Company assignments separate from such certificates, in blank, signed by the Grantee to be held by the

Company during the Period of Restriction. Certificates representing the Restricted Shares shall be delivered to the Grantee as soon as practicable following the expiration of the Period of Restriction, provided that the Grantee has satisfied any applicable Withholding Taxes in accordance with Section 8 hereof. Any Shares evidenced by the certificates delivered to the Grantee pursuant to the preceding sentence shall be free of any contractual restrictions on transferability after the last day of the Period of Restriction, subject to compliance with all federal and state securities laws.

Section 5. Stock Certificate Legend. Each stock certificate shall bear a legend in substantially the following form: “This Certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture, restrictions against transfer and rights of repurchase, if applicable) contained in the Restricted Stock Award Agreement (the “Agreement”) between the registered owner of the shares represented hereby and the Company. Release from such terms and conditions shall be made only in accordance with the provisions of the Agreement, a copy of which is on file in the office of the Company’s Secretary.” As soon as practicable following the expiration of the Period of Restriction, the Company shall issue new certificates that shall not bear the foregoing legend, which certificates shall be delivered in accordance with Section 4 hereof.

Section 6. Effect of Termination of Service. If the Grantee’s service as an Employee is terminated prior to the end of the Period of Restriction, the Grantee shall forfeit the Restricted Shares, which shall be returned to the treasury of the Company; provided that (i) in the event such termination of service is a result of Grantee’s Retirement or Disability then the Restricted Shares shall not be forfeited and shall, subject to the forfeiture provisions of Section 7 hereof, continue to vest in accordance with the terms of this Agreement, and (ii) in the event such termination of service is a result of Grantee’s death then any applicable restrictions upon unvested Restricted Shares shall lapse and the Company shall deliver to the Grantee or his estate certificates in respect of the Restricted Shares pursuant to Section 4 hereof.

Section 7. Forfeiture Conditions. Notwithstanding the foregoing, in the event of termination of service for “cause” (as defined below), the breach of any non-competition or confidentiality restrictions applicable to the Grantee, or the Grantee’s participation in an activity that is deemed by the Company to be detrimental to the Company (including, without limitation, criminal activity or accepting employment with a competitor of the Company), (i) the Grantee’s right to receive an issuance of Restricted Stock shall immediately terminate, and, (ii) any unvested Restricted Shares held by the Grantee shall be forfeited, and (iii) if the Restricted Shares have been issued upon the expiration of the Period of Restriction, in whole or in part, then either (A) the Shares so issued shall be forfeited and returned to the Company, or (B) the Grantee will be required to pay to the Company in cash an amount equal to the Fair Market Value of such Shares as of the expiration of the Period of Restriction.

For purposes hereof, “cause” shall have the meaning specified in such Grantee’s employment agreement with the Company, or, in the case of a Grantee who is not employed pursuant to an employment agreement, “cause” shall mean any of the following acts by the Grantee: (i) embezzlement or misappropriation of corporate funds, (ii) any acts resulting in a conviction for, or plea of guilty or nolo contendere to, a charge of commission of a felony,

(iii) misconduct resulting in injury to the Company or any subsidiary, (iv) activities harmful to the reputation of the Company or any subsidiary, (v) a violation of Company or subsidiary operating guidelines or policies, (vi) willful refusal to perform, or substantial disregard of, the duties properly assigned to the Grantee, or (vi) a violation of any contractual, statutory or common law duty of loyalty to the Company or any subsidiary.

Section 8. Withholding of Taxes. The Grantee may make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the “Code”) with respect to the grant of Restricted Shares by promptly filing a copy of such election with the Company. If the Grantee makes such an election, the grant of Restricted Shares shall be conditioned upon the prompt payment by the Grantee to the Company of an amount equal to the applicable federal, state and local income taxes and other amounts required by law to be withheld (the “Withholding Taxes”) in connection with such election. If the Grantee does not make an election under Section 83(b) of the Code with respect to the grant of Restricted Shares, the Grantee shall pay to the Company any required Withholding Taxes upon the lapse of all restrictions and expiration of the Period of Restriction, and the delivery of the Restricted Shares and any unpaid dividends thereon pursuant to Section 4 shall be conditioned upon the prior payment of the applicable Withholding Taxes by the Grantee.

Section 9. Securities Law Compliance. No Restricted Shares shall be delivered upon the lapse of any restrictions applicable thereto unless and until the Company and/or the Grantee shall have complied with all applicable federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction, unless the Committee has received evidence satisfactory to it that a prospective Grantee may acquire such shares pursuant to an exemption from registration under the applicable securities laws. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company reserves the right to legend any certificate for Restricted Shares, conditioning sales of such Shares upon compliance with applicable federal and state securities laws and regulations.

Section 10. No Rights as Employee or Consultant. Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee or consultant of the Company or any Subsidiary or Affiliate, or to interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the Grantee’s service at any time.

Section 11. Adjustments. If at any time while the Award is outstanding, the number of outstanding Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in Section 4.2 of the Plan, the number and kind of Restricted Shares shall be adjusted in accordance with the provisions of the Plan.

Section 12. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Secretary of the Company at the Company’s office at 4666 Faries Parkway, Decatur, Illinois 62526, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall

be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 13. Construction. The construction of this Agreement is vested in the Committee, and the Committee's construction shall be final and conclusive.

Section 14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without giving effect to the choice of law principles thereof.

Archer-Daniels-Midland Company

By: \_\_\_\_\_

G. Allen Andreas  
Chairman and Chief Executive

GRANTEE

By: \_\_\_\_\_

APPENDIX A  
Definition of Change in Control

For purposes of this Agreement, a "Change in Control" of the Company shall mean:

(i) an acquisition subsequent to the Date of Grant by any individual, entity or group (within the meaning of section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of either (A) the then outstanding shares of Common Stock or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (2) any acquisition by the Company and (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary;

(ii) during any period of two (2) consecutive years (not including any period prior to the Date of Grant), individuals who at the beginning of such period constitute the Board (and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was so approved) cease for any reason (except for death, disability or voluntary retirement) to constitute a majority thereof;

(iii) the consummation of a merger, consolidation, reorganization or similar corporate transaction which has been approved by the stockholders of the Company, whether or not the Company is the surviving company in such transaction, other than a merger, consolidation, or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization;

(iv) the approval by the stockholders of the Company of (A) the sale or other disposition of all or substantially all of the assets of the Company or (B) a complete liquidation or dissolution of the Company; or

(v) adoption by the Board of a resolution to the effect that any person has acquired effective control of the business and affairs of the Company.