FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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

For the fiscal year ended June 30, 2006

OR

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

For the transition period from________ to _________

Commission file number 1-44

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

Delaware	**41-0129150**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
4666 Faries Parkway Box 1470 Decatur, Illinois	**62525**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, no par value	**New York Stock Exchange** **Chicago Stock Exchange** **Swiss Stock Exchange** **Frankfurt Stock Exchange**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes _X_ No____

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

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 X No____

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

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

Large Accelerated Filer X   Accelerated Filer ____   Non-accelerated Filer ____

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

State the aggregate market value of the voting stock held by non-affiliates of the registrant.

Common Stock, no par value--$15.7 billion
(Based on the closing sale price of Common Stock as reported on the New York Stock Exchange
as of December 31, 2005)

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

Common Stock, no par value—655,717,116 shares
(July 31, 2006)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the annual shareholders' report for the year ended June 30, 2006 are incorporated by reference into Parts I, II and IV.

Portions of the proxy statement for the annual meeting of stockholders to be held November 2, 2006 are incorporated by reference into Part III.

SAFE HARBOR STATEMENT

This Form 10-K contains forward-looking information that is subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, expressed, or implied by such forward-looking information. In some cases, you can identify forward-looking statements by our use of words such as "may, will, should, anticipates, believes, expects, plans, future, intends, could, estimate, predict, potential or contingent," the negative of these terms or other similar expressions. The Company's actual results could differ materially from those discussed or implied herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Form 10-K for the fiscal year ended June 30, 2006. Among these risks are legislative acts, changes in the prices of food, feed and other commodities, including gasoline, and macroeconomic conditions in various parts of the world. To the extent permitted under applicable law, the Company assumes no obligation to update any forward-looking statements as a result of new information or future events.

PART I

Item 1. BUSINESS

(a) General Development of Business

Archer Daniels Midland Company was incorporated in Delaware in 1923, successor to the Daniels Linseed Co. founded in 1902.

During the last five years, the Company has experienced significant growth, spending approximately $4.0 billion for construction of new plants, expansions of existing plants and the acquisitions of plants and transportation equipment. There have been no significant dispositions during this period.

During 2006, the Company announced plans to expand its ethanol production capacity by 550 million gallons through the construction of two dry corn milling plants. The Company also announced plans to construct a polyhydroxy alkanoate (PHA) natural plastics production facility, a new U.S. cocoa processing facility, and a U.S. biodiesel production facility. The Company expects to spend approximately $3.1 billion to construct these facilities and other approved capital projects over the next four years.

(b) Financial Information About Industry Segments

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.

Financial information with respect to the Company's reportable business segments is set forth in "Note 13 of Notes to Consolidated Financial Statements" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

(c) Narrative Description of Business

(i) Principal products produced and principal markets for and methods of distribution of such products:

Oilseeds Processing

The Company is engaged in processing oilseeds such as soybeans, cottonseed, sunflower seeds, canola, peanuts, and flaxseed into vegetable oils and meals principally for the food and feed industries. 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. Refined oil can be further processed for use in the production of biodiesel. Oilseed meals are primary ingredients used in the manufacture of commercial livestock and poultry feeds. Cottonseed flour is produced and sold primarily to the pharmaceutical industry. Cotton cellulose pulp is manufactured and sold to the chemical, paper and filter markets.

Golden Peanut Company LLC, a joint venture between the Company and Alimenta (U.S.A.), Inc., is a major supplier of peanuts to both the domestic and export markets. The Company has a 50% ownership interest in this joint venture.

The Company participates in various joint ventures in China and Indonesia that operate palm plantations; soybean, rapeseed, cottonseed, sunflower, peanut, palm kernel, and sesame crushing facilities and related vegetable oil refineries and packaging facilities; an oleochemical plant that produces fatty acids, glycerin and soap noodles; a soy protein plant; wheat flour mills; rice mills; feed mills; fertilizer operations; and related silos and storage facilities.

Corn Processing

The Company is engaged in wet milling and dry milling corn operations. Products produced for use in the food and beverage industry include syrup, starch, glucose, dextrose, and sweeteners. Dextrose is also produced for use by the Company as a feedstock for its bioproducts operations. Corn gluten feed and meal as well as distillers grains are produced for use as feed ingredients. Corn germ, a by-product of the wet milling process, is further processed as an oilseed into vegetable oil and meal.

By fermentation of dextrose, the Company produces alcohol, amino acids, and other specialty food and feed ingredients. Ethyl alcohol is produced to beverage grade or for industrial use as ethanol. In gasoline, ethanol increases octane and is used as an extender and oxygenate. Amino acids, such as lysine and threonine, are vital compounds used in swine feeds to produce leaner animals, and in poultry feeds to enhance the speed and efficiency of poultry production. The Company also produces, by fermentation, astaxanthin, a product used in aquaculture to enhance flesh coloration. The Company produces citric and lactic acids, lactates, sorbitol and xanthan gum which are used in various food and industrial products.

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

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

Agricultural Services

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.

A.C. Toepfer International and affiliates, in which the Company has an 80% interest, is a global merchandiser of agricultural commodities and processed products. Toepfer has 39 sales offices worldwide and operates export, river, and country elevators in Argentina, Romania, and the Ukraine.

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

The Company owns a 23% interest in Agricore United, one of Canada's leading agri-businesses.

<u>Other</u>

The Company is engaged in milling wheat, corn and milo into flour. Wheat flour is sold primarily to commercial bakeries, food companies, food service companies and retailers. Bulgur, a gelatinized wheat food, is sold to both the export and the domestic food markets. Corn meal and flour is sold primarily to the cereal, snack and bakery mix markets. The Company produces bakery products and mixes which are sold to the baking industry. The Company also mills milo to produce industrial flour used in the manufacturing of wallboard for the building industry.

The Company processes cocoa beans and produces cocoa liquor, cocoa butter, cocoa powder, chocolate and various compounds for the food processing industry.

The Company produces wheat starch and vital wheat gluten for the baking industry. Lecithin, an emulsifier produced in the vegetable oil refining process, is marketed as a food and feed ingredient.

The Company produces a wide range of edible soy protein products including soy flour, soy grits, soy protein concentrates and soy isolates that are used in processed meats, baked foods, nutritional products, snacks and dairy and meat analogs. The Company further processes these ingredients into dry and frozen meat analogs that it markets to foodservice operators, retail and private label brand marketers, and direct to retail stores.

The Company produces natural source Vitamin E, tocopherol antioxidants and phytosterols from co-products of oilseeds which are marketed to the dietary supplement and food industry. The Company produces soy isoflavones, a dietary supplement, from a co-product of edible soy processing. The Company produces lettuce, other fresh vegetables and herbs in its hydroponic greenhouse. The Company raises fish in an aquaculture operation for distribution to consumer food customers.

The Company processes and distributes edible beans for use as a food ingredient.

The Company produces and distributes formula feeds and animal health and nutrition products to the livestock, dairy, poultry and pet food industries.

Gruma S.A. de C.V. and affiliates, of which the Company has a 27% interest, is the world's largest producer and marketer of corn flour and tortillas with operations in the U.S., Mexico, Central America, South America and Europe. Additionally, the Company has a 20% interest in a joint venture which consists of the combined U.S. corn flour operations of ADM and Gruma. The Company also has a 40% share, through a joint venture with Gruma, in nine Mexican-based wheat flour mills.

International Malting Company, a joint venture between the Company and the Lesaffre Company, operates malting barley plants in the United States, Australia, New Zealand, and Canada. The Company has a 50% ownership interest in this joint venture.

Item 1. BUSINESS - Continued

Hickory Point Bank and Trust Company, fsb, a wholly-owned subsidiary of the Company, furnishes public banking and trust services, as well as cash management, transfer agency and securities safekeeping services for the Company.

ADM Investor Services, Inc., a wholly-owned subsidiary of the Company, is a registered futures commission merchant and a clearing member of all principal commodities exchanges. ADM Investor Services International, Ltd. specializes in futures, options and foreign exchange in the European marketplace. ADM Derivatives, Inc. offers foreign exchange services to institutional and retail clients.

Agrinational Insurance Company, a wholly-owned subsidiary of the Company, provides insurance coverage for certain property, casualty, marine, and other miscellaneous risks of the Company and participates in certain third-party reinsurance arrangements.

The Company is a limited partner in various private equity funds which invest primarily in emerging markets.

Methods of Distribution

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

(ii) Status of new products

The Company continues to expand its business through the development and production of new, value-added products. A new line of trans-free fats and oils is being marketed under the NovaLipid™ brand using enzymatic interesterification technology. This portfolio of new products allows margarines, shortenings and other products to be produced with near zero levels of trans-fatty acids. The Company’s capacity to produce these products has been expanded several times both at the Quincy, Illinois and at the Mankato, Minnesota vegetable oil refineries. A number of customers have launched trans-free margarines and bakery products using the NovaLipid™ enzymatically interesterified products.

Food ingredient research continues to explore new applications for existing products. In this area, a soluble fiber derived from corn, Fibersol-2, continues to find new markets. It has recently been featured in a new orange juice with added fiber as well as being used in breakfast cereal products.

Research into producing biodiesel is focused on lowering costs in the process as well as continuing to study a variety of fatty acid feed stocks. The Company's research group is developing a variety of base and acid catalyzed technologies for converting different fatty acid streams to methyl esters.

A joint research project with Argonne National Laboratory is focused on the development of a separative bioreactor which utilizes the principles of electrodeionization that allows the production of chemicals from biomass feedstocks without the production of salt byproducts. In addition a joint project with the Department of Energy on the utilization of corn fiber in an advanced biorefinery is reaching the commercialization stage.

The Company's joint development alliance with Metabolix to produce PHA via fermentation met its research goals. From this alliance, a 50/50 joint venture has been formed to manufacture and market natural PHA polymers for a variety of applications, including coated paper, film, and molded goods. The joint venture is planning to establish a state-of-the-art production facility. Natural PHA polymers are produced using a fully-biological fermentation process that converts agricultural raw materials such as corn sugar into a range of biodegradable and compostable plastics.

The Company acquired an exclusive license for flax lignan technology that may have potential for health maintenance and possible risk reduction of several diseases. The license gives the Company an exclusive, worldwide right to produce and sell flax lignans for use as an active ingredient in functional foods, nutraceuticals, pharmaceuticals, animal feed additives and veterinary products. Commercial scale production of lignans is starting in fiscal 2007.

The Company has two projects currently funded under the federal government's biomass program. One project, funded by the U.S. Department of Energy, is targeted at converting a portion of the corn fiber stream produced in the corn wet milling operation to fermentable sugars. This sugar stream can then be used for ethanol production or chemical synthesis. This same process will also produce a vegetable oil stream high in phytosterols and a new fiber stream for food and feed applications. The second project, co-funded by the U.S. Department of Agriculture, is focused on the development of a corn substitute for ruminant feed applications by combining distillers dried grains with pretreated cellulose streams such as corn stover or wheat straw.

(iii) Source and availability of raw materials

Substantially all of the Company's raw materials are agricultural commodities. In any single year, the availability and price of these commodities are subject to unpredictable factors such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand created by population growth and changes in standards of living, and global production of similar and competitive crops. The substantial majority of our raw materials are procured from thousands of grain elevators and wholesale merchants, principally in North America, South America and Europe pursuant to short-term agreements (less than 1 year) or on a "spot" basis. The Company does not grow crops and a relatively small proportion of our raw materials are purchased directly from growers. The Company is not dependent upon any particular grower, elevator or merchant or group of growers, elevators or merchants as a source for its raw materials.

Item 1. BUSINESS - Continued

(iv) Patents, trademarks and licenses

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

(v) Extent to which business is seasonal

Since the Company is so widely diversified in global agribusiness markets, there are no material seasonal fluctuations in the manufacture, sale and distribution of its products and services. There is a degree of seasonality in the growing season and procurement of the Company's principal raw materials: oilseeds, corn, wheat, cocoa beans and other grains. However, the actual physical movement of the millions of bushels of these crops through the Company's storage and processing facilities is reasonably constant throughout the year.

(vi) Working capital items

Price variations and availability of raw agricultural commodities may cause fluctuations in the Company's receivables, inventories, and short-term borrowings.

(vii) Dependence on single customer

No material part of the Company's business in any segment is dependent upon a single customer or very few customers.

(viii) Amount of backlog

Because of the nature of the Company's business, the backlog of orders at year end is not a significant indication of the Company's activity for the current or upcoming year.

(ix) Business subject to renegotiation

The Company has no business with the government subject to renegotiation.

(x) Competitive conditions

Item 1A, “Risk Factors,” includes a description of the Company’s competitive conditions.

(xi) Research and development expenditures

The Company’s research and development expenditures are focused on developing food, feed, fuel and industrial products from renewable, agricultural crops. The Company uses technical services representatives to interact with customers to understand the customers’ product needs. These technical service representatives then interact with researchers who are familiar with the Company’s wide range of food, feed, fuel and industrial products as well as applications technology. These individuals form quick acting teams to develop solutions to customer needs.

Item 1. BUSINESS – Continued

The Company maintains a research laboratory in Decatur, Illinois where product and process development activities are conducted. To develop new bioproducts and to improve existing bioproducts, new cultures are developed using classical mutation and genetic engineering. Protein and vegetable oil research is conducted at facilities in Decatur where bakery, meat and dairy pilot plants support application research. Vegetable oil research is also conducted in Hamburg, Germany, Erith, U.K. and Arras, France. Research to support sales and development for bakery products is done at a laboratory in Olathe, Kansas. Research to support sales and development for cocoa and chocolate products is done in Milwaukee, Wisconsin and the Netherlands. Research and technical support for industrial and food wheat starch applications is conducted in a Montreal, Canada research center. The Company conducts research for corn starches in paper and textile industries as well as fuel ethanol research in Clinton, Iowa. The Company maintains research centers in Quincy, Illinois and Decatur, Indiana that conduct swine and cattle feeding trials to test new formula feed products and to develop improved feeding efficiencies.

The amounts spent during the three years ended June 30, 2006, 2005 and 2004 for such technical efforts were approximately $45 million, $40 million and $32 million, respectively.

(xii) Material effects of capital expenditures for environmental protection

During the year ended June 30, 2006, $61 million was spent for equipment, facilities and programs for pollution control and compliance with the requirements of various environmental agencies.

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

The Company expects expenditures for environmental facilities and programs to continue at approximately the present rate with no unusual amounts anticipated for the next two years.

(xiii) Number of employees

The number of persons employed by the Company was approximately 26,800 at June 30, 2006.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Item 1A, “Risk Factors,” includes a description of the Company’s foreign operations. Geographic financial information is set forth in "Note 13 of Notes to Consolidated Financial Statements" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

Export sales by segment for the last three years were as follows:

	2006	2005	2004
		(in thousands)	
Oilseeds Processing	**$ 639,255**	$ 800,003	$ 1,212,729
Corn Processing	**452,841**	426,999	533,672
Agricultural Services	**5,296,654**	5,005,900	5,001,022
Other	**193,780**	211,301	246,478
Total	**$6,582,530**	$6,444,203	$ 6,993,901

Item 1. BUSINESS - Continued

(e) Available Information

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

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

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

Item 1A. RISK FACTORS

The availability and price of the agricultural commodities and agricultural commodity products the Company produces and merchandises can be affected by weather, disease, government programs and other factors beyond the Company's control.

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. These factors have historically caused volatility in the agricultural commodities industry and, consequently, in the Company's operating results. Reduced supply of agricultural commodities due to weather-related factors could adversely affect the Company's profitability by increasing the cost of raw materials used in the Company's agricultural processing operations. Reduced supplies of agricultural commodities could also limit the Company's ability to procure, transport, store, process, and merchandise agricultural commodities in an efficient manner which could adversely affect the Company's profitability. In addition, the availability and price of agricultural commodities can be affected by other factors such as plant disease which can result in crop failures and reduced harvests.

Fluctuations in energy prices could adversely affect the Company's operating results.

The Company's operating costs and selling prices of certain finished products are sensitive to changes in energy prices. The Company's processing plants are powered principally by electricity, natural gas, and coal. The Company's transportation operations are dependent upon diesel fuel and other petroleum products. Significant increases in the cost of these items could adversely affect the Company's production costs and profitability.

Item 1A. RISK FACTORS – Continued

The Company has certain finished products, such as ethanol and biodiesel, which are closely related to, or may be substituted for, petroleum products. Therefore, the selling prices of ethanol and biodiesel relate to the selling prices of unleaded gasoline and diesel fuel. A significant decrease in the price of unleaded gasoline or diesel fuel could result in a significant decrease in the selling price of the Company's ethanol and biodiesel and could adversely affect the Company's revenues and operating results.

The Company is subject to economic and political instability and other risks of doing business globally.

The Company conducts its business in many countries and wholly-owns, or has significant ownership interests in, subsidiaries located outside of the United States. The Company's operations are principally in developed countries. However, volatile economic, political and market conditions in some countries in which the Company operates may have a negative impact on operating results and the Company's ability to execute its business strategies.

The Company is also exposed to other risks of international operations, including:

- regulation of the economy in the markets in which the Company operates;
- inflation and adverse economic conditions resulting from governmental attempts to reduce inflation, such as imposition of higher interest rates and wage and price controls;
- trade barriers on imports or exports, such as higher tariffs and taxes on imports of agricultural commodities and commodity products;
- changes in the tax laws or inconsistent tax regulations in the countries in which the Company operates;
- currency exchange rate fluctuations; exchange controls or other currency restrictions; and
- civil unrest or significant political instability.

The occurrence of any of these events in the markets in which the Company operates, or in other markets where the Company plans to expand or develop its business, could jeopardize or limit the Company's ability to transact business in those markets and could adversely affect the Company's revenues and operating results.

Disruption of transportation services could adversely affect the Company's operating results.

The Company's operations rely on dependable and efficient transportation services. A disruption in transportation services could result in supply problems at the Company's processing plants and impair the Company's ability to deliver processed products to its customers in a timely manner. In addition, a disruption in transportation services could adversely impact the Company's procurement, transportation, and merchandising operations. The Company owns ground, river, and rail transportation assets in order to manage its risk related to transportation system disruptions. However, a natural disaster or other catastrophic event could result in disruptions in regional transportation infrastructure systems affecting the Company's transportation assets and those of the Company's third-party transportation providers. Disruption in transportation services could interrupt the Company's processing, procurement, transportation, and merchandising operations and adversely affect the Company's revenues and operating results.

Item 1A. RISK FACTORS – Continued

Government policies and environmental regulations affecting the agricultural sector and related industries could adversely affect the Company's operations and profitability.

Agricultural production and trade flows are subject to government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, can influence the planting of certain crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, the volume and types of imports and exports, and industry profitability. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Future government policies may adversely affect the supply, demand for, and prices of the Company's products, restrict the Company's ability to do business in its existing and target markets and could negatively impact the Company's operating results.

A significant part of the Company's operations are regulated by environmental laws and regulations. The production of the Company's products requires the use of materials which can create emissions of certain regulated substances. The Company cannot be assured that it is in compliance with all environmental requirements at all times, or that the Company will not incur material costs or liabilities to comply with environmental requirements. In addition, changes to environmental regulations may require the Company to modify its existing processing facilities and could significantly increase operating costs.

The Company faces significant competition in each of its business segments.

The Company has significant competition in the markets in which it operates. Markets for the Company's products are highly price competitive and sensitive to product substitution. No single company competes with the Company in all of its markets. However, a number of large companies compete with the Company in one or more markets. Major competitors in one or more markets include Barry Callebaut A.G., Bunge, Ltd., Cargill, Inc., Corn Products International, Inc. and Tate & Lyle PLC. In addition, the Company also competes with regional suppliers, processors and distributors, and farm cooperatives. Competition could cause the Company to lose market share, exit certain lines of business, increase expenditures or reduce pricing, each of which could have an adverse effect on the Company's revenues and operating results.

The Company is subject to food and feed industry risks.

The Company is subject to food industry risks which include, but are not limited to, food spoilage or food contamination, shifting consumer preferences, federal, state, and local food processing regulations, and customer product liability claims. In addition, the Company may not always be able to obtain adequate liability insurance related to product liability and food safety matters. The occurrence of any of the matters described above could adversely affect the Company's revenues and operating results.

Certain of the Company's merchandised commodities and finished products are used as ingredients in livestock and poultry feed. The Company is subject to risks associated with the outbreak of disease in livestock and poultry, including, but not limited to, mad-cow disease and avian influenza. The outbreak of disease could adversely affect demand for the Company's products used as ingredients in livestock and poultry feed. A decrease in demand for these products could adversely affect the Company's revenues and operating results.

Item 1B. UNRESOLVED STAFF COMMENTS

The Company has no unresolved staff comments.

Item 2. PROPERTIES

The Company owns or leases the following processing plants and procurement facilities:

	Processing Plants			Procurement Facilities		
	United States	Foreign	Total	United States	Foreign	Total
Owned	137	98	235	174	100	274
Leased	3	1	4	5	25	30
	140	99	239	179	125	304

The Company's operations are such that most products are efficiently processed near the source of raw materials. Consequently, the Company has many plants strategically located in grain producing areas. The annual volume of commodities processed will vary depending upon availability of raw materials and demand for finished products.

Oilseeds Processing

	Processing Plants			Procurement Facilities		
	United States	Foreign	Total	United States	Foreign	Total
Owned	43	45	88	14	78	92
Leased	-	-	-	-	14	14
	43	45	88	14	92	106

The Company operates twenty-one domestic and seventeen foreign oilseed crushing plants with a daily processing capacity of approximately 89,000 metric tons (3.3 million bushels). The domestic plants are located in Georgia, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Carolina, Tennessee, and Texas. The foreign plants are located in Bolivia, Brazil, Canada, England, Germany, India, Mexico, the Netherlands, Poland, and the Ukraine.

The Company operates thirteen domestic oilseed refineries in Georgia, Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, North Dakota, and Tennessee, as well as seventeen foreign refineries in Bolivia, Brazil, Canada, England, France, Germany, India, the Netherlands, and Poland. The Company packages oils at seven domestic plants located in California, Florida, Georgia, and Illinois, as well as at six foreign plants located in Bolivia, Brazil, England, and Germany. Cotton linter pulp is produced in Tennessee and cottonseed flour is produced in Texas. The Company operates two fertilizer blending plants in Brazil and two biodiesel plants in Germany.

The Oilseeds Processing segment operates fourteen domestic country grain elevators as adjuncts to its processing plants. These elevators, with an aggregate storage capacity of 6 million bushels, are located in Illinois, Missouri and North Carolina.

This segment also operates ninety-two foreign elevators, including port facilities, in Bolivia, Brazil, Canada, Germany, Mexico, the Netherlands, Paraguay, and Poland as adjuncts to its processing plants. These facilities have a storage capacity of 126 million bushels.

Item 2. PROPERTIES – Continued

Corn Processing

	Processing Plants			Procurement Facilities		
	United States	Foreign	Total	United States	Foreign	Total
Owned	14	-	14	5	-	5

The Company operates five wet corn milling and two dry corn milling plants with a daily grind capacity of approximately 50,500 metric tons (2.0 million bushels). Corn germ extraction plants, sweeteners and starches production facilities, and bioproducts production facilities are located in Illinois, Iowa, Minnesota, Nebraska, North Carolina, and North Dakota. The Corn Processing segment also operates five domestic grain terminal elevators as adjuncts to its processing plants. These elevators, with an aggregate storage capacity of 10.5 million bushels, are located in Minnesota.

Agricultural Services

	Processing Plants			Procurement Facilities		
	United States	Foreign	Total	United States	Foreign	Total
Owned	1	-	1	132	17	149
Leased	1	-	1	5	5	10
	2	-	2	137	22	159

The Company operates a rice mill located in California and an animal feed facility in Illinois. The Agricultural Services segment operates one hundred thirty-seven domestic terminal, sub-terminal, country, and river elevators covering the major grain producing states, including fifty-three country elevators and eighty-four sub-terminal, terminal and river loading facilities including eight grain export elevators in Florida, Louisiana, Ohio and Texas. Elevators are located in Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Tennessee, and Texas. These elevators have an aggregate storage capacity of approximately 334 million bushels. The Company has four grain export elevators in Argentina and the Ukraine that have an aggregate storage capacity of approximately 20 million bushels. The Company has thirteen country elevators located in the Ukraine, Romania, and the Dominican Republic. In addition, the Company has five river elevators located in Romania and the Ukraine.

Other

	Processing Plants			Procurement Facilities		
	United States	Foreign	Total	United States	Foreign	Total
Owned	79	53	132	23	5	28
Leased	2	1	3	-	6	6
	81	54	135	23	11	34

Item 2. PROPERTIES – Continued

The Company operates twenty-three domestic wheat flour mills, a domestic bulgur plant, two domestic corn flour mills, two domestic milo mills, and twenty-one foreign flour mills with a total daily milling capacity of approximately 27,100 metric tons (1.0 million bushels). The Company also operates six bakery mix plants. These plants and related properties are located in California, Illinois, Indiana, Kansas, Minnesota, Missouri, Nebraska, New York, North Carolina, Oklahoma, Pennsylvania, Tennessee, Texas, Washington, Barbados, Belize, Canada, England, Grenada, and Jamaica. The Company operates two foreign formula feed plants as adjuncts to the wheat flour mills in Belize and Grenada. The Company operates a food ingredient plant and a rice milling plant in Jamaica.

The Company operates three domestic and ten foreign chocolate and cocoa bean processing plants. The domestic plants are located in Massachusetts, New Jersey, and Wisconsin, and the foreign plants are located in Brazil, Canada, China, England, Ivory Coast, the Netherlands, Poland, and Singapore. The Company operates eleven cocoa bean procurement and handling facilities/port sites in the Ivory Coast, Indonesia, Malaysia, and Brazil.

The Company operates two domestic soy protein specialty plants in Illinois and one foreign plant in the Netherlands. Lecithin products are produced at six domestic and four foreign plants in Illinois, Iowa, Nebraska, Canada, Germany, and the Netherlands. The Company also operates a starch and gluten plant in Iowa and one in Canada. The Company produces soy-based foods at plants in Illinois, North Dakota, and England. The Company produces Vitamin E, sterols, and isoflavones at plants in Illinois. The Company also operates a bakery mix and specialty ingredient plant in Kansas and a honey drying operation in Wisconsin.

The Company operates twenty-three domestic edible bean procurement facilities with an aggregate storage capacity of approximately 11 million bushels, located in Colorado, Idaho, Michigan, Minnesota, North Dakota, and Wyoming.

The Company also operates thirty domestic and six foreign formula feed and animal health and nutrition plants. The domestic plants are located in Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, Pennsylvania, South Dakota, Texas, Washington, and Wisconsin. The foreign plants are located in Canada, China, Puerto Rico, and Trinidad.

Item 3. LEGAL PROCEEDINGS

ENVIRONMENTAL MATTERS

The Company is involved in approximately twenty 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 affect on the Company's financial condition or results of operations.

On March 10, 2005, the Company received a Finding of Violation from U.S. EPA Region 5 regarding the implementation of the Pharmaceutical Maximum Achievable Control Technology standards at the Company's Vitamin E plant located in Decatur, Illinois (the violations were primarily related to documentation requirements). The Company and the U.S. EPA have reached a tentative settlement which includes a penalty of $375,000 and a requirement to perform a supplemental environmental project at a cost of approximately $1,000,000.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Information responsive to this Item is set forth in "Common Stock Market Prices and Dividends" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Number of Shares Remaining to be Purchased Under the Program (2)
April 1, 2006 to April 30, 2006	2,533	$36.57	521	92,903,981
May 1, 2006 to May 31, 2006	43,893	38.42	27,989	92,875,992
June 1, 2006 to June 30, 2006	11,350	41.99	11,350	92,864,642
Total	57,776	$39.04	39,860	92,864,642

(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. During the three-month period ended June 30, 2006, the Company received 17,916 shares 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. SELECTED FINANCIAL DATA

Information responsive to this Item is set forth in the "Ten Year Summary of Operating, Financial and Other Data" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information responsive to this Item is set forth in "Management's Discussion of Operations and Financial Condition" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

Item 7A. QUANTITIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information responsive to this Item is set forth in "Management's Discussion of Operations and Financial Condition" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements and supplementary data included in the annual shareholders' report for the year ended June 30, 2006 are incorporated herein by reference:

Consolidated balance sheets--June 30, 2006 and 2005
Consolidated statements of earnings--Years ended June 30, 2006, 2005 and 2004
Consolidated statements of shareholders' equity--Years ended June 30, 2006, 2005 and 2004
Consolidated statements of cash flows--Years ended June 30, 2006, 2005 and 2004
Notes to consolidated financial statements--June 30, 2006
Summary of Significant Accounting Policies
Management's Report on Internal Control Over Financial Reporting
Reports of Independent Registered Public Accounting Firm
Quarterly Financial Data (Unaudited)

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

As of June 30, 2006, 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.

Management's report on internal control over financial reporting is set forth in "Management's Report on Internal Control Over Financial Reporting" of the annual shareholders report for the year ended June 30, 2006 and is incorporated herein by reference.

Item 9A. CONTROLS AND PROCEDURES – Continued

The report of the independent registered public accounting firm on internal control over financial reporting is set forth in "Report of Independent Registered Public Accounting Firm" of the annual shareholders' report for the year ended June 30, 2006 and is incorporated herein by reference.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to directors, executive officers, code of conduct, audit committee and audit committee financial experts of the Company, and Section 16(a) beneficial ownership reporting compliance is set forth in "Election of Directors," "Corporate Governance Guidelines," "Code of Conduct," "Report of the Audit Committee," and "Section 16(a) Beneficial Ownership Reporting Compliance," of the definitive proxy statement for the Company's annual meeting of stockholders to be held on November 2, 2006 and is incorporated herein by reference.

Information with respect to executive officers and certain significant employees of the Company is set forth below. Except as otherwise indicated, all positions are with the Company.

Name	Title	Age
Ronald S. Bandler	Assistant Treasurer from January 1998. Manager of Treasury Operations from 1989 to January 1998.	45
Lewis W. Batchelder	Senior Vice President from December 2001. Group Vice President from July 1997 to December 2001. President of Grain Operations from March 2001 to August 2006.	61
Mark A. Bemis	Vice President from February 2005. President of ADM Cocoa from September 2001. Vice President and General Manager, North American Division-ADM Cocoa from March 1999 to September 2001. Various merchandising and management positions from 1983 to March 1999.	45
J. Kevin Burgard	Vice President from January 2003. President of Specialty Food Ingredients from June 2005. Managing Director of ADM International from January 2003 to June 2005. President of North American Oilseed Processing Division from March 2002 to January 2003. President, ADM Bioproducts and Feed from September 2001 to March 2002. Vice President, North American Soybean Division from January 2001 to September 2001. Various merchandising management positions from 1986 to 2001.	44

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT – Continued

William H. Camp	Executive Vice President from February 2005. Senior Vice President from December 2001 to February 2005. Group Vice President and President, North American Oilseed Processing Division from April 2000 to December 2001. Group Vice President and President, South American Oilseed Processing Division from March 1999 to April 2000. Vice President from April 1993 to March 1999.	57
Mark J. Cheviron	Vice President from July 1997. Vice President of Corporate Security and Administrative Services since May 1997. Director of Security since 1980.	57
Craig A. Fischer	Vice President from September 2001. President of ADM Milling from September 2001. President of ADM BioProducts and Specialty Ingredients from July 2000 to September 2001. Vice President of ADM Corn Processing from 1985 to 2000. President of ARTCO from 1996 to 1999.	56
Dennis C. Garceau	Vice President from April 1999. President of ADM Technical Services Department from April 1999. Various senior engineering positions from 1969 to April 1999.	59
Edward A. Harjehausen	Senior Vice President from February 2005. Group Vice President from March 2002 to February 2005. President of ADM Bioproducts and Feed Division from March 2002 to June 2005. President of ADM Corn Processing Division from July 2000 to June 2005. Vice President from October 1992 to March 2002. President of ADM Bioproducts and Food Additives from October 1999 to July 2000.	56
Shannon Herzfeld	Vice President from February 2005. Senior Vice President-International Affairs with Pharmaceutical Research and Manufacturers of America (PhRMA) trade association from January 1998 to December 2004. Director-International Trade Services with Akin, Gump, Strauss, Hauer & Feld, L.L.P from 1985 to 1997.	54
Craig E. Huss	Vice President from January 2001. President of ADM Transportation from 1999. Various grain elevator and merchandising management positions from 1976 to 1999.	54
Matthew J. Jansen	Vice President from January 2003. President-Grain Operations from August 2006. President, South American Oilseed Processing Division from April 2000 to August 2006. Vice President, South American Oilseed Processing Division from August 1999 to April 2000. Various merchandising management positions from 1989 to 1999.	40

Michael Lusk	Vice President from November 1999. Senior Vice President with AON/ International Risk Management Company, Inc. from 1989 to November 1999.	57
Vikram Luthar	Vice President and Treasurer from November 2004. Various treasury positions with General Motors Corporation from 1993 to 2004.	39
Margaret M. Loebl	Group Vice President from November 2002. Vice President, Corporate Finance of NIKE, Inc. from 2000 to 2001. Various finance and control positions with General Motors Corporation from 1987 to 2000.	46
Steven R. Mills	Group Vice President and Controller from January 2002. Vice President from February 2000 to January 2002. Controller from October 1994.	51
Randall J. Moon	Vice President from February 2005. Vice President-Compensation and Benefits from August 2002 to February 2005. Various employee benefits and human resources positions with CSX Corporation from 1991 to July 2002.	47
Brian F. Peterson	Senior Vice President from January 2003. Group Vice President and Managing Director of ADM International, Ltd. from October 1999 to January 2003. Vice President from January 1996 to October 1999. President of ADM Protein Specialties Division from February 1999 to October 1999. President of ADM Bioproducts Division from 1995 to October 1999.	64
Raymond V. Preiksaitis	Group Vice President from July 1997. Vice President of Management Information Systems from 1988 to July 1997.	54
John D. Rice	Executive Vice President from February 2005. Senior Vice President from February 2000 to February 2005. Group Vice President and President, North American Oilseed Processing Division from February 1999 to February 2000. Vice President from 1993 to February 1999. President of ADM Food Oils Division from December 1996 to February 2000.	52
Dennis C. Riddle	Vice President from May 2006. President ADM Corn Processing Division from June 2005. Senior Vice President – Sweeteners & Starches from May 2004 to June 2005. Vice President, Sales & Marketing for ADM Corn Processing Division from April 1999 to May 2004.	59
Scott A. Roberts	Assistant Secretary and Assistant General Counsel from July 1997. Member of the Law Department since 1985.	46

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT – Continued

Kenneth A. Robinson	Vice President from January 1996.	59
Ismael Roig	Vice President from December 2004. Various finance and control positions with General Motors Corporation from 1993 to 2004.	39
Scott A. Roney	Vice President from April 2001. Member of the Law Department from 1991 to April 2001.	42
Marc A. Sanner	Assistant Controller from January 2003. Vice President, Business Development and Strategic Planning from July 2001 to January 2003. Various positions in tax and accounting from 1987 to 2001.	53
Douglas J. Schmalz	Senior Vice President and Chief Financial Officer from January 2002. Vice President and Chief Financial Officer from 1986 to January 2002.	60
A. J. Shafter	Vice President and Assistant General Counsel from January 2003. Partner with Kehart Shafter Webber & Campbell Robinson from December 1975 to January 2003.	59
David J. Smith	Executive Vice President, Secretary and General Counsel from January 2003. Senior Vice President, Secretary and General Counsel from January 2002 to January 2003. Vice President, Secretary and General Counsel from July 1997 to January 2002. Assistant General Counsel from 1995 to July 1997. Assistant Secretary from 1988 to July 1997.	51
Stephen H. Yu	Vice President from January 1996.	46
Patricia A. Woertz	Chief Executive Officer & President from April 2006. Executive Vice President Downstream at Chevron Corporation from October 2001 to March 2006. Vice President at Chevron Corporation from 1998 to 2001. President of Chevron Products Company from 1998 to 2001.	53
Mark Zenuk	Vice President from August 2005. Managing Director-ADM International, Ltd. since June 2005. Various merchandising management positions from 2000 to 2005.	39

Officers of the Company are elected by the Board of Directors for terms of one year and until their successors are duly elected and qualified.

Item 11. EXECUTIVE COMPENSATION

Information responsive to this Item is set forth in "Executive Compensation" of the definitive proxy statement for the Company’s annual meeting of stockholders to be held on November 2, 2006 and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information responsive to this Item is set forth in "Principal Holders of Voting Securities", “Election of Directors” and “Equity Compensation Plan Information” of the definitive proxy statement for the Company’s annual meeting of stockholders to be held on November 2, 2006 and is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information responsive to this Item is set forth in "Certain Relationships and Related Transactions" of the definitive proxy statement for the Company’s annual meeting of stockholders to be held on November 2, 2006 and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information responsive to this Item is set forth in “Fees Paid to Independent Auditors” and “Audit Committee Pre-Approval Policies” of the definitive proxy statement for the Company’s annual meeting of stockholders to be held on November 2, 2006 and is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements and other financial data of the registrant and its subsidiaries included in the annual report of the Company to its shareholders for the year ended June 30, 2006 are incorporated by reference in Item 8, and are also incorporated herein by reference:

Consolidated balance sheets--June 30, 2006 and 2005

Consolidated statements of earnings--Years ended
June 30, 2006, 2005 and 2004

Consolidated statements of shareholders' equity--
Years ended June 30, 2006, 2005 and 2004

Consolidated statements of cash flows--Years ended
June 30, 2006, 2005 and 2004

Notes to consolidated financial statements--June 30, 2006

Summary of Significant Accounting Policies

Quarterly Financial Data (Unaudited)

Item 15. **EXHIBITS AND FINANCIAL STATEMENT SCHEDULES – Continued**

(a)(2) Financial Statement Schedules

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	Balance at Beginning of Year	Additions	Deductions [(1)]	Other [(2)]	Balance at End of Year
			(In thousands)		
Allowance for doubtful accounts					
2004	$ 40,616	13,747	(10,503)	(453)	$ 43,407
2005	$ 43,407	5,658	(6,264)	1,599	$ 44,400
2006	$ 44,400	13,569	(6,964)	3,310	$ 54,315

(1) Uncollectible accounts written off, net of recoveries
(2) Impact of business combinations and foreign currency exchange adjustments

All other schedules are either not required, not applicable or the information is otherwise included.

(a)(3) LIST OF 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.

(4) Instruments defining the rights of security holders, including:

(i) Indenture dated June 1, 1986 between the registrant and JPMorgan Chase (formerly known as, or successor to, The Chase Manhattan Bank, Chemical Bank, and Manufacturers Hanover Trust Company), as Trustee (incorporated by reference to Exhibit 4(a) to Registration Statement No. 33-6721), and Supplemental Indenture dated as of August 1, 1989 between the registrant and JPMorgan Chase (formerly known as, or successor to, The Chase Manhattan Bank, Chemical Bank and Manufacturers Hanover Trust Company), as Trustee (incorporated by reference to Exhibit 4(c) to Post-Effective Amendment No. 3 to Registration Statement No. 33-6721), relating to:

the $300,000,000 – 8 7/8% Debentures due April 15, 2011,
the $300,000,000 – 8 3/8% Debentures due April 15, 2017,
the $300,000,000 – 8 1/8% Debentures due June 1, 2012,
the $250,000,000 – 7 1/8% Debentures due March 1, 2013,
the $350,000,000 – 7 1/2% Debentures due March 15, 2027,
the $200,000,000 – 6 3/4% Debentures due December 15, 2027,
the $250,000,000 – 6 7/8% Debentures due December 15, 2097,
the $196,210,000 – 5 7/8% Debentures due November 15, 2010,
the $300,000,000 – 6 5/8% Debentures due May 1, 2029,
the $400,000,000 – 7% Debentures due February 1, 2031,
the $500,000,000 – 5.935% Debentures due October 1, 2032, and
the $600,000,000 – 5.375% Debentures due September 15, 2035.

Copies of constituent instruments defining rights of holders of long-term debt of the Company and Subsidiaries, other than the Indentures specified herein, are not filed herewith, pursuant to Instruction (b)(4)(iii)(A) to Item 601 of Regulation S-K, because the total amount of securities authorized under any such instrument does not exceed 10% of the total assets of the Company and Subsidiaries on a consolidated basis. The registrant hereby agrees that it will, upon request by the Commission, furnish to the Commission a copy of each such instrument.

(10) Material Contracts--Copies of the Company's stock option and stock unit plans, deferred compensation plan, and savings and investment plans, pursuant to Instruction (b)(10)(iii)(A) to Item 601 of Regulation S-K, each of which is a management contract or compensation plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K, are incorporated herein by reference as follows:

(i) Exhibits 4(c) and 4(d) to Registration Statement No. 33-49409 on Form S-8 dated March 15, 1993 relating to the Archer Daniels Midland 1991 Incentive Stock Option Plan and Archer Daniels Midland Company Savings and Investment Plan.

(ii) Exhibits 4(c) and 4(d) to Registration Statement No. 333-39605 on Form S-8 dated November 5, 1997 relating to the ADM Savings and Investment Plan for Salaried Employees and the ADM Savings and Investment Plan for Hourly Employees.

(iii) The Archer-Daniels-Midland 1996 Stock Option Plan (incorporated by reference to Exhibit A to the Company’s Definitive Proxy Statement filed with the Securities and Exchange Commission on September 25, 1996 (File No. 1-44)).

(iv) The Archer-Daniels-Midland Company Amended and Restated Stock Unit Plan for Nonemployee Directors (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2004 (File No. 1-44)).

(v) Exhibits 4(c) and 4(d) to Registration Statement No. 333-75073 on Form S-8 dated March 26, 1999 relating to the ADM Employee Stock Ownership Plan for Salaried Employees and the ADM Employee Stock Ownership Plan for Hourly Employees.

(vi) The Archer-Daniels-Midland Company Incentive Compensation Plan (incorporated by reference to Exhibit A to the Company’s Definitive Proxy Statement filed with the Securities and Exchange Commission on September 15, 1999 (File No. 1-44)).

(vii) Exhibits 4.3 and 4.4 to Registration Statement No. 333-42612 on Form S-8 dated July 31, 2000 relating to the ADM 401(k) Plan for Salaried Employees and the ADM 401(k) Plan for Hourly Employees, as amended by Post-Effective Amendment No. 1 to Registration Statement No. 333-42612 on Form S-8 dated August 8, 2000.

(viii) ADM Deferred Compensation Plan for Selected Management Employees II (as adopted as of December 1, 2004) (incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2004 (File No. 1-44)).

(ix) ADM Supplemental Retirement Plan II (as adopted as of December 1, 2004) (incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2004 (File No. 1-44)).

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES - Continued

(x) The Archer-Daniels-Midland 2002 Incentive Compensation Plan (incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on September 25, 2002 (File No. 1-44)).

(xi) Management Compensation Arrangements (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-44)).

(xii) Form of Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-44)).

(xiii) Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-44)).

(xiv) Separation Agreement between Archer-Daniels-Midland Company and Paul B. Mulhollem dated September 29, 2005, filed on September 30, 2005 as Exhibit 10 to the Company's Current Report on Form 8-K (File No. 1-44)

(xv) Agreement Regarding Terms of Employment dated April 27, 2006 with Patricia A. Woertz, filed on May 1, 2006 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-44).

(xvi) Transition Agreement between Archer-Daniels-Midland Company and G. Allen Andreas dated May 5, 2006 filed on May 8, 2006 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-44).

(13) Portions of annual report to shareholders incorporated by reference

(21) Subsidiaries of the registrant

(23) Consent of independent registered public accounting firm

(24) Powers of attorney

(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 Section 13 or 15(d) 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.

Date: September 8, 2006

ARCHER-DANIELS-MIDLAND COMPANY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on September 8, 2006, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ P. A. Woertz
P. A. Woertz,
Chief Executive Officer, President and Director
(Principal Executive Officer)

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

/s/ S. R. Mills
S. R. Mills
Group Vice President and Controller
(Controller)

/s/ G. A. Andreas
G. A. Andreas*,
Chairman of the Board
Director

/s/ A. L. Boeckmann
A. L. Boeckmann*,
Director

/s/ M. H. Carter
M. H. Carter*,
Director

/s/ R. S. Joslin
R. S. Joslin *,
Director

/s/ A. Maciel
A. Maciel*,
Director

/s/ P. J. Moore
P. J. Moore*,
Director

/s/ M. B. Mulroney
M. B. Mulroney*,
Director

/s/ T. F. O’Neill
T. F. O’Neill*,
Director

/s/ O. G. Webb
O. G. Webb*,
Director

/s/ K. R. Westbrook
K. R. Westbrook*,
Director

/s/ D. J. Smith
Attorney-in-Fact

*Powers of Attorney authorizing D. J. Schmalz, S. R. Mills and D. J. Smith, and each of them, to sign the Form 10-K on behalf of the above-named officers and directors of the Company, copies of which are being filed with the Securities and Exchange Commission.

Exhibit 13

MANAGEMENT'S DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION – JUNE 30, 2006

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. Refined oil can be further processed for use in the production of biodiesel. 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.

Operating Performance Indicators

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."

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, changes in agricultural commodity prices 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.

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 countries. For the majority 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 foreign currencies, 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 unpredictable factors, the Company does not provide forward-looking information in "Management's Discussion of Operations and Financial Condition."

2006 COMPARED TO 2005

As an agricultural-based commodity business, the Company is subject to a variety of market factors which affect the Company's operating results. Strong biodiesel demand in Europe continued to create increased vegetable oil demand and has positively impacted rapeseed crushing margins in Europe. Abundant oilseed supplies and strong protein meal demand have positively impacted oilseed crushing margins in North America. A good corn supply resulting in lower price levels for corn favorably impacted corn processing operations, while ethanol experienced good demand due to gasoline refiners replacing MTBE with ethanol. Solid demand for sweetener and starch products has also improved corn processing results. During the first half of 2006, hurricanes in the gulf coast region of the United States disrupted North American grain origination and agricultural commodity export operations, negatively impacting export sales volumes. The gulf coast hurricanes also disrupted river transportation, resulting in increased barge demand and barge freight rates.

Net earnings increased principally due to improved operating results of Oilseeds Processing and Corn Processing. In addition, net earnings also increased due to a $36 million reduction in income tax expense related to the recognition of federal and state income tax credits and adjustments resulting from the reconciliation of filed tax returns to the previously estimated tax provision. Earnings before income taxes include charges of $31 million resulting from the Company's adoption of Statement of Financial Accounting Standards (SFAS) Number 123(R), *Share Based Payment*, $15 million resulting from the Company's adoption of Financial Accounting Standards Board Interpretation Number 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB statement No 143* (FIN 47), $71 million related to abandonment and write-down of long-lived assets, $9 million representing the Company's share of a charge for abandonment and write-down of long-lived assets reported by an unconsolidated affiliate of the Company, $12 million from the effect of changing commodity prices on LIFO inventory valuations, and $22 million associated with the closure of a citric acid plant and exiting the European animal feed business. Earnings before income taxes also include credits of $17 million from the sale of long-lived assets, $46 million related to Brazilian transactional tax credits, and $40 million related to realized securities gains. Last year's earnings before income taxes included credits of $114 million from the effect of changing commodity prices on LIFO inventory valuations, $114 million of realized securities gain from the sale of Tate & Lyle PLC shares, and $45 million representing the Company's equity share of the gain reported by the Company's unconsolidated affiliate, Compagnie Industrielle et Financiere des Produits Amylaces SA (CIP), upon the sale of its interest in Tate & Lyle PLC (the "CIP Gain"). Last year's earnings before income taxes also include a $42 million charge for abandonment and write-down of long-lived assets.

ANALYSIS OF STATEMENTS OF EARNINGS

Net sales and other operating income increased 2% to $36.6 billion due primarily to higher average selling prices of agricultural commodities and increased sales volumes and selling prices of corn processing products, partially offset by decreased average selling prices of cocoa products and currency exchange rate decreases of $415 million.

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

	2006	**2005**	**Change**
		(In thousands)	
Oilseeds Processing	**$11,866,895**	$11,803,309	$ 63,586
Corn Processing			
Sweeteners and Starches	**2,133,115**	1,905,218	227,897
Bioproducts	**2,726,968**	2,458,706	268,262
Total Corn Processing	**4,860,083**	4,363,924	496,159
Agricultural Services	**15,439,567**	15,198,831	240,736
Other			
Food and Feed Ingredients	**4,354,267**	4,505,788	(151,521)
Financial	**75,299**	71,958	3,341
Total Other	**4,429,566**	4,577,746	(148,180)
Total	**$36,596,111**	$35,943,810	$ 652,301

Oilseeds Processing sales increased $64 million to $11.9 billion principally due to higher average selling prices of South American oilseed exports and of vegetable oil. These increases were partially offset by lower average selling prices of protein meal. Corn Processing sales increased 11% to $4.9 billion due to sales increases in both Sweeteners and Starches and Bioproducts. Sweeteners and Starches sales increased due to higher average selling prices and sales volumes. Sales volumes and prices have increased primarily due to solid demand for sweetener and starch products. Bioproducts sales increased primarily due to increased sales volumes and average selling prices of ethanol, partially offset by lower average selling prices of lysine. The increases in ethanol sales volumes and sales prices were principally due to increased demand from gasoline refiners as refiners used ethanol to replace MTBE as a gasoline additive and to increased gasoline prices. Agricultural Services sales increased 2% to $15.4 billion primarily due to increased commodity prices in North America and, to a lesser extent, increased barge freight rates as the gulf coast hurricanes reduced barge capacities and created strong demand for North American river transportation. These increases were partially offset by decreased commodity sales volumes in North America. The decreased sales volumes were primarily due to disruptions in North American grain origination and export activities caused by the hurricanes in the gulf coast region. Other sales decreased 3% to $4.4 billion primarily due to decreased average selling prices of cocoa products and lower sales volumes of formula feed products. These decreases were partially offset by increased average selling prices of wheat flour products due to higher commodity prices.

Cost of products sold increased $118 million to $33.6 billion due primarily to higher average prices of agricultural commodities and increased manufacturing costs, partially offset by currency exchange rate decreases of $389 million. Manufacturing costs increased $399 million primarily due to increased energy costs, a charge for abandonment and write-down of long-lived assets, and increased employee-related costs.

Selling, general, and administrative expenses increased $112 million to $1.2 billion principally due to increased employee-related costs, including a $31 million charge related to the adoption of SFAS 123(R), $20 million of severance costs associated with the closure of a citric acid plant, and increased provisions for doubtful accounts.

Other income decreased $84 million due primarily to a $73 million decrease in realized securities gains, a $55 million decrease in equity in earnings of affiliates, and a $39 million increase in interest expense, partially offset by a $69 million increase in investment income. The decrease in realized securities gains is primarily due to last year's $114 million realized securities gain from the sale of Tate & Lyle PLC shares, partially offset by $40 million of realized securities gains during 2006. The decrease in equity in earnings of affiliates is primarily due to last year's CIP Gain and lower valuations of the Company's private equity fund investments, partially offset by improved earnings of the Company's Asian oilseed crushing ventures. Interest expense increased primarily due to higher average borrowing levels and interest rates. Investment income increased primarily due to the reversal of $19 million of Brazilian transactional taxes previously assessed on investment income upon positive resolution in the Brazilian Supreme Court, higher levels of invested funds, and higher interest rates.

Operating profit by segment is as follows:

	2006	2005	Change
		(In thousands)	
Oilseeds Processing	**$ 598,415**	$ 344,654	$ 253,761
Corn Processing			
Sweeteners and Starches	**431,662**	271,487	160,175
Bioproducts	**445,696**	258,746	186,950
Total Corn Processing	**877,358**	530,233	347,125
Agricultural Services	**275,469**	261,659	13,810
Other			
Food and Feed Ingredients	**159,123**	263,617	(104,494)
Financial	**150,826**	150,777	49
Total Other	**309,949**	414,394	(104,445)
Total Segment Operating Profit	**2,061,191**	1,550,940	510,251
Corporate	**(205,941)**	(34,565)	(171,376)
Earnings Before Income Taxes	**$1,855,250**	$1,516,375	$ 338,875

Oilseeds Processing operating profits increased $254 million to $598 million primarily due to improved market conditions in all geographic regions. European processing results improved principally due to strong demand for biodiesel and abundant rapeseed supplies in Europe. This strong demand for biodiesel in Europe increased European vegetable oil demand and resulted in improved oilseeds processing results. Abundant rapeseed supplies in Europe resulted in lower rapeseed price levels. North American processing results improved principally due to abundant oilseed supplies in the United States and good demand for soybean meal. Vegetable oil values were solid as the markets anticipate new demand from the developing U.S. biodiesel industry. South American operating results increased primarily due to improved origination activities and a $27 million credit for Brazilian transactional taxes. Operating results in Asia increased due to improved soy crushing margins and improved palm operations. Operating profits include a $14 million charge for abandonment and write-down of long-lived assets and a $6 million charge related to the adoption of FIN 47. Last year's operating profits include a charge of $13 million for abandonment and write-down of long-lived assets.

Corn Processing operating profits increased $347 million to $877 million primarily due to higher average selling prices, increased sales volumes, and lower net corn costs, partially offset by increased energy costs. Sweeteners and Starches operating profits increased $160 million due primarily to decreased net corn costs and higher average sales prices and sales volumes. Sales volumes and prices have increased primarily due to good demand for sweetener and starch products. These increases were partially offset by increased energy costs. Sweeteners and Starches operating profits include a $5 million charge related to the adoption of FIN 47. Bioproducts operating profits increased $187 million primarily due to higher ethanol sales volumes and average selling prices and decreased net corn costs, partially offset by increased energy costs and lower lysine average selling prices. The increases in ethanol sales volumes and average sales prices were principally due to increased demand from gasoline refiners as refiners used ethanol to replace MTBE as a gasoline additive and from increased gasoline prices. Bioproducts operating profits include a $6 million charge for abandonment and write-down of long-lived assets, a $2 million charge related to the adoption of FIN 47, and $6 million of costs related to the closure of a citric acid plant. Last year's Bioproducts operating profits include a $16 million charge for abandonment and write-down of long-lived assets.

Agricultural Services operating profits increased $14 million to $275 million as improved results from transportation operations were partially offset by a decline in global grain merchandising and North American origination operating results. North American river transportation operating results increased primarily due to increased barge freight rates created by strong demand for barge capacity. This increase was partially offset by increased fuel costs. The gulf coast hurricanes negatively impacted North American origination and export activities during the first half of 2006.

Other operating profits decreased $104 million to $310 million. Other – Food and Feed Ingredient operating results decreased $104 million due primarily to a $51 million charge for abandonment and write-down of long-lived assets, a $2 million charge related to the adoption of FIN 47, and a $9 million charge representing the Company's share of a charge for abandonment and write-down of long-lived assets reported by an unconsolidated affiliate of the Company. In addition, cocoa processing, natural health and nutrition, and formula feed operating results declined from prior year levels. Cocoa processing operating results declined primarily due to increased industry capacity which caused downward pressure on cocoa finished product prices. Formula feed operating results declined due to costs associated with exiting the European animal feed business. Other – Food and Feed Ingredients operating profits include a $17 million gain from the sale of long-lived assets. Last year's Other – Food and Feed Ingredient operating results include a $13 million charge for abandonment and write-down of long-lived assets. Other – Financial operating profits are comparable to prior year levels as improvements in the Company's captive insurance operations and futures commission merchant business offset lower valuations of the Company's private equity fund investments.

Corporate decreased $171 million due primarily to a $102 million decrease in income from the effect of changing commodity prices on LIFO inventory valuations, last year's $114 million realized securities gain from the sale of Tate & Lyle PLC shares, last year's CIP Gain, and a $22 million charge upon the adoption of SFAS 123(R), partially offset by the aforementioned $19 million reversal of Brazilian transactional taxes and a $97 million reduction in unallocated interest expense. The reduction in unallocated interest expense is due principally to higher levels of invested funds and higher interest rates.

Income taxes increased due principally to higher pretax earnings. This increase was partially offset by a $36 million reduction in income tax expense related to the recognition of federal and state income tax credits and adjustments resulting from the reconciliation of filed tax returns to the previously estimated tax provision. The Company's effective tax rate for 2006 was 29.3% as compared to 31.1% for 2005. Excluding the effect of the $36 million tax credit, the Company's effective tax rate was 31.2% for 2006 and, after excluding the effect of the CIP Gain, was 32.1% for 2005. No tax was provided on the CIP Gain in the prior year, as CIP is a corporate joint venture of the Company and permanently reinvested the proceeds from the sale. Excluding the effect of the $36 million tax credit in 2006 and the CIP Gain in 2005, the decrease in the Company's effective tax rate is primarily due to changes in the geographic mix of pretax earnings.

2005 COMPARED TO 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 2005, oilseed crushing margins in Europe improved due to increased biodiesel and vegetable oil demand and lower rapeseed costs due to the large European crop. Oilseed crushing margins in North America were adversely affected by a limited near-term soybean supply resulting from strong demand 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. Increased lysine production capacity in China created excess supplies of lysine which reduced selling prices and related margins. The record United States corn and soybean crops 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 have balanced the supply and demand levels for agricultural commodities, reducing global grain merchandising opportunities.

Net earnings for fiscal 2005 increased principally due to the absence of last year's fructose litigation settlement expense of $400 million, $114 million of income in the current year as compared to a $119 million charge in the prior year from the effect of commodity price changes on LIFO inventory valuations, the CIP Gain, and $114 million of realized securities gains from the sale of the Company's interest in Tate & Lyle PLC shares. Improved operating results of Oilseeds Processing, Agricultural Services, and Other – Financial also contributed to the improvement in net earnings. 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. Net earnings include a $42 million and $51 million charge for abandonment and write-down of long-lived assets in 2005 and 2004, respectively, which principally represents the write-down of abandoned idle assets to their estimated salvage values. Last year's results include 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 decreased slightly to $35.9 billion principally due to lower average selling prices of agricultural commodities. This decrease was partially offset by currency exchange rate increases of $962 million, increased sales volumes of agricultural commodities, and increased average selling prices of ethanol and corn sweeteners.

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

	2005	**2004**	**Change**
		(In thousands)	
Oilseeds Processing	$11,803,309	$12,049,250	$(245,941)
Corn Processing			
Sweeteners and Starches	1,905,218	1,736,526	168,692
Bioproducts	2,458,706	2,268,655	190,051
Total Corn Processing	4,363,924	4,005,181	358,743
Agricultural Services	15,198,831	15,638,341	(439,510)
Other			
Food and Feed Ingredients	4,505,788	4,386,246	119,542
Financial	71,958	72,376	(418)
Total Other	4,577,746	4,458,622	119,124
Total	$35,943,810	$36,151,394	$(207,584)

Oilseeds Processing sales decreased 2% to $11.8 billion primarily due to decreased sales volumes and lower average selling prices of oilseed exports and lower average selling prices of protein meal. These decreases were partially offset by increased sales volumes and higher average selling prices of vegetable oil. Corn Processing sales increased 9% to $4.4 billion 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 3% to $15.2 billion principally due to lower average commodity prices in North America, decreased sales volumes of global grain merchandising activities, and decreased sales volumes of North American wheat and corn. These decreases were partially offset by increased sales volumes of North American soybeans. Other sales increased 3% to $4.6 billion primarily due to increased average selling prices of wheat flour products.

Cost of products sold decreased 1% to $33.5 billion primarily due to lower average prices of agricultural commodities, partially offset by currency exchange rate increases of $916 million and higher sales volumes of agricultural commodities. Manufacturing costs increased $383 million primarily due to increased energy and personnel-related costs. Manufacturing costs for 2005 and 2004 include a $42 million and $51 million charge, respectively, for abandonment and write-down of long-lived assets.

Selling, general, and administrative expenses decreased $321 million to $1.1 billion principally due to the absence of last year's fructose litigation settlement expense of $400 million. Excluding the effect of the fructose litigation expense, selling, general, and administrative expenses increased $79 million principally due to increased employee-related costs, including pensions, and auditing fees. These increases were partially offset by reduced legal expenses and provisions for doubtful accounts.

Other income increased $194 million due primarily to $114 million of realized securities gains from the sale of the Company's interest in Tate & Lyle PLC shares and a $48 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 decreased $15 million due principally to lower average borrowing levels. Investment income increased $19 million primarily due to increased average investment levels.

Operating profit by segment is as follows:

	2005	2004	Change
		(In thousands)	
Oilseeds Processing	$ 344,654	$ 290,732	$ 53,922
Corn Processing			
Sweeteners and Starches	271,487	318,369	(46,882)
Bioproducts	258,746	342,578	(83,832)
Total Corn Processing	530,233	660,947	(130,714)
Agricultural Services	261,659	249,863	11,796
Other			
Food and Feed Ingredients	263,617	260,858	2,759
Financial	150,777	98,611	52,166
Total Other	414,394	359,469	54,925
Total Segment Operating Profit	1,550,940	1,561,011	(10,071)
Corporate	(34,565)	(843,000)	808,435
Earnings Before Income Taxes	$1,516,375	$ 718,011	$ 798,364

Oilseeds Processing operating profits increased 19% to $345 million due primarily to improved operating results in Europe resulting from improved crop conditions and good biodiesel demand, as well as to improved South American oilseed origination results. These increases were partially offset by lower operating results of the Company's North American oilseed crushing 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. Industry overcapacity in South America continues to have an adverse effect on oilseed crushing margins. Operating profits include a charge of $13 million and $4 million for abandonment and write-down of long-lived assets in 2005 and 2004, respectively.

Corn Processing operating profits decreased 20% to $530 million as higher net corn costs, higher energy costs, and lower lysine average selling prices negatively impacted operating results. Sweeteners and Starches operating profits decreased $47 million principally 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 $84 million principally due to lower lysine average selling prices. Lysine average selling prices are lower due to increased supply from China. 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. Bioproducts operating profits include a charge of $16 million and $14 million for abandonment and write-down of long-lived assets in 2005 and 2004, respectively.

Agricultural Services operating profits increased 5% to $262 million principally due to improved North American origination and transportation operating results. The record United States corn and soybean crops provided the Company with the opportunity for solid storage, transportation, origination, and marketing profits. These increases were partially offset by lower global grain merchandising 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 related products. Last year's operating profits include a $5 million charge for abandonment and write-down of long-lived assets.

Other operating profits increased 15% to $414 million. Other – Food and Feed Ingredient operating profits were comparable to the prior year, while Other – Financial operating profits increased $52 million primarily due to improved results of the Company's captive insurance operations and improved valuations of the Company's private equity fund investments. Last year's captive insurance results included a loss incurred from a fire at a Company-owned cocoa finished products warehouse. Other – Food and Feed Ingredient operating profits include charges of $13 million in both 2005 and 2004 for abandonment and write-down of long-lived assets.

Corporate improved $808 million to $35 million primarily due to the absence of last year's fructose litigation settlement expense of $400 million, the CIP Gain, $114 million of income in the current year as compared to a $119 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. This increase was partially offset by the effect of the CIP Gain. No tax has been provided on the CIP Gain as CIP, a corporate joint venture of the Company, intends to permanently reinvest the proceeds from the sale. The Company's effective tax rate, excluding the effect of the CIP Gain, was 32.1% compared to 31.1% 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 result of tax benefits derived from the majority of the Company's tax planning initiatives being fixed in nature.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective is to have sufficient liquidity, balance sheet strength, and financial flexibility to fund the operating and capital requirements of a capital intensive agricultural-based commodity business.

At June 30, 2006, the Company continued to show substantial liquidity with working capital of $5.7 billion and a current ratio, defined as current assets divided by current liabilities, of 1.9 to 1. Included in working capital is $1.1 billion of cash, cash equivalents, and short-term marketable securities as well as $3.2 billion of readily marketable commodity inventories. Cash generated from operating activities totaled $1.4 billion for the year compared to $2.1 billion last year. This decrease was primarily due to an increase in working capital principally related to the impact of increased inventory levels of commodity-based agricultural raw materials and a $186 million increase in pension contributions. Cash used in investing activities increased $767 million for the year to $1.1 billion due primarily to last year's sale of Tate & Lyle PLC shares and increased investments in acquired businesses, affiliates, and capital expenditures. Cash generated by financing activities was $283 million compared to cash used in financing activities of $1.8 billion last year. Net long-term borrowings increased primarily as a result of the issuance of $600 million of 30-year debentures in September 2005. Borrowings under line of credit agreements were $105 million in 2006 compared to payments of $1.4 billion in 2005 due principally to increased working capital requirements resulting from increased levels of commodity-based agricultural raw materials. Purchases of the Company's common stock decreased $137 million. Cash dividends paid in 2006 were $242 million as compared to $209 million in 2005.

Capital resources were strengthened as shown by the increase in the Company's net worth from $8.4 billion to $9.8 billion. The Company's ratio of long-term debt to total capital (the sum of the Company's long-term debt and shareholders' equity) was 29% at June 30, 2006 and 30% at June 30, 2005. This ratio is a measure of the Company's long-term liquidity and is an indicator of financial flexibility. The Company currently has $3.6 billion of commercial paper and commercial bank lines available to meet seasonal cash requirements of which $2.4 billion are committed and $1.2 billion are uncommitted. At June 30, 2006, the Company had $549 million of short-term debt outstanding. Standard & Poor's and Moody's rate the Company's commercial paper as A-1 and P-1, respectively, and rate the Company's long-term debt as A+ and A2, respectively. In addition to the cash flow generated from operations, the Company has access to equity and debt capital through numerous alternatives from public and private sources in domestic and international markets.

Contractual Obligations and Off-Balance Sheet Arrangements

In the normal course of business, the Company enters into contracts and commitments which obligate the Company to make payments in the future. The table below sets forth the Company's significant future obligations by time period. This table includes commodity-based contracts entered into in the normal course of business which are further described in the "Market Risk Sensitive Instruments and Positions" section of "Management's Discussion of Operations and Financial Condition" and energy-related purchase contracts entered into in the normal course of business. Where applicable, information included in the Company's consolidated financial statements and notes is cross-referenced in this table.

			Payments Due by Period			
Contractual Obligations	Note Reference	Total	Less than 1 Year	2 – 3 Years	4 – 5 Years	Over 5 Years
			(In thousands)			
Purchases						
Inventories		$ 7,508,250	$7,132,075	$ 364,096	$ 12,079	$ –
Energy		469,311	239,648	213,457	13,324	2,882
Other		675,142	155,285	194,450	154,404	171,003
Total purchases		8,652,703	7,527,008	772,003	179,807	173,885
Short-term debt		549,419	549,419	–	–	–
Long-term debt	Note 6	4,195,740	66,002	96,030	551,037	3,482,671
Capital leases	Note 6	26,710	13,766	12,790	154	-
Estimated interest payments		6,120,190	317,300	562,811	544,932	4,695,147
Operating leases	Note 11	377,828	77,457	108,427	56,331	135,613
Total		$19,922,590	$8,550,952	$1,552,061	$1,332,261	$8,487,316

At June 30, 2006, the Company estimates it will spend approximately $3.1 billion over the next four years to complete approved capital projects and acquisitions. The Company is a limited partner in various private equity funds which invest primarily in emerging markets. At June 30, 2006, the Company's carrying value of these limited partnership investments was $224 million. The Company has future capital commitments related to these partnerships of $138 million and expects the majority of these additional capital commitments, if called for, to be funded by cash flows generated by the partnerships. The Company also has outstanding letters of credit and surety bonds of $334 million at June 30, 2006.

In addition, the Company has entered into agreements, primarily debt guarantee agreements related to equity-method investees, which could obligate the Company to make future payments. The Company's liability under these agreements arises only if the primary entity fails to perform its contractual obligation. The Company has collateral for a portion of these contingent obligations. At June 30, 2006, these contingent obligations totaled approximately $250 million. Amounts outstanding under these contingent obligations were $159 million at June 30, 2006.

Critical Accounting Policies

The process of preparing financial statements requires management to make estimates and judgments that affect the carrying values of the Company's assets and liabilities as well as the recognition of revenues and expenses. These estimates and judgments are based on the Company's historical experience and management's knowledge and understanding of current facts and circumstances. Certain of the Company's accounting policies are considered critical, as these policies are important to the depiction of the Company's financial statements and require significant or complex judgment by management. Management has discussed with the Company's Audit Committee the development, selection, disclosure, and application of these critical accounting policies. Following are the accounting policies management considers critical to the Company's financial statements.

Inventories and Derivatives

Certain of the Company's merchandisable agricultural commodity inventories, forward fixed-price purchase and sale contracts, and exchange-traded futures and options contracts are valued at estimated market values. These merchandisable agricultural commodities are freely traded, have quoted market prices, and may be sold without significant additional processing. Management estimates market value based on exchange-quoted prices, adjusted for differences in local markets. Changes in the market values of these inventories and contracts are recognized in the statement of earnings as a component of cost of products sold. If management used different methods or factors to estimate market value, amounts reported as inventories and cost of products sold could differ. Additionally, if market conditions change subsequent to year-end, amounts reported in future periods as inventories and cost of products sold could differ.

The Company, from time to time, uses derivative contracts to fix the purchase price of anticipated volumes of commodities to be purchased and processed in a future month, to fix the purchase price of the Company's anticipated natural gas requirements for certain production facilities, and to fix the sales price of anticipated volumes of ethanol. These derivative contracts are designated as cash flow hedges. The change in the market value of such derivative contracts has historically been, and is expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. Gains and losses arising from open and closed hedging transactions are deferred in other comprehensive income, net of applicable income taxes, and recognized as a component of cost of products sold in the statement of earnings when the hedged item is recognized. If it is determined that the derivative instruments used are no longer effective at offsetting changes in the price of the hedged item, then the changes in the market value of these exchange-traded futures contracts would be recorded in the statement of earnings as a component of cost of products sold.

Employee Benefit Plans

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. In order to measure the expense and funded status of these employee benefit plans, management makes several estimates and assumptions, including interest rates used to discount certain liabilities, rates of return on assets set aside to fund these plans, rates of compensation increases, employee turnover rates, anticipated mortality rates, and anticipated future health care costs. These estimates and assumptions are based on the Company's historical experience combined with management's knowledge and understanding of current facts and circumstances. Management also uses third-party specialists to assist in measuring the expense and funded status of these employee benefit plans. If management used different estimates and assumptions regarding these plans, the funded status of the plans could vary significantly, and the Company could recognize different amounts of expense over future periods.

Income Taxes

The Company frequently faces challenges from domestic and foreign tax authorities regarding the amount of taxes due. These challenges include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various tax filing positions, the Company records reserves for probable exposures. Deferred tax assets represent items to be used as tax deductions or credits in future tax returns, and the related tax benefit has already been recognized in the Company's income statement. Realization of certain deferred tax assets reflects the Company's tax planning strategies. Valuation allowances related to these deferred tax assets have been established to the extent the realization of the tax benefit is not probable. Based on management's evaluation of the Company's tax position, it is believed the amounts related to these tax exposures are appropriately accrued. To the extent the Company were to favorably resolve matters for which accruals have been established or be required to pay amounts in excess of the aforementioned reserves, the Company's effective tax rate in a given financial statement period may be impacted.

Undistributed earnings of the Company's foreign subsidiaries and affiliated corporate joint ventures accounted for on the equity method are considered to be permanently reinvested, and accordingly, no provision for U.S. income taxes has been provided thereon. If the Company were to receive distributions from any of these foreign subsidiaries or affiliates or determine the undistributed earnings of these foreign subsidiaries or affiliates to not be permanently reinvested, the Company could be subject to U.S. tax liabilities which have not been provided for in the consolidated financial statements.

Asset Abandonments and Write-Downs

The Company is principally engaged in the business of procuring, transporting, storing, processing, and merchandising agricultural commodities and products. This business is global in nature and is highly capital-intensive. Both the availability of the Company's raw materials and the demand for the Company's finished products are driven by unpredictable factors such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in population growth, changes in standards of living, and production of similar and competitive crops. These aforementioned unpredictable factors, therefore, may cause a shift in the supply/demand dynamics for the Company's raw materials and final products. Any such shift will cause management to evaluate the efficiency and profitability of the Company's fixed asset base in terms of geographic location, size, and age of its factories. The Company, from time to time, will also invest in equipment and technology related to new, value-added products produced from agricultural commodities and products. These new products are not always successful from either a commercial production or marketing perspective. Management evaluates the Company's property, plant, and equipment for impairment whenever indicators of impairment exist. Assets are abandoned after consideration of the ability to utilize the assets for their intended purpose or to employ the assets in alternative uses or sell the assets to recover the carrying value. If management used different estimates and assumptions in its evaluation of this fixed asset base, then the Company could recognize different amounts of expense over future periods.

Valuation of Marketable Securities and Investments in Affiliates

The Company classifies the majority of its marketable securities as available-for-sale and carries these securities at fair value. Investments in affiliates are carried at cost plus equity in undistributed earnings. For publicly traded securities, the fair value of the Company's investments is readily available based on quoted market prices. For non-publicly traded securities, management's assessment of fair value is based on valuation methodologies including discounted cash flows and estimates of sales proceeds. In the event of a decline in fair value of an investment below carrying value, management may be required to determine if the decline in fair value is other than temporary. In evaluating the nature of a decline in the fair value of an investment, management considers the market conditions, trends of earnings, discounted cash flows, trading volumes, and other key measures of the investment as well as the Company's ability and intent to hold the investment. When such a decline in value is deemed to be other than temporary, an impairment loss is recognized in the current period operating results to the extent of the decline. See Notes 2 and 4 to the Company's consolidated financial statements for information regarding the Company's marketable securities and investments in affiliates. If management used different estimates and assumptions in its evaluation of these marketable securities, then the Company could recognize different amounts of expense over future periods.

The Company is a limited partner in various private equity funds which invest primarily in emerging markets. The Company accounts for these limited partnerships using the equity method of accounting. Therefore, the Company is recording in the consolidated statement of earnings its proportional share of the limited partnerships' net income or loss. The limited partnerships value their investments at fair value. Thus, unrealized gains and losses related to the change in fair value of these investments are recorded in the limited partnerships' statements of earnings. The valuation of these investments, as determined by the general partner, can be subjective, and the values may vary significantly. Some of the factors causing the subjectivity and volatility of these valuations include the illiquidity and minority positions of these investments, currency exchange rate fluctuations, less-regulated securities exchanges, and the inherent business risks and limitations present in the emerging market countries. The Company records the results of these limited partnerships based on the information provided to the Company by the general partner. Due to the subjectivity and volatility in valuing these investments, the fair value of these investments, and thus the Company's results, could vary significantly over future periods.

MARKET RISK SENSITIVE INSTRUMENTS AND POSITIONS

The market risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in commodities futures prices, marketable equity security prices, market prices of limited partnerships' investments, foreign currency exchange rates, and interest rates as described below.

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. To reduce price risk caused by market fluctuations, the Company generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Company will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly impacted by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, counterparty contracts defaults, and volatility of freight markets. In addition, the Company from time-to-time enters into derivative contracts which are designated as hedges of specific volumes of commodities that will be purchased and processed, or sold, in a future month. The changes in the market value of such futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. Gains and losses arising from open and closed hedging transactions are deferred in other comprehensive income, net of applicable taxes, and recognized as a component of cost of products sold in the statement of earnings when the hedged item is recognized.

A sensitivity analysis has been prepared to estimate the Company's exposure to market risk of its daily net commodity position. The Company's daily net commodity position consists of inventories, related purchase and sale contracts, and exchange-traded futures contracts, including those contracts used to hedge portions of production requirements. The fair value of such daily net commodity 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% adverse change in such prices. Actual results may differ.

	2006		2005	
	Fair Value	Market Risk	Fair Value	Market Risk
	(In millions)			
Highest long position	$ 510	$ 51	$ 226	$ 23
Highest short position	574	57	944	94
Average position long (short)	(203)	(20)	(300)	(30)

The change in fair value of the average position for 2006 compared to 2005 was principally a result of a decrease in the daily net commodity position, partially offset by increased commodity prices.

Marketable Equity Securities

Marketable equity securities, which are recorded at fair value, have exposure to price risk. The fair value of marketable equity securities is based on quoted market prices. Risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in quoted market prices. Actual results may differ.

	2006	2005
	(In millions)	
Fair value	$ 640	$ 664
Market risk	64	66

The decrease in fair value for 2006 compared to 2005 resulted primarily from disposals of securities and decreased fair market value of the securities.

Limited Partnerships

The Company is a limited partner in various private equity funds which invest primarily in emerging markets. The Company accounts for these limited partnerships using the equity method of accounting. Therefore, the Company is recording in the consolidated statement of earnings its proportional share of the limited partnerships' net income or loss. The limited partnerships value their investments at fair value. Risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in market prices of the limited partnerships' investments. Actual results may differ.

	2006	2005
	(In millions)	
Fair value of partnerships' investments	$210	$ 290
Market risk	21	29

The decrease in fair value for 2006 compared to 2005 resulted primarily from returns of capital.

Currencies

In order to reduce the risk of foreign currency exchange rate fluctuations, except for amounts permanently invested as described below, the Company follows a policy of hedging substantially all transactions denominated in a currency other than the functional currencies applicable to each of its various entities. The instruments used for hedging are readily marketable exchange-traded futures contracts and forward contracts with banks. The changes in market value of such contracts have a high correlation to the price changes in the currency of the related hedged transactions. The potential loss in fair value for such net currency position resulting from a hypothetical 10% adverse change in foreign currency exchange rates is not material.

The amount the Company considers permanently invested in foreign subsidiaries and affiliates and translated into dollars using the year-end exchange rates is $4.5 billion at June 30, 2006 and $4.0 billion at June 30, 2005. This increase is principally due to an increase in retained earnings of the foreign subsidiaries and affiliates. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates is $454 million and $397 million for 2006 and 2005, respectively. Actual results may differ.

Interest

The fair value of the Company's long-term debt is estimated using quoted market prices, where available, and discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. Such fair value exceeded the long-term debt carrying value. Market risk is estimated as the potential increase in fair value resulting from a hypothetical .5 % decrease in interest rates. Actual results may differ.

	2006	2005
	(In millions)	
Fair value of long-term debt	$ 4,387	$ 4,532
Excess of fair value over carrying value	257	779
Market risk	218	229

The decrease in fair value for the current year resulted principally from increased interest rates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is principally engaged in procuring, transporting, storing, processing, and merchandising agricultural commodities and products.

Principles of Consolidation

The consolidated financial statements as of June 30, 2006 and for the three years then ended include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Investments in affiliates are carried at cost plus equity in undistributed earnings since acquisition.

The Company evaluates its less than majority-owned investments for consolidation pursuant to Financial Accounting Standards Board (FASB) Interpretation Number 46, *Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51* (FIN 46). A variable interest entity (VIE) is a corporation, partnership, trust, or any other legal structure used for business purposes that does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires a VIE to be consolidated by a company if that company is the primary beneficiary of the VIE. The primary beneficiary of a VIE is an entity that is subject to a majority of the risk of loss from the VIE's activities or entitled to receive a majority of the entity's residual returns, or both. As of June 30, 2006, the Company has $224 million of investments in private equity funds included in investments in affiliates which are considered VIEs pursuant to FIN 46. The Company's residual risk and rewards from these VIEs are proportional to the Company's ownership interest and the Company is not the primary beneficiary of any of these VIEs. Therefore, the Company does not consolidate any of these VIEs.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in its consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all non-segregated, highly-liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Segregated Cash and Investments

The Company segregates certain cash and investment balances in accordance with certain regulatory requirements, commodity exchange requirements, and insurance arrangements. These segregated balances represent deposits received from customers trading in exchange-traded commodity instruments, securities pledged to commodity exchange clearinghouses, and cash and securities pledged as security under certain insurance arrangements. Segregated cash and investments primarily consist of cash, U.S. government securities, and money-market funds.

Receivables

The Company records trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts, $54 million at June 30, 2006, to reflect any loss anticipated on the trade accounts receivable balances. The Company calculates this allowance based on its history of write-offs, level of past-due accounts, and its relationships with, and the economic status of, its customers.

Credit risk on trade receivables is minimized as a result of the large and diversified nature of the Company's worldwide customer base. The Company controls its exposure to credit risk through credit approvals, credit limits, and monitoring procedures. Collateral is generally not required for the Company's trade receivables.

Inventories

Inventories of certain merchandisable agricultural commodities, which include amounts acquired under deferred pricing contracts, are stated at market value. In addition, the Company values certain inventories using the lower of cost, determined by either the first-in, first-out (FIFO) or last-in, first-out (LIFO) methods, or market.

Marketable Securities

The Company classifies its marketable securities as available-for-sale, except for certain designated securities which are classified as trading securities. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of income taxes, reported as a component of other comprehensive income (loss). Unrealized gains and losses related to trading securities are included in income on a current basis. The Company uses the specific identification method when securities are sold or reclassified out of accumulated other comprehensive income (loss) into earnings.

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost. Repair and maintenance costs are expensed as incurred. The Company generally uses the straight-line method in computing depreciation for financial reporting purposes and generally uses accelerated methods for income tax purposes. The annual provisions for depreciation have been computed principally in accordance with the following ranges of asset lives: buildings - 10 to 50 years; machinery and equipment - 3 to 30 years.

Asset Abandonments and Write-Downs

The Company recorded a $61 million, a $42 million, and a $51 million charge in cost of products sold during 2006, 2005, and 2004, respectively, principally related to the abandonment and write-down of certain long-lived assets. In addition, the Company recorded a $9 million loss in equity in earnings of affiliates during 2006 representing the Company's share of a charge for abandonment and write-down of long-lived assets reported by an unconsolidated affiliate of the Company. The majority of these assets were idle or related to underperforming product lines, and the decision to abandon was finalized after consideration of the ability to utilize the assets for their intended purpose, employ the assets in alternative uses, or sell the assets to recover the carrying value. After the write-downs, the carrying value of these assets is immaterial.

Net Sales

The Company follows a policy of recognizing sales revenue at the time of delivery of the product and when all of the following have occurred: a sales agreement is in place, pricing is fixed or determinable, and collection is reasonably assured. Freight costs and handling charges related to sales are recorded as a component of cost of products sold. Net sales to unconsolidated affiliates during 2006 and 2005 were $3.1 billion and $2.9 billion, respectively.

Per Share Data

Basic earnings per common share are determined by dividing net earnings by the weighted average number of common shares outstanding. In computing diluted earnings per share, the weighted average number of common shares outstanding is increased by common stock options outstanding with exercise prices lower than the average market prices of common shares. During 2006, 2005, and 2004, diluted average shares outstanding included incremental shares related to outstanding common stock options of 2.7 million, 1.9 million, and 2.1 million, respectively.

New Accounting Standards

In March 2005, the FASB issued FIN 47, *Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143*. FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS Number 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. However, the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. FIN 47 clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The Company adopted FIN 47 on July 1, 2005. As a result of adopting FIN 47, the Company recorded a long-term liability related to asset retirement obligations (ARO) of $18 million, increased property, plant, and equipment by $3 million, and recorded cumulative depreciation expense related to AROs of $15 million.

During July 2006, the FASB issued Interpretation Number 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum requirements a tax position must meet before being recognized in the financial statements. In addition, FIN 48 prohibits the use of SFAS Number 5, *Accounting for Contingencies,* in evaluating the recognition and measurement of uncertain tax positions. The Company will be required to adopt FIN 48 on July 1, 2007, and has not yet assessed the impact of the adoption of this standard on the Company's financial statements.

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 expense recognized during 2005 was the same as the expense 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. Effective July 1, 2005, the Company adopted the fair value recognition provisions of SFAS Number 123(R), *Share-Based Payment*, using the modified prospective transition method. Under the modified prospective transition method, compensation expense recognized during 2006 includes (a) compensation expense for all share-based payments granted prior to, but not yet vested as of, July 1, 2005 based on the grant date fair value estimated in accordance with the original provisions of SFAS Number 123, and (b) compensation expense for all share-based payments granted subsequent to July 1, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS Number 123(R). Results of prior periods have not been restated.

As a result of adopting SFAS Number 123(R), the Company's earnings before income taxes and net earnings for 2006, were $24 million and $15 million lower, respectively, than if the Company had continued to account for share-based compensation under SFAS Number 123. Basic and diluted earnings per share for 2006 were $.02 lower as a result of adopting SFAS Number 123(R).

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 restricted stock awards in each year.

	2006	2005	2004
	(In thousands, except per share amounts)		
Net earnings, as reported	**$1,312,070**	$1,044,385	$ 494,710
Add: stock-based compensation expense reported in net earnings, net of related tax	**41,834**	18,101	4,566
Deduct: stock-based compensation expense determined under fair value method, net of related tax	**41,834**	18,101	8,748
Pro forma net earnings	**$1,312,070**	$1,044,385	$ 490,528
Basic earnings per common share:			
As reported	**$2.01**	$1.60	$ .76
Pro forma	**$2.01**	$1.60	$ .76
Diluted earnings per common share:			
As reported	**$2.00**	$1.59	$ .76
Pro forma	**$2.00**	$1.59	$ .75

CONSOLIDATED STATEMENTS OF EARNINGS

Archer Daniels Midland Company

	Year Ended June 30,		
	2006	2005	2004
	(In thousands, except per share amounts)		
Net sales and other operating income	**$36,596,111**	$35,943,810	$36,151,394
Cost of products sold	**33,630,297**	33,512,471	34,003,070
Gross Profit	**2,965,814**	2,431,339	2,148,324
Selling, general, and administrative expenses	**1,192,683**	1,080,811	1,401,833
Other expense (income) - net	**(82,119)**	(165,847)	28,480
Earnings Before Income Taxes	**1,855,250**	1,516,375	718,011
Income taxes	**543,180**	471,990	223,301
Net Earnings	**$ 1,312,070**	$ 1,044,385	$ 494,710
Basic earnings per common share	**$ 2.01**	$ 1.60	$ .76
Diluted earnings per common share	**$ 2.00**	$ 1.59	$ .76
Average number of shares outstanding – basic	**653,588**	654,242	647,698
Average number of shares outstanding – diluted	**656,287**	656,123	649,810

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

Archer Daniels Midland Company

ASSETS	June 30 2006	June 30 2005
	(In thousands)	
Current Assets		
Cash and cash equivalents	**$ 1,112,853**	$ 522,420
Segregated cash and investments	**1,220,666**	908,001
Receivables	**4,471,201**	4,102,263
Inventories	**4,677,508**	3,906,698
Other assets	**344,049**	271,319
Total Current Assets	**11,826,277**	9,710,701
Investments and Other Assets		
Investments in and advances to affiliates	**1,985,662**	1,879,501
Long-term marketable securities	**1,110,177**	1,049,952
Goodwill	**322,292**	325,167
Other assets	**731,590**	448,404
	4,149,721	3,703,024
Property, Plant, and Equipment		
Land	**214,091**	209,130
Buildings	**2,774,164**	2,660,267
Machinery and equipment	**11,131,992**	10,962,390
Construction in progress	**430,997**	298,963
	14,551,244	14,130,750
Allowances for depreciation	**(9,258,212)**	(8,946,370)
	5,293,032	5,184,380
	$21,269,030	$18,598,105

CONSOLIDATED BALANCE SHEETS

Archer Daniels Midland Company

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30	
	2006	2005
	(In thousands)	
Current Liabilities		
Short-term debt	**$ 549,419**	$ 425,808
Accounts payable	**4,014,392**	3,399,352
Accrued expenses	**1,521,188**	1,318,766
Current maturities of long-term debt	**79,768**	222,938
Total Current Liabilities	**6,164,767**	5,366,864
Long-Term Liabilities		
Long-term debt	**4,050,323**	3,530,140
Deferred income taxes	**756,600**	779,427
Other	**490,460**	488,202
	5,297,383	4,797,769
Shareholders' Equity		
Common stock	**5,511,019**	5,385,840
Reinvested earnings	**4,081,490**	3,011,015
Accumulated other comprehensive income	**214,371**	36,617
	9,806,880	8,433,472
	$21,269,030	$18,598,105

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Archer Daniels Midland Company

	Year Ended June 30,		
	2006	2005	2004
	(In thousands)		
Operating Activities			
Net earnings	**$1,312,070**	$1,044,385	$ 494,710
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation	**656,714**	664,652	685,613
Asset abandonments and goodwill impairments	**71,264**	41,548	50,576
Deferred income taxes	**(105,646)**	241,671	(67,505)
(Gain) loss on marketable securities transactions	**(39,803)**	(113,299)	(23,968)
Equity in (earnings) loss of affiliates, net of dividends	**(69,334)**	(91,280)	(84,930)
Stock contributed to employee benefit plans	**25,089**	23,840	23,281
Pension and postretirement payments in excess of accruals	**(164,141)**	840	(43,888)
Other – net	**91,410**	41,892	(15,250)
Changes in operating assets and liabilities			
Segregated cash and investments	**(239,842)**	(37,319)	(316,423)
Receivables	**(177,430)**	(216,967)	(378,501)
Inventories	**(600,588)**	825,486	(950,792)
Other assets	**(28,246)**	(35,056)	(6,724)
Accounts payable and accrued expenses	**644,524**	(264,214)	667,140
Total Operating Activities	**1,376,041**	2,126,179	33,339
Investing Activities			
Purchases of property, plant, and equipment	**(762,009)**	(623,819)	(509,237)
Proceeds from sales of property, plant, and equipment	**53,704**	43,611	57,226
Net assets of businesses acquired	**(182,213)**	(24,238)	(93,022)
Investments in and advances to affiliates	**(125,625)**	(112,018)	(112,984)
Distributions from affiliates, excluding dividends	**57,690**	157,824	122,778
Purchases of marketable securities	**(684,940)**	(1,433,412)	(857,786)
Proceeds from sales of marketable securities	**581,489**	1,674,180	786,492
Other – net	**(6,637)**	16,364	32,098
Total Investing Activities	**(1,068,541)**	(301,508)	(574,435)
Financing Activities			
Long-term debt borrowings	**643,544**	18,547	4,366
Long-term debt payments	**(265,988)**	(185,913)	(32,381)
Net borrowings (payments) under line of credit agreements	**104,548**	(1,357,456)	483,764
Purchases of treasury stock	**(1,585)**	(139,112)	(4,113)
Cash dividends	**(241,995)**	(209,425)	(174,109)
Other	**44,409**	30,901	38,817
Total Financing Activities	**282,933**	(1,842,458)	316,344
Increase (Decrease) in Cash and Cash Equivalents	**590,433**	(17,787)	(224,752)
Cash and Cash Equivalents – Beginning of Year	**522,420**	540,207	764,959
Cash and Cash Equivalents - End of Year	**$1,112,853**	$ 522,420	$ 540,207

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Archer Daniels Midland Company

	Common Stock		Reinvested	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Earnings	Income (Loss)	Equity
			(In thousands)		
Balance June 30, 2003	644,855	$5,373,005	$1,863,150	$(166,958)	$7,069,197
Comprehensive income					
Net earnings			494,710		
Other comprehensive income				249,913	
Total comprehensive income					744,623
Cash dividends paid-$.27 per share			(174,109)		(174,109)
Treasury stock purchases	(309)	(4,113)			(4,113)
Other	6,202	62,618			62,618
Balance June 30, 2004	650,748	5,431,510	2,183,751	82,955	7,698,216
Comprehensive income					
Net earnings			1,044,385		
Other comprehensive income (loss)				(46,338)	
Total comprehensive income					998,047
Cash dividends paid-$.32 per share			(209,425)		(209,425)
Treasury stock purchases	(7,095)	(139,112)			(139,112)
Other	6,746	93,442	(7,696)		85,746
Balance June 30, 2005	650,399	5,385,840	3,011,015	36,617	8,433,472
Comprehensive income					
Net earnings			**1,312,070**		
Other comprehensive income				**177,754**	
Total comprehensive income					**1,489,824**
Cash dividends paid-$.37 per share			**(241,995)**		**(241,995)**
Treasury stock purchases	**(43)**	**(1,585)**			**(1,585)**
Other	**5,329**	**126,764**	**400**		**127,164**
Balance June 30, 2006	**655,685**	**$5,511,019**	**$4,081,490**	**$ 214,371**	**$9,806,880**

See notes to consolidated financial statements.

Note 1-Acquisitions

The 2006, 2005, and 2004 acquisitions were accounted for as purchases in accordance with SFAS Number 141, *Business Combinations.* Accordingly, the tangible assets and liabilities have been adjusted to fair values with the remainder of the purchase price, if any, recorded as goodwill. The identifiable intangible assets acquired as part of these acquisitions are not material.

2006 Acquisitions

During 2006, the Company acquired twelve businesses for a total cost of $182 million. The Company has recorded a preliminary allocation of the purchase price related to these acquisitions. This purchase price allocation resulted in goodwill of $3 million, of which $2 million and $1 million were assigned to the Agricultural Services and Other segments, respectively. In addition, the portion of the purchase price allocated to current assets, property, plant, and equipment, other long-term assets, and current liabilities, was $64 million, $79 million, $59 million, and $25 million, respectively.

2005 Acquisitions

During 2005, the Company acquired five businesses for a total cost of $24 million. The Company recorded no goodwill related to these acquisitions.

2004 Acquisitions

During 2004, the Company acquired five businesses for a total cost of $94 million. The Company recorded no goodwill related to these acquisitions.

Note 2-Marketable Securities and Cash Equivalents

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
2006		(In thousands)		
United States government obligations				
Maturity less than 1 year	**$ 359,384**	**$ 322**	**$ (175)**	**$ 359,531**
Maturity 1 to 5 years	**50,163**	**—**	**(1,222)**	**48,941**
Other debt securities				
Maturity less than 1 year	**609,242**	**662**	**(367)**	**609,537**
Maturity 1 to 5 years	**181,975**	**50**	**(2,664)**	**179,361**
Maturity 5 to 10 years	**59,195**	**—**	**(1,520)**	**57,675**
Maturity greater than 10 years	**193,650**	**1**	**(9,055)**	**184,596**
Equity securities				
Available-for-sale	**318,008**	**320,669**	**(18,958)**	**619,719**
Trading	**19,885**	**—**	**—**	**19,885**
	$ 1,791,502	**$ 321,704**	**$ (33,961)**	**$ 2,079,245**

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
2005		(In thousands)		
United States government obligations				
Maturity less than 1 year	$ 203,157	$ 226	$ (229)	$ 203,154
Maturity 5 to 10 years	49,355	—	(66)	49,289
Other debt securities				
Maturity less than 1 year	168,568	—	(212)	168,356
Maturity 1 to 5 years	41,000	—	(209)	40,791
Maturity 5 to 10 years	75,000	—	(526)	74,474
Maturity greater than 10 years	225,331	—	(3,885)	221,446
Equity securities				
Available-for-sale	304,430	344,700	(1,769)	647,361
Trading	16,591	—	—	16,591
	$ 1,083,432	$ 344,926	$ (6,896)	$ 1,421,462

Of the $34 million in unrealized losses at June 30, 2006, $4 million of unrealized losses arose within the last 12 months, $25 million of unrealized losses arose within the last 24 months, and the remaining $5 million of unrealized losses arose within the last 36 months. The market value of United States government obligations and other debt securities with unrealized losses as of June 30, 2006 is $527 million. The $15 million of unrealized losses associated with United States government obligations and other debt securities are not considered to be other-than-temporary because their unrealized losses are related to changes in interest rates and do not affect the expected cash flows to be received upon maturity of these investments or the credit quality of the issuer. The market value of available-for-sale equity securities with unrealized losses as of June 30, 2006 is $78 million. The $19 million of unrealized losses associated with available-for-sale equity securities are principally related to long-term strategic investments. The Company has the intent and ability to hold its debt and equity securities for a period of time sufficient to recover all unrealized losses. The Company has not recognized any other-than-temporary impairments for its debt and equity securities.

Note 3-Inventories and Derivatives

To reduce price risk caused by market fluctuations, the Company generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Company will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly impacted by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, counterparty contracts defaults, and volatility of freight markets. Inventories of certain merchandisable agricultural commodities, which include amounts acquired under deferred pricing contracts, are stated at market value. Exchange-traded futures and options contracts, forward cash purchase contracts, and forward cash sales contracts of merchandisable agricultural commodities, which have not been designated as fair value hedges, are valued at market price. Changes in the market value of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in earnings immediately, resulting in cost of goods sold approximating first-in, first-out (FIFO) cost. Unrealized gains on forward cash purchase contracts, forward cash sales contracts, and exchange-traded futures contracts represent the fair value of such instruments and are classified on the Company's balance sheet as receivables. Unrealized losses on forward cash purchase contracts, forward cash sales contracts, and exchange-traded futures contracts represent the fair value of such instruments and are classified on the Company's balance sheet as accounts payable.

The Company also values certain inventories using the lower of cost, determined by either the LIFO or FIFO method, or market.

	2006	2005
	(In thousands)	
LIFO inventories		
FIFO value	**$ 437,942**	$ 339,964
LIFO valuation reserve	**(8,740)**	(20,732)
LIFO inventories carrying value	**429,202**	319,232
FIFO inventories	**1,427,597**	1,292,822
Market inventories	**2,820,709**	2,294,644
	$4,677,508	$3,906,698

The Company, from time to time, uses futures contracts to fix the purchase price of anticipated volumes of commodities to be purchased and processed in a future month. The Company also uses futures, options, and swaps to fix the purchase price of the Company's anticipated natural gas requirements for certain production facilities. In addition, certain of the Company's ethanol sales contracts are indexed to unleaded gasoline prices. The Company uses futures and options to fix the sales price of anticipated volumes of these ethanol sales in future months. These derivatives are designated as cash flow hedges. The changes in the market value of such derivative contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. The amounts representing the ineffectiveness of these cash flow hedges are immaterial. Gains and losses arising from open and closed hedging transactions are deferred in other comprehensive income (loss), net of applicable income taxes, and recognized as a component of cost of products sold in the statement of earnings when the hedged item is recognized. As of June 30, 2006, the Company has recorded $37 million of after-tax losses in other comprehensive income (loss) related to gains and losses from cash flow hedge transactions. The Company expects to recognize $33 million of these after-tax losses in the statement of earnings during fiscal 2007, and the remaining $4 million of after-tax losses are expected to be recognized in the statement of earnings during the first two quarters of fiscal 2008.

At June 30, 2006, other comprehensive income (loss) included a $7 million after-tax gain related to a treasury-lock agreement entered into and settled during 2006. This treasury-lock agreement was designated as a cash flow hedge of the anticipated proceeds from the Company's issuance of $600 million of debentures in September 2005. The Company will recognize the $7 million after-tax gain in the statement of earnings over the term of the debentures. At June 30, 2006, other comprehensive income (loss) also included $6 million in after-tax gains representing the Company's share of derivative gains reported by unconsolidated affiliates of the Company.

Note 4-Investments in and Advances to Affiliates

The Company has ownership interests in non-majority-owned affiliates accounted for under the equity method. The Company had 89 and 83 unconsolidated affiliates as of June 30, 2006 and 2005, respectively, located in North and South America, Africa, Europe, and Asia. During fiscal 2006, the Company made initial investments in 14 unconsolidated affiliates and disposed of its investments in 8 affiliates. The following table summarizes the combined balance sheets and the combined statements of earnings of the Company's unconsolidated affiliates as of and for each of the three years ended June 30, 2006, 2005, and 2004.

	2006	2005	2004
		(In thousands)	
Current assets	**$6,715,264**	$ 6,240,670	
Non-current assets	**8,778,336**	7,384,141	
Current liabilities	**4,963,803**	4,746,450	
Non-current liabilities	**2,309,241**	1,912,285	
Minority interests	**935,193**	430,530	
Net assets	**$7,285,363**	$ 6,535,546	
Net sales	**$20,303,534**	$20,214,914	$ 17,744,217
Gross profit	**2,327,844**	2,310,413	1,991,947
Net income (loss)	**793,094**	757,539	819,201

Undistributed earnings of the Company's unconsolidated affiliates as of June 30, 2006, are $501 million.

Two foreign affiliates for which the Company has a carrying value of $374 million have a market value of $433 million based on quoted market prices and exchange rates at June 30, 2006.

Note 5-Goodwill

The Company accounts for its goodwill and other intangible assets in accordance with SFAS Number 142, *Goodwill and Other Intangible Assets*. Under this standard, goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. The Company recorded a $10 million goodwill impairment charge during 2006 based on the annual impairment tests. The carrying value of the Company's other intangible assets is not material.

Goodwill balances attributable to consolidated businesses and investments in affiliates, by segment, are set forth in the following table.

	2006			2005		
	Consolidated Businesses	Investments in Affiliates	Total	Consolidated Businesses	Investments In Affiliates	Total
		(In thousands)			(In thousands)	
Oilseeds Processing	**$ 11,363**	**$ 9,144**	**$ 20,507**	$ 12,279	$ 9,141	$21,420
Corn Processing	**76,961**	**7,074**	**84,035**	76,961	7,074	84,035
Agricultural Services	**8,567**	**15,683**	**24,250**	6,771	8,670	15,441
Other	**126,380**	**67,120**	**193,500**	137,151	67,120	204,271
Total	**$223,271**	**$99,021**	**$322,292**	$233,162	$92,005	$325,167

The changes in goodwill during 2006 are related to acquisitions, the disposal of a subsidiary, goodwill impairments, and foreign currency translation adjustments.

Note 6-Debt and Financing Arrangements

	2006	2005
	(In thousands)	
5.375% Debentures $600 million face amount, due in 2035	**$584,802**	$ —
5.935% Debentures $500 million face amount, due in 2032	**493,729**	493,491
7.0% Debentures $400 million face amount, due in 2031	**397,664**	397,569
7.5% Debentures $343 million face amount ($350 million in 2005), due in 2027	**341,151**	348,076
8.125% Debentures $300 million face amount, due in 2012	**298,959**	298,827
8.875% Debentures $298 million face amount ($300 million in 2005), due in 2011	**297,191**	299,053
6.625% Debentures $298 million face amount ($300 million in 2005), due in 2029	**296,212**	298,677
8.375% Debentures $295 million face amount ($300 million in 2005), due in 2017	**291,166**	295,568
7.125% Debentures $250 million face amount, due in 2013	**249,673**	249,636
6.95% Debentures $250 million face amount, due in 2097	**246,300**	246,270
6.75% Debentures $200 million face amount, due in 2027	**196,346**	196,222
Other	**436,898**	629,689
Total long-term debt	**4,130,091**	3,753,078
Current maturities	**(79,768)**	(222,938)
	$4,050,323	$3,530,140

During 2006, the Company issued $600 million of debentures that are due in 2035 and bear interest at 5.375%. At June 30, 2006, the fair value of the Company's long-term debt exceeded the carrying value by $257 million, as estimated by using quoted market prices or discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

The aggregate maturities of long-term debt for the five years after June 30, 2006 are $80 million, $66 million, $43 million, $44 million, and $507 million, respectively.

At June 30, 2006, the Company had pledged certain property, plant, and equipment with a carrying value of $446 million as security for certain long-term debt obligations.

At June 30, 2006, the Company had lines of credit totaling $3.6 billion, of which $3.1 billion was unused. The weighted average interest rates on short-term borrowings outstanding at June 30, 2006 and 2005 were 5.25% and 3.75%, respectively. Of the Company's total lines of credit, $2.3 billion support a commercial paper borrowing facility, against which there were no borrowings at June 30, 2006.

The Company has outstanding standby letters of credit and surety bonds at June 30, 2006 and 2005 totaling $334 million and $223 million, respectively.

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Note 7-Shareholders' Equity

The Company has authorized one billion shares of common stock and 500,000 shares of preferred stock, each without par value. No preferred stock has been issued. At June 30, 2006 and 2005, the Company had approximately 16.3 million and 21.5 million shares, respectively, in treasury. Treasury stock of $238 million at June 30, 2006, and $315 million at June 30, 2005, is recorded at cost as a reduction of common stock.

The Company's employee stock compensation plans provide for the granting of options to employees to purchase common stock of the Company pursuant to the Company's 1996 Stock Option Plan, 1999 Incentive Compensation Plan, and 2002 Incentive Compensation Plan. These options are issued at market value on the date of grant and expire five to ten years after the date of grant. The vesting requirements of awards under the plans range from four to nine years based upon the terms of each option grant.

The Company's 1999 and 2002 Incentive Compensation Plans provide for the granting of restricted stock awards at no cost to certain officers and key employees. The awarded shares are made in common stock and vest at the end of a three-year restriction period. During 2006, 2005 and 2004, 2.4 million, 2.5 million, and 1.1 million common shares, respectively, were granted as restricted stock awards. At June 30, 2006, there were 1.1 million and 12.9 million shares available for future grants pursuant to the 1999 and 2002 plans, respectively.

Compensation expense for option grants and restricted stock awards granted to employees is generally recognized on a straight-line basis during the service period of the respective grant. Certain of the Company's option grants and restricted stock awards continue to vest upon the recipient's retirement from the Company and compensation expense related to option grants and restricted stock awards granted to retirement eligible employees is recognized in earnings on the date of grant. Total compensation expense for option grants and restricted stock awards recognized during 2006 and 2005 was $67 million and $29 million, respectively. Total compensation expense for restricted stock awards recognized during 2004 was $7 million.

The fair value of each option grant is estimated as of the date of grant using the Black-Scholes single option pricing model. The volatility assumption used in the Black-Scholes single option pricing model is based on the historical volatility of the Company's stock. The volatility of the Company's stock was calculated based upon the monthly closing price of the Company's stock for the eight-year period immediately prior to the date of grant. The average expected life represents the period of time that option grants are expected to be outstanding. The risk-free rate is based on the rate of U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of option grants. The assumptions used in the Black-Scholes single option pricing model are as follows.

	2006	2005	2004
Dividend yield	**2%**	2%	2%
Risk-free interest rate	**4%**	4%	4%
Stock volatility	**31%**	27%	28%
Average expected life (years)	**8**	9	9

A summary of option activity during 2006 is presented below:

	Shares	Weighted-Average Exercise Price
	(In thousands, except per share amounts)	
Shares under option at June 30, 2005	**10,523**	**$13.19**
Granted	**3,210**	**21.56**
Exercised	**(3,005)**	**12.48**
Forfeited or expired	**(792)**	**15.29**
Shares under option at June 30, 2006	**9,936**	**$15.94**
Exercisable at June 30, 2006	**1,623**	**$12.13**

The weighted-average remaining contractual term of options outstanding and exercisable at June 30, 2006 is 7 years and 4 years, respectively. The aggregate intrinsic value of options outstanding and exercisable at June 30, 2006 is $252 million and $47 million, respectively. The weighted-average grant-date fair values of options granted during 2006, 2005, and 2004 were $7.52, $5.41, and $4.72 respectively. The total intrinsic values of options exercised during 2006, 2005, and 2004 were $60 million, $33 million, and $18 million, respectively. Cash proceeds received from options exercised during 2006, 2005, and 2004 were $30 million, $31 million, and $39 million, respectively.

At June 30, 2006, there was $33 million of total unrecognized compensation expense related to option grants. Amounts to be recognized as compensation expense during the next five fiscal years are $10 million, $9 million, $7 million, $4 million, and $2 million, respectively.

The fair value of restricted shares is determined based on the market value of the Company's shares on the grant date. The weighted-average grant-date fair values of shares granted during 2006 and 2005 were $22.04 and $15.73, respectively.

A summary of restricted shares activity during 2006 is presented below:

	Shares	Weighted Average Grant-Date Fair Value
	(In thousands, except per share amounts)	
Non-vested at June 30, 2005	**4,434**	**$14.35**
Granted	**2,447**	**22.04**
Vested	**(930)**	**11.33**
Forfeited	**(326)**	**15.93**
Non-vested at June 30, 2006	**5,625**	**$18.11**

At June 30, 2006 there was $33 million of total unrecognized compensation expense related to restricted shares. Amounts to be recognized as compensation expense during the next three fiscal years are $22 million, $10 million, and $1 million, respectively. The total fair value of restricted shares vested during 2006 was $11 million.

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Note 8-Accumulated Other Comprehensive Income (Loss)

The following table sets forth information with respect to accumulated other comprehensive income (loss):

	Foreign Currency Translation Adjustment	Deferred Gain (Loss) on Hedging Activities	Minimum Pension Liability Adjustment	Unrealized Gain (Loss) on Investments	Accumulated Other Comprehensive Income (Loss)
			(In thousands)		
Balance at June 30, 2003	$ (123,001)	$ 14,174	$ (141,463)	$ 83,332	$ (166,958)
Unrealized gains (losses)	97,044	14,292	19,227	250,876	381,439
(Gains) losses reclassified to net earnings		(22,834)		(11,042)	(33,876)
Tax effect		3,379	(9,330)	(91,699)	(97,650)
Net of tax amount	97,044	(5,163)	9,897	148,135	249,913
Balance at June 30, 2004	(25,957)	9,011	(131,566)	231,467	82,955
Unrealized gains (losses)	8,528	9,677	(53,274)	33,655	(1,414)
(Gains) losses reclassified to net earnings		(14,292)		(35,889)	(50,181)
Tax effect		1,705	19,685	(16,133)	5,257
Net of tax amount	8,528	(2,910)	(33,589)	(18,367)	(46,338)
Balance at June 30, 2005	(17,429)	6,101	(165,155)	213,100	36,617
Unrealized gains (losses)	**107,356**	**(42,095)**	**212,315**	**(23,868)**	**253,708**
(Gains) losses reclassified to net earnings		**(9,677)**		**(16,653)**	**(26,330)**
Tax effect		**21,749**	**(78,053)**	**6,680**	**(49,624)**
Net of tax amount	**107,356**	**(30,023)**	**134,262**	**(33,841)**	**177,754**
Balance at June 30, 2006	**$ 89,927**	**$ (23,922)**	**$ (30,893)**	**$179,259**	**$ 214,371**

Archer Daniels Midland Company

Note 9-Other Expense (Income) – Net

	2006	2005	2004
		(In thousands)	
Interest expense	**$365,180**	$ 326,580	$ 341,991
Investment income	**(204,083)**	(135,346)	(116,352)
Net (gain) loss on marketable securities transactions	**(39,803)**	(113,299)	(23,968)
Equity in (earnings) losses of unconsolidated affiliates	**(174,339)**	(228,865)	(180,716)
Other – net	**(29,074)**	(14,917)	7,525
	$ (82,119)	$(165,847)	$ 28,480

Interest expense is net of interest capitalized of $11 million, $11 million, and $7 million in 2006, 2005, and 2004, respectively.

The Company made interest payments of $365 million, $326 million, and $361 million in 2006, 2005, and 2004, respectively.

Realized gains on sales of available-for-sale marketable securities totaled $41 million, $114 million, and $24 million in 2006, 2005, and 2004, respectively. Realized losses totaled $1 million in both 2006 and 2005. There were no realized losses in 2004.

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Note 10-Income Taxes

For financial reporting purposes, earnings before income taxes include the following components:

	2006	2005	2004
		(In thousands)	
United States	**$1,321,325**	$ 977,966	$ 369,153
Foreign	**533,925**	538,409	348,858
	$1,855,250	$1,516,375	$ 718,011

Significant components of income taxes are as follows:

	2006	2005	2004
		(In thousands)	
Current			
Federal	**$ 490,062**	$ 188,456	$ 159,450
State	**33,583**	39,752	19,770
Foreign	**121,322**	2,111	141,985
Deferred			
Federal	**(105,147)**	135,806	(50,601)
State	**27**	5,576	(3,312)
Foreign	**3,333**	100,289	(43,991)
	$ 543,180	$ 471,990	$ 223,301

Significant components of the Company's deferred tax liabilities and assets are as follows:

	2006	2005
	(In thousands)	
Deferred tax liabilities		
Depreciation	**$ 633,484**	$ 674,927
Bond discount amortization	**20,236**	22,760
Unrealized gain on marketable securities	**106,664**	137,025
Equity in earnings of affiliates	**46,141**	95,777
Other	**84,859**	72,333
	891,384	1,002,822
Deferred tax assets		
Pension and postretirement benefits	**29,687**	148,728
Reserves and other accruals	**18,632**	20,155
Tax credit carryforwards, net	**47,944**	20,852
Other	**84,832**	38,516
	181,095	228,251
Net deferred tax liabilities	**710,289**	774,571
Current net deferred tax assets included in other assets	**46,311**	4,856
Non-current net deferred tax liabilities	**$ 756,600**	$ 779,427

Reconciliation of the statutory federal income tax rate to the Company's effective tax rate on earnings is as follows:

	2006	2005	2004
Statutory rate	**35.0%**	35.0%	35.0%
Export tax incentives	**(1.8)**	(2.6)	(5.0)
State income taxes, net of federal tax benefit	**1.9**	1.4	1.9
Foreign earnings taxed at rates other than the U.S. statutory rate	**(4.7)**	(4.0)	(3.8)
Adjustment of income taxes to filed tax returns	**(2.2)**	—	—
Other	**1.1**	1.3	3.0
Effective rate	**29.3%**	31.1%	31.1%

The Company made income tax payments of $508 million, $238 million, and $273 million in 2006, 2005, and 2004, respectively.

The Company has $85 million and $105 million of tax assets for net operating loss carryforwards related to certain international subsidiaries at June 30, 2006 and 2005, respectively. As of June 30, 2006, approximately $73 million of these assets have no expiration date, and the remaining $12 million expire at various times through fiscal 2011. The annual usage of certain of these assets is limited to a percentage of the taxable income of the respective international subsidiary for the year. The Company has recorded a valuation allowance of $59 million and $83 million against these tax assets at June 30, 2006 and 2005, respectively, due to the uncertainty of their realization. The Company also has $36 million of tax assets related to excess foreign tax credits which expire in fiscal 2014 and $26 million of tax assets related to state income tax incentive credits which expire at various times through fiscal 2010. The Company has recorded a valuation allowance of $14 million against the state income tax incentive credits at June 30, 2006 due to the uncertainty of their realization.

Undistributed earnings of the Company's foreign subsidiaries and affiliated corporate joint venture companies accounted for on the equity method amounting to approximately $2.2 billion at June 30, 2006 are considered to be permanently reinvested, and accordingly, no provision for U.S. income taxes has been provided thereon. It is not practicable to determine the deferred tax liability for temporary differences related to these undistributed earnings.

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Note 11-Leases

The Company leases manufacturing and warehouse facilities, real estate, transportation assets, and other equipment under non-cancelable operating leases which expire at various dates through the year 2076. Rent expense for 2006, 2005, and 2004 was $129 million, $116 million, and $121 million, respectively. Future minimum rental payments for non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

Fiscal years	(In thousands)
2007	$ 77,457
2008	60,481
2009	47,946
2010	35,361
2011	20,970
Thereafter	135,613
Total minimum lease payments	$377,828

Notes to Consolidated Financial Statements

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Note 12-Employee Benefit Plans

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.

The Company has savings and investment plans available to employees. The Company also maintains stock ownership plans for qualifying employees. The Company contributes shares of its stock to the plans to match qualifying employee contributions. Employees have the choice of retaining Company stock in their accounts or diversifying the shares into other investment options. Expense is measured and recorded based upon the fair market value of the stock contributed to the plans each month. The number of shares designated for use in the plans is not significant compared to the shares outstanding for the periods presented. Assets of the Company's defined contribution savings plans consist primarily of listed common stocks and pooled funds. The Company's defined contribution savings plans held 20.1 million shares of Company common stock at June 30, 2006, with a market value of $829 million. Cash dividends received on shares of Company common stock by these plans during the year ended June 30, 2006 were $8 million.

	Pension Benefits			Postretirement Benefits		
	2006	2005	2004	**2006**	2005	2004
	(In thousands)			(In thousands)		
Retirement plan expense						
Defined benefit plans:						
Service cost (benefits earned during the period)	**$ 58,869**	$ 58,092	$ 48,749	**$ 6,663**	$ 6,467	$ 6,121
Interest cost	**86,568**	79,267	70,133	**8,526**	7,704	7,711
Expected return on plan assets	**(80,789)**	(68,259)	(57,947)	**–**	–	–
Curtailment	**9,913**	–	–	**–**	–	–
Amortization of actuarial loss (gain)	**35,024**	32,582	23,865	**431**	91	61
Other amortization	**4,832**	4,273	3,721	**(1,116)**	(1,116)	(1,116)
Net periodic defined benefit plan expense	**114,417**	105,955	88,521	**14,504**	13,146	12,777
Defined contribution plans:	**26,616**	25,046	23,622	**–**	–	–
Total retirement plan expense	**$ 141,033**	$ 131,001	$ 112,143	**$ 14,504**	$ 13,146	$ 12,777

The Company uses a March 31 measurement date for substantially all defined benefit plans. The following tables set forth changes in the defined benefit obligation and the fair value of defined benefit plan assets:

	Pension Benefits		Postretirement Benefits	
	2006	2005	**2006**	2005
	(In thousands)		(In thousands)	
Benefit obligation, beginning	**$1,599,388**	$ 1,398,429	**$ 151,064**	$ 136,403
Service cost	**58,869**	58,092	**6,663**	6,467
Interest cost	**86,568**	79,267	**8,526**	7,704
Actuarial loss (gain)	**(8,759)**	83,093	**4,265**	5,636
Curtailment	**9,657**	–	–	–
Employee contributions	**2,445**	2,996	**1,273**	881
Benefits paid	**(62,190)**	(59,154)	**(6,566)**	(5,993)
Plan amendments	**16,263**	8,328	–	(89)
Acquisitions and divestitures	**(26,633)**	21,561	–	–
Foreign currency effects	**31,399**	6,776	**76**	55
Benefit obligation, ending	**$1,707,007**	$ 1,599,388	**$ 165,301**	$ 151,064
Fair value of plan assets, beginning	**$1,068,381**	$ 912,549	**$ –**	$ –
Actual return on plan assets	**168,406**	96,860	–	–
Employer contributions	**286,195**	99,961	**5,293**	5,112
Employee contributions	**2,445**	2,996	**1,273**	881
Benefits paid	**(62,190)**	(59,154)	**(6,566)**	(5,993)
Plan amendments	–	3,417	–	–
Acquisitions and divestitures	**(18,344)**	5,247	–	–
Foreign currency effects	**22,861**	6,505	–	–
Fair value of plan assets, ending	**$1,467,754**	$ 1,068,381	**$ –**	$ –
Funded status	**$ (239,253)**	$ (531,007)	**$ (165,301)**	$ (151,064)
Unamortized transition amount	**2,727**	(553)	**–**	–
Unrecognized net loss	**299,206**	436,401	**24,127**	20,257
Unrecognized prior service costs	**44,307**	42,901	**(10,051)**	(11,167)
Adjustment for fourth quarter contributions	**6,155**	1,758	**–**	–
Pension asset (liability) recognized in the balance sheet	**$ 113,142**	$ (50,500)	**$ (151,225)**	$ (141,974)
Prepaid benefit cost	**$255,406**	$ 23,586	**$ –**	$ –
Accrued benefit liability - current	**(31,384)**	(196,925)	–	–
Accrued benefit liability - long-term	**(159,934)**	(179,333)	**(151,225)**	(141,974)
Intangible asset	**3,912**	42,604	–	–
Accumulated other comprehensive loss	**45,142**	259,568	–	–
Net amount recognized, June 30	**$ 113,142**	$ (50,500)	**$ (151,225)**	$ (141,974)

The following table sets forth the principal assumptions used in developing the benefit obligation and the net periodic pension expense:

	Pension Benefits		Postretirement Benefits	
	2006	2005	**2006**	2005
Discount rate	**5.5%**	5.4%	**6.0%**	5.8%
Expected return on plan assets	**7.3%**	7.2%	**N/A**	N/A
Rate of compensation increase	**3.7%**	3.7%	**N/A**	N/A

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $1.3 billion, $1.1 billion, and $1.1 billion, respectively, as of June 30, 2006, and $1.5 billion, $1.3 billion, and $980 million, respectively, as of June 30, 2005. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $213 million, $198 million, and $25 million, respectively, as of June 30, 2006, and $1.3 billion, $1.2 billion, and $835 million, respectively, as of June 30, 2005. The accumulated benefit obligation for all pension plans as of June 30, 2006 and 2005, was $1.5 billion and $1.4 billion, respectively.

For postretirement benefit measurement purposes, a 10.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2006. The rate was assumed to decrease gradually to 5.0% for 2011 and remain at that level thereafter.

Assumed health care cost trend rates have a significant impact on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effect:

	1% Increase	1% Decrease
	(In thousands)	
Effect on combined service and interest cost components	$ 1,789	$ (1,581)
Effect on accumulated postretirement benefit obligations	$ 10,917	$ (10,241)

Plan Assets

The following table sets forth the actual asset allocation for the Company's global pension plan assets as of the measurement date:

	2006[1]	2005
Equity securities[2]	50%	54%
Debt securities	49%	45%
Other	1%	1%
Total	100%	100%

1. The Company's U.S. pension plans contain approximately 65% of the Company's global pension plan assets. The target asset allocation for the Company's U.S. pension plans consists of 60% equity securities and 40% debt securities. The actual asset allocation for the U.S. pension plans as of the measurement date consists of 56% equity securities and 44% debt securities. The actual asset allocation for the Company's foreign pension plans as of the measurement date consists of 39% equity securities, 59% debt securities, and 2% in other investments. The target asset allocation for the Company's foreign pension plans is approximately the same as the actual asset allocation.

2 The Company's pension plans held 3.3 million shares of Company common stock as of the measurement date, March 31, 2006, with a market value of $113 million. Cash dividends received on shares of Company common stock by these plans during the twelve-month period ended March 31, 2006, were $1 million.

Investment objectives for the Company's plan assets are to:

- Optimize the long-term return on plan assets at an acceptable level of risk.
- Maintain a broad diversification across asset classes and among investment managers.
- Maintain careful control of the risk level within each asset class.
- Focus on a long-term return objective.

Asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the pension plans. Selection of the targeted asset allocation for plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. The U.S. pension plans target asset allocation was also based on an asset and liability study concluded in January 2005.

Investment guidelines are established with each investment manager. These guidelines provide the parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements, and credit quality standards, where applicable. In some countries, derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of underlying investments.

External consultants monitor the investment strategy and asset mix for the Company's plan assets. To develop the Company's expected long-term rate of return assumption on plan assets, the Company generally uses long-term historical return information for the targeted asset mix identified in asset and liability studies. Adjustments are made to the expected long-term rate of return assumption when deemed necessary based upon revised expectations of future investment performance of the overall investment markets. The expected long-term rate of return assumption used in computing 2006 net periodic pension cost for the pension plans was 7.3%.

Contributions and Expected Future Benefit Payments

The Company expects to contribute $31 million to the pension plans and $6 million to the postretirement benefit plan during 2007.

The following benefit payments, which reflect expected future service, are expected to be paid:

	Pension Benefits	Postretirement Benefits
	(In thousands)	
2007	$ 63,538	$ 5,909
2008	69,189	6,567
2009	73,489	7,442
2010	78,118	8,456
2011	82,527	9,550
2012 – 2016	485,483	59,418

Note 13-Segment and Geographic 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. Refined oil can be further processed for use in the production of biodiesel. 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 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. Gross additions to property, plant, and equipment represent purchases of property, plant, and equipment plus amounts allocated to property, plant, and equipment related to acquired businesses.

Segment Information

	2006	2005	2004
		(In thousands)	
Sales to external customers			
Oilseeds Processing	**$ 11,866,895**	$ 11,803,309	$ 12,049,250
Corn Processing	**4,860,083**	4,363,924	4,005,181
Agricultural Services	**15,439,567**	15,198,831	15,638,341
Other	**4,429,566**	4,577,746	4,458,622
Total	**$ 36,596,111**	$ 35,943,810	$ 36,151,394
Intersegment sales			
Oilseeds Processing	**$ 151,019**	$ 158,519	$ 178,056
Corn Processing	**367,504**	398,252	315,173
Agricultural Services	**1,207,426**	1,084,477	2,192,090
Other	**115,020**	109,268	108,655
Total	**$ 1,840,969**	$ 1,750,516	$ 2,793,974
Net sales			
Oilseeds Processing	**$ 12,017,914**	$ 11,961,828	$ 12,227,306
Corn Processing	**5,227,587**	4,762,176	4,320,354
Agricultural Services	**16,646,993**	16,283,308	17,830,431
Other	**4,544,586**	4,687,014	4,567,277
Intersegment elimination	**(1,840,969)**	(1,750,516)	(2,793,974)
Total	**$ 36,596,111**	$ 35,943,810	$ 36,151,394
Interest expense			
Oilseeds Processing	**$ 84,698**	$ 51,994	$ 36,942
Corn Processing	**30,592**	19,600	9,931
Agricultural Services	**68,111**	42,620	43,424
Other	**113,869**	77,956	56,387
Corporate	**67,910**	134,410	195,307
Total	**$ 365,180**	$ 326,580	$ 341,991
Depreciation			
Oilseeds Processing	**$ 155,538**	$ 162,290	$ 168,836
Corn Processing	**264,853**	265,419	268,968
Agricultural Services	**74,964**	74,124	79,987
Other	**137,295**	139,502	144,625
Corporate	**24,064**	23,317	23,197
Total	**$ 656,714**	$ 664,652	$ 685,613
Equity in earnings of affiliates			
Oilseeds Processing	**$ 61,174**	$ 18,346	$ 30,475
Corn Processing	**49,774**	39,962	33,286
Agricultural Services	**18,571**	17,879	12,359
Other	**32,695**	106,443	88,919
Corporate	**12,125**	46,235	15,677
Total	**$ 174,339**	$ 228,865	$ 180,716

Operating profit			
Oilseeds Processing	**$ 598,415**	$ 344,654	$ 290,732
Corn Processing	**877,358**	530,233	660,947
Agricultural Services	**275,469**	261,659	249,863
Other	**309,949**	414,394	359,469
Total operating profit	**2,061,191**	1,550,940	1,561,011
Corporate	**(205,941)**	(34,565)	(843,000)
Earnings before income taxes	**$ 1,855,250**	$ 1,516,375	$ 718,011
Investments in and advances to affiliates			
Oilseeds Processing	**$ 430,040**	$ 356,124	
Corn Processing	**204,457**	163,817	
Agricultural Services	**231,026**	207,805	
Other	**744,243**	805,527	
Corporate	**375,896**	346,228	
Total	**$ 1,985,662**	$ 1,879,501	
Identifiable assets			
Oilseeds Processing	**$ 5,522,442**	$ 5,169,644	
Corn Processing	**3,026,926**	2,769,364	
Agricultural Services	**3,246,816**	2,912,294	
Other	**6,659,699**	5,911,916	
Corporate	**2,813,147**	1,834,887	
Total	**$ 21,269,030**	$ 18,598,105	
Gross additions to property, plant, and equipment			
Oilseeds Processing	**$ 215,861**	$ 192,790	
Corn Processing	**313,365**	263,483	
Agricultural Services	**157,720**	82,910	
Other	**140,330**	93,211	
Corporate	**13,293**	14,984	
Total	**$ 840,569**	$ 647,378	

Geographic Information: The following geographic area data include net sales and other operating income attributed to the countries based on the location of the subsidiary making the sale and long-lived assets based on physical location. Long-lived assets represent the sum of the net book value of property, plant, and equipment plus goodwill related to consolidated businesses.

	2006	2005	2004
		(In thousands)	
Net sales and other operating income			
United States	**$20,358,068**	$19,450,145	$ 19,105,933
Germany	**5,396,228**	5,990,702	6,108,079
Other foreign	**10,841,815**	10,502,963	10,937,382
	$36,596,111	$35,943,810	$ 36,151,394
Long-lived assets			
United States	**$ 3,975,424**	$ 3,920,060	
Foreign	**1,547,049**	1,497,482	
	$ 5,522,473	$ 5,417,542	

Note 14-Guarantees

The Company has entered into agreements, primarily debt guarantee agreements 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 payment of these contingent obligations, as the Company believes the fair value of these contingent obligations is immaterial. The Company has collateral for a portion of these contingent obligations. These contingent obligations totaled \$250 million at June 30, 2006. Amounts outstanding under these contingent obligations were \$159 million at June 30, 2006.

Notes to Consolidated Financial Statements

Archer Daniels Midland Company

Note 15-Antitrust Litigation Settlement

In 2004, the Company entered into a settlement agreement related to a class action antitrust suit involving the sale of high-fructose corn syrup pursuant to which the Company accrued $400 million ($252 million after tax). The $400 million was paid in 2005.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Archer Daniels Midland Company's ("ADM") management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). ADM's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Under the supervision and with the participation of management, including its principal executive officer and principal financial officer, ADM's management assessed the design and operating effectiveness of internal control over financial reporting as of June 30, 2006 based on the framework set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, management concluded that ADM's internal control over financial reporting was effective as of June 30, 2006. Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on management's assessment of the Company's internal control over financial reporting as of June 30, 2006. That report is included herein.

/s/ Patricia A. Woertz
Patricia A. Woertz
Chief Executive Officer and President

/s/ Douglas J. Schmalz
Douglas J. Schmalz
Senior Vice President &
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Archer Daniels Midland Company
Decatur, Illinois

We have audited the accompanying consolidated balance sheets of Archer Daniels Midland Company and subsidiaries as of June 30, 2006 and 2005, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Archer Daniels Midland Company and subsidiaries at June 30, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 2006, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Archer Daniels Midland Company and subsidiaries' internal control over financial reporting as of June 30, 2006, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated September 1, 2006, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

St. Louis, Missouri
September 1, 2006

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Archer Daniels Midland Company
Decatur, Illinois

We have audited management's assessment, included in the accompanying *Management's Report on Internal Control Over Financial Reporting,* that Archer Daniels Midland Company and subsidiaries maintained effective internal control over financial reporting as of June 30, 2006, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Archer Daniels Midland Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Archer Daniels Midland Company and subsidiaries maintained effective internal control over financial reporting as of June 30, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Archer Daniels Midland Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Archer Daniels Midland Company and subsidiaries as of June 30, 2006 and 2005, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2006, of Archer Daniels Midland Company and subsidiaries, and our report dated September 1, 2006, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

St. Louis, Missouri
September 1, 2006

Quarterly Financial Data (Unaudited)

Archer Daniels Midland Company

	Quarter				
	First	Second	Third	Fourth	Year
	(In thousands, except per share amounts)				
Fiscal 2006					
Net Sales	**$8,626,949**	**$9,298,985**	**$9,122,841**	**$9,547,336**	**$36,596,111**
Gross Profit	**582,711**	**783,468**	**770,732**	**828,903**	**2,965,814**
Net Earnings	**186,338**	**367,677**	**347,796**	**410,259**	**1,312,070**
Basic Earnings Per Common Share	**.29**	**.56**	**.53**	**.63**	**2.01**
Diluted Earnings Per Common Share	**.29**	**.56**	**.53**	**.62**	**2.00**
Fiscal 2005					
Net Sales	$8,972,411	$9,063,526	$8,484,171	$9,423,702	$35,943,810
Gross Profit	663,432	668,708	574,856	524,343	2,431,339
Net Earnings	266,297	313,509	269,095	195,484	1,044,385
Basic Earnings Per Common Share	.41	.48	.41	.30	1.60
Diluted Earnings Per Common Share	.41	.48	.41	.30	1.59

Net earnings for the three months and year ended June 30, 2006 include charges to cost of products sold of $34 million ($22 million after tax, equal to $.03 per share) and $61 million ($38 million after tax, equal to $.06 per share), respectively, related to the abandonment and write-down of certain long-lived assets, a charge to cost of products sold of $15 million ($9 million after tax, equal to $0.1 per share) related to the adoption of FIN 47, and a credit to other expense (income) of $17 million ($11 million after tax, equal to $.02 per share) related to the sale of long-lived assets. Net earnings for the three months and year ended June 30, 2006 also include a credit to cost of products sold of $27 million ($18 million after tax, equal to $.03 per share) related to Brazilian transactional tax credits. For the year ended June 30, 2006, net earnings include a credit to income taxes of $36 million ($.05 per share) related to the adjustment of state and federal income taxes to previously filed returns. The year ended June 30, 2006 also includes a credit to other expense (income) of $19 million ($12 million after tax, equal to $.02 per share) related to Brazilian transactional tax credits. Net earnings for the three months and year ended June 30, 2005 include charges to cost of products sold of $40 million ($25 million after tax, equal to $.04 per share) and $42 million ($26 million after tax, equal to $.04 per share), respectively, related to the abandonment and write-down of certain long-lived assets. For the year ended June 30, 2005, net earnings include a gain of $159 million ($119 million after tax, equal to $.18 per share) related to sales of the Company's interests in Tate & Lyle PLC.

Common Stock Market Prices and Dividends

Archer Daniels Midland Company

The Company's common stock is listed and traded on the New York Stock Exchange, Chicago Stock Exchange, Frankfurt Stock Exchange, and Swiss Stock Exchange. The following table sets forth, for the periods indicated, the high and low market prices of the common stock as reported on the New York Stock Exchange and common stock cash dividends.

	Market Price		Cash Dividends
	High	**Low**	**Per Share**
Fiscal 2006--Quarter Ended			
June 30	**$ 46.71**	**$ 34.60**	**$ 0.100**
March 31	**35.50**	**24.05**	**0.100**
December 31	**25.55**	**23.00**	**0.085**
September 30	**24.75**	**19.75**	**0.085**
Fiscal 2005--Quarter Ended			
June 30	$ 25.30	$ 17.50	$ 0.085
March 31	25.37	21.35	0.085
December 31	22.55	16.72	0.075
September 30	17.00	14.95	0.075

The number of registered shareholders of the Company's common stock at June 30, 2006 was 19,134. The Company expects to continue its policy of paying regular cash dividends, although there is no assurance as to future dividends because they are dependent on future earnings, capital requirements, and financial condition.

TEN-YEAR SUMMARY

Archer Daniels Midland Company

Operating, Financial, and Other Data (Dollars in thousands, except per share data)

	2006	2005	2004	2003
Operating				
Net sales and other operating income	**$36,596,111**	$35,943,810	$36,151,394	$30,708,033
Depreciation	**656,714**	664,652	685,613	643,615
Net earnings	**1,312,070**	1,044,385	494,710	451,145
Basic earnings per common share	**2.01**	1.60	0.76	0.70
Diluted earnings per common share	**2.00**	1.59	0.76	0.70
Cash dividends	**241,995**	209,425	174,109	155,565
Per common share	**0.37**	0.32	0.27	0.24
Financial				
Working capital	**$5,661,510**	$4,343,837	$3,588,759	$3,274,385
Per common share	**8.63**	6.68	5.51	5.08
Current ratio	**1.9**	1.8	1.5	1.6
Inventories	**4,677,508**	3,906,698	4,591,648	3,550,225
Net property, plant, and equipment	**5,293,032**	5,184,380	5,254,738	5,468,716
Gross additions to property, plant, and equipment	**840,569**	647,378	620,633	1,245,910
Total assets	**21,269,030**	18,598,105	19,368,821	17,182,879
Long-term debt	**4,050,323**	3,530,140	3,739,875	3,872,287
Shareholders' equity	**9,806,880**	8,433,472	7,698,216	7,069,197
Per common share	**14.96**	12.97	11.83	10.96
Other				
Weighted average shares outstanding-basic (000s)	**653,588**	654,242	647,698	646,086
Weighted average shares outstanding-diluted (000s)	**656,287**	656,123	649,810	646,883
Number of shareholders	**19,134**	23,091	24,394	25,539
Number of employees	**26,821**	25,641	26,317	26,197

Share and per share data have been adjusted for annual 5% stock dividends from September 1996 through September 2001.

2002	2001	2000	1999	1998	1997
$22,611,894	$19,483,211	$18,612,423	$18,509,903	$19,832,594	$18,104,827
566,576	572,390	604,229	584,965	526,813	446,412
511,093	383,284	300,903	265,964	403,609	377,309
0.78	0.58	0.45	0.39	0.59	0.55
0.78	0.58	0.45	0.39	0.59	0.55
130,000	125,053	120,001	117,089	111,551	106,990
0.20	0.19	0.18	0.17	0.16	0.15
$2,770,520	$2,283,320	$1,829,422	$1,949,323	$1,734,411	$2,035,580
4.26	3.45	2.76	2.89	2.50	3.00
1.6	1.6	1.4	1.5	1.5	1.9
3,255,412	2,631,885	2,822,712	2,732,694	2,562,650	2,094,092
4,890,241	4,920,425	5,277,081	5,567,161	5,322,704	4,708,595
596,559	318,168	475,396	825,676	1,228,553	1,127,360
15,379,335	14,339,931	14,471,936	14,029,881	13,833,534	11,354,367
3,111,294	3,351,067	3,277,218	3,191,883	2,847,130	2,344,949
6,754,821	6,331,683	6,110,243	6,240,640	6,504,912	6,050,129
10.39	9.56	9.20	9.24	9.38	8.92
656,955	664,507	669,279	685,328	686,047	690,352
657,947	665,353	669,279	685,426	686,809	691,409
26,715	27,918	29,911	31,764	32,539	33,834
24,746	22,834	22,753	23,603	23,132	17,160

EXHIBIT 21--SUBSIDIARIES OF THE REGISTRANT

ARCHER-DANIELS-MIDLAND COMPANY

June 30, 2006

Following is a list of the Registrant's subsidiaries showing the percentage of voting securities owned:

	Organized Under Laws of	Ownership
ADM Worldwide Holdings LP (A)	Cayman Islands	100
ADM Europe BV (B)	Netherlands	100
ADM Canadian Holdings BV (C)	Netherlands	100
ADM Agri-Industries Company (D)	Canada	100
ADM International Ltd. (E)	United Kingdom	100
ADM Ireland Holdings Ltd. (F)	Ireland	100

(A) ADM Worldwide Holdings LP owns ADM Europe BV and thirteen subsidiary companies whose names have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

(B) ADM Europe BV owns ADM Canadian Holdings BV, ADM International Ltd., ADM Ireland Holdings Ltd. and seventy-six subsidiary companies whose names have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

(C) ADM Canadian Holdings BV has one subsidiary company, ADM Agri-Industries Company.

(D) ADM Agri-Industries Company has sixteen subsidiary companies whose names have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

(E) ADM International Ltd. has forty-nine subsidiary companies whose names have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

(F) ADM Ireland Holdings Ltd. has twenty-two subsidiary companies whose names have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

The names of seventy-eight domestic subsidiaries and forty-four international subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Archer Daniels Midland Company and subsidiaries of our reports dated September 1, 2006, with respect to the consolidated financial statements of Archer Daniels Midland Company and subsidiaries, Archer Daniels Midland Company management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Archer Daniels Midland Company and subsidiaries, included in the 2006 Annual Report to Shareholders of Archer Daniels Midland Company.

Our audits also included the financial statement schedule of Archer Daniels Midland Company listed in Item 15(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements of our reports dated September 1, 2006, with respect to the consolidated financial statements of Archer Daniels Midland Company and subsidiaries, Archer Daniels Midland Company management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Archer Daniels Midland Company and subsidiaries, incorporated by reference and our report in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) for the year ended June 30, 2006.

Registration Statement No. 33-49409 on Form S-8 dated March 15, 1993 relating to the Archer Daniels Midland 1991 Incentive Stock Option Plan and Archer Daniels Midland Company Savings and Investment Plan.

Registration Statement No. 33-55301 on Form S-3 dated August 31, 1994 as amended by Amendment No. 1 dated October 7, 1994 (definitive Prospectus dated October 11, 1994) relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 33-56223 on Form S-3 dated October 28, 1994 as amended by Amendment No. 1 dated December 27, 1994 (definitive Prospectus dated December 30, 1994) relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 333-13233 on Form S-3 dated October 1, 1996 as amended by Amendment No. 1 dated November 8, 1996, Amendment No. 2 dated March 20, 1997 and Amendment No. 3 dated March 31, 1997 (definitive Prospectus dated April 1, 1997) relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 333-31623 on Form S-3 dated July 18, 1997 as amended by Amendment No. 1 dated July 29, 1997, (definitive Prospectus dated August 5, 1997) relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 333-51381 on Form S-8 dated April 30, 1998 relating to the Archer Daniels Midland Company 1996 Stock Option Plan.

Registration Statement No. 333-68339 on Form S-3 dated December 3, 1998 as amended by Amendment No. 1 dated December 10, 1998 relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 333-75073 on Form S-8 dated March 26, 1999 relating to the ADM Employee Stock Ownership Plan for Salaried Employees and the ADM Employee Stock Ownership Plan for Hourly Employees.

Registration Statement No. 333-37690 on Form S-8 dated May 24, 2000 relating to the Archer Daniels Midland Company Incentive Compensation Plan.

Registration Statement No. 333-37694 on Form S-8 dated May 24, 2000 relating to the ADM Employee Stock Ownership Plan for Salaried Employees and the ADM Employee Stock Ownership Plan for Hourly Employees.

Registration Statement No. 333-42612 on Form S-8 dated July 31, 2000 as amended by Post-Effective Amendment No. 1 dated August 8, 2000, relating to the ADM 401(k) Plan for Salaried Employees and the ADM 401(k) Plan for Hourly Employees.

Registration Statement No. 333-64524 on Form S-3 dated July 3, 2001 relating to secondary offering of the Common Stock of Archer Daniels Midland Company.

Registration Statement No. 333-67962 on Form S-8 dated August 20, 2001 relating to the ADM Deferred Compensation Plan for Selected Management Employees.

Registration Statement No. 333-86344 on Form S-8 dated April 16, 2002 relating to the ADM Voluntary Employee Payroll Deduction Stock Purchase Plan.

Registration Statement No. 333-117206 on Form S-8 dated July 7, 2004 relating to the Archer Daniels Midland Company 2002 Incentive Compensation Plan.

Registration Statement No. 333-121616 on Form S-8 dated December 23, 2004 relating to the ADM Deferred Compensation Plan for Selected Management Employees I.

Registration Statement No. 333-121631 on Form S-8 dated December 23, 2004 relating to the ADM Deferred Compensation Plan for Selected Management Employees II.

/s/ Ernst & Young LLP

St. Louis, Missouri
September 1, 2006

EXHIBIT 24 – POWERS OF ATTORNEY

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 30th day of August, 2006.

/s/ G. ALLEN ANDREAS
G. ALLEN ANDREAS

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 31st day of August, 2006.

/s/ A. L. BOECKMANN
A. L. BOECKMANN

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 31st day of August, 2006.

/s/ M. H. CARTER
M. H. CARTER

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 29th day of August, 2006.

/s/ R. S. JOSLIN
R. S. JOSLIN

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 31st day of August, 2006.

/s/ A.MACIEL
A. MACIEL

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 31st day of August, 2006.

/s/ P. J. MOORE
P. J. MOORE

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 30th day of August, 2006.

/s/ M. B. MULRONEY
M. B. MULRONEY

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 1st day of September, 2006.

/s/ T. F. O'NEILL
T. F. O'NEILL

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 30th day of August, 2006.

/s/ O. G. WEBB
O. G. WEBB

ARCHER-DANIELS-MIDLAND COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of ARCHER-DANIELS-MIDLAND COMPANY, a Delaware corporation, does hereby make, constitute and appoint D. J. SCHMALZ, S. R. MILLS and D. J. SMITH, and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as a director of said Company to the Form 10-K for the fiscal year ended June 30, 2006, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C., and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers therein expressly granted.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand this 31st day of August, 2006.

/s/ K. R. WESTBROOK
K. R. WESTBROOK

Exhibit 31.1

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

I, P. A. Woertz, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

d) Disclosed in this report any change in the registrant's internal control over financial reporting 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; and

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: September 8, 2006

/s/ P. A. Woertz
P. A. Woertz
Chief Executive Officer and President

Exhibit 31.2

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

I, D. J. Schmalz, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

d) Disclosed in this report any change in the registrant's internal control over financial reporting 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; and

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: September 8, 2006

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

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Archer-Daniels-Midland Company (the "Company") on Form 10-K for the fiscal year ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, P. A.Woertz, Chief Executive Officer and President 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.

Date: September 8, 2006

/s/ P. A. Woertz
P. A. Woertz
Chief Executive Officer and President

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Archer-Daniels-Midland Company (the "Company") on Form 10-K for the fiscal year ended June 30, 2006 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.

Date: September 8, 2006

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